



**Compilation of Success stories of FPOs using  
NCDEX for Risk Management  
(Year 23-24)**

These Stories have featured in Monthly FPO reports published by NCDEX



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## Harekrishna Farmers Producer Company Limited, Banaskantha, Gujarat

### FPC EMULATING CHARACTERISTICS OF A GOOD BUSINESS

The district of Banaskantha is one of the thirty-three districts in the Indian state of Gujarat. The district is named after the Banas River, which flows through the valley between Mount Abu and the Aravalli Range in Gujarat's northeast. Rajasthan state borders district Banaskantha to the north, Sabarkantha district to the east, Kutch district to the west, and Patan and Mehsana districts to the south. The district's main economic drivers are agro-food processing, tourism, textiles, and mineral-based businesses.

The food processing industry has contributed 57% of the district's total investment during the last two decades. The district possesses the nation's longest cold supply chain of milk and ranks first in milk production. It is the state's highest producer of potatoes and one of the top producers of Isabgol (psyllium husk) in the country, and it also leads the state in vegetable output. Other important crops in the district include bajra, maize, tobacco, castor oil, jowar, jeera, and guar.

Talukas like Tharad that grow Jeera and Guar seeds are 80 to 150 kilometres away from the large mandis of Deesa and Unjha. Farmers have already structured themselves into small groups to pool their logistics costs, but untrustworthy quality evaluation, a lack of price information, and pressure to sell produce on the same day continue to restrict farmers from receiving a fair price for their produce within the mandi setup. To get a better voice and authority in the market some of the farmers from Tharad taluka came together to make a formal farmer organisation and established Harekrishna Farmers Producer Company Limited on March 13, 2021, as a self-promoted entity.

During one of their mandi visits, the founding members learned about NCDEX when the FPC was still in creation. After incorporation, the FPC lost no time and learned about price risk hedging in NCDEX's awareness programmes. FPC joined the NCDEX platform in April'21 and in June that year, executed their first transaction by aggregating stock from the founding members and delivered 21 MT Jeera on exchange platform, FPC was able to make its targeted profit at the end of the first trade. The confidence of successful first trade and risk being covered led FPC to increase its aggregation plan.

The non-member farmers in their area gradually started selling their jeera to the FPC, and after earning reasonable prices for it, they started turning into shareholders of the business. Within 2 years there were 300 shareholders, representing 62 villages in the Bansakantha, Amreli,



Ahmedabad, and Somnath districts, with a 3.25 lakh share capital.

With Jeera as one of their key commodities and their expertise in preparing quality jeera as per the exchange contract specifications, the FPC could successfully deliver 96 MT over the last two years at an average profit of Rs. 100-120 per quintal.

Following aggregation, the FPC also explored for better prices through other markets as well while using NCDEX prices as a benchmark and sell where the most profit may be earned. The FPC also hedges its position on the NCDEX platform at the same time, protecting itself from downward price risk. Over the last two years, the FPC has hedged a total of 4000 MT of Castor, Guar seed, Dhaniya, and Jeera on the Exchange platform.

*“Though it is a bit difficult to prepare the quality of NCDEX, but once understood, one can acquire a very excellent price for their commodity, whether on the NCDEX platform or in any other market. The subsidy facility for FPOs is an added incentive that encourages farmers to deliver their goods through NCDEX” - Mr. Dilipbhai Vaniya, Director*

FPC has recently expanded their activities by beginning to pack Jeera, Fenugreek, and Mustard by outsourcing the processing services. In the future, they plan to invest in masala packing infrastructure and launch their own brand of masalas.

The FPC was established to deal with the various market problems that small farmers have. They have avoided risks, maintained a cost-effective business, and made use of the knowledge at their disposal. Emulating every characteristic of a good farmer owned and farmer run business for all to replicate.

# Armoor Farmers Producer Cooperative Society Limited, Nizamabad, Telangana

## UNLEASHING POWER OF COOPERATION AND STRATEGIC THINKING

Nizamabad district, situated in the north-western region of Telangana state in India, is blessed with rich agricultural heritage. It shares borders with Nirmal district to the North, Jagtial and Rajanna Sircilla district to the East, Kamareddy district to the South, and Nanded district of Maharashtra State to the West. Sugarcane, turmeric, rice, maize, sorghum, pearl millet, and a variety of vegetables flourish as chief crops in this fertile land.

Despite the diverse range of crops and advancements in production techniques, farmers face persistent challenges in receiving remunerative prices for their produce. The traditional mandi systems fall short in providing fair prices based on scientific criteria, often relying on subjective judgments from auctioneers. The lion's share of profits ends up in the pockets of other actors within supply chain.

Faced with such challenges, farmers in Argul village of Nizamabad district decided to take matters into their own hands. Motivated to find a solution, they came together and formed a cooperative. On November 15, 2022, the Armoor Farmers Producer Cooperative Society Limited was registered under the Mutually Aided Cooperative Societies (MACS) Act 1995, with the support of the National Cooperative Development Corporation (NCDC). The cooperative covers a total of about 2400-acre farm land from 300 farmers, each contributing Rs.2000, resulting in a total share capital of Rs.6 lakhs.

In the initial stages, the cooperative faced opposition from the local trader community. The board members lacked experience, and training was insufficient. Accessing credit came at exorbitant interest rates, and awareness of alternative markets was limited. Nevertheless, the board of directors and members adopted a step-by-step approach to address these challenges. They would gather on the 20th of each month to deliberate on business decisions and strategize accordingly.

The cooperative actively sought out institutional buyers, even multinational corporations, and established contact with them. Stock was collected from designated members' doorsteps who in turn procured it from small farmers and graded it as per requirements. The stock was then sold to institutional buyers, ensuring a fair price without any commissions being deducted. The cooperative also initiated discussions with a multinational corporation for contract farming of turmeric.

While the trading of maize and turmeric constituted primary activities of the cooperative, the members recognized that alternative markets alone could not resolve the inherent price risks. To address this, some of the board members and



members participated in an awareness campaign conducted by NCDEX on price risk management and the use of derivatives platform as an alternative market. In April 2023, they opened an account with NCDEX and promptly locked in the price for 5 metric tons of turmeric for the April expiry. After registering the transaction, they delivered 5 metric tons to an NCCL-approved warehouse. By May, they had successfully executed trades involving 325 metric tons of turmeric. The Society recognized the significance of quality in achieving a better price while delivering on the exchange platform and is encouraging its members to use better boiling and drying methods for turmeric processing.

*"We believe we are in a good position to sell our produce and manage our risks now that we have joined NCDEX. We are also learning about price changes to help us make decisions in the future. We received a good price for our first delivery deal, made about Rs.800 per qt more than the going rate, and would also be eligible for the NCDEX FPO subsidy programme. In this season, we want to hedge 400 MT of turmeric, subject to price changes."*  
Chairman, Mr. Madhusudhan Reddy Jaidi

Looking to the future, the cooperative envisions engaging with various stakeholders within the agricultural ecosystem to enhance their understanding of the factors contributing to their development. They have acquired the necessary licenses and will soon establish an input shop in Armoor to address farmers' concerns regarding seeds and fertilizers. Additionally, they plan to provide comprehensive training to their board of directors, enabling them to make informed decisions swiftly while continually exploring new markets.

The success story of the Armoor Farmers Producer Cooperative Society Limited stands as a testament to the power of cooperation, determination, and strategic thinking. The success story should inspire to farmers far and wide, proving that by joining forces and embracing innovation, even the most formidable challenges can be overcome.

## Shridungargarh Farmer Producer Company Limited, Bikaner, Rajasthan

### FPO TESTING NEW MARKETS, ENABLED BY CBBO

In the North-west of Rajasthan lies Bikaner, a district known for its vibrant culture, delectable snacks, and unique desert landscapes. However, these arid surroundings pose significant challenges for farmers with only 36% of the net irrigated area. Yet, amidst this adversity, farmers in Bikaner persevere, cultivating a variety of crops such as Groundnut, Chana, Bajra, Mustard, Wheat, Guar, and various Pulses. Agriculture forms the lifeline of the district, providing livelihoods for nearly 59.02% of the working population.

In the pursuit of increasing farm income through the power of technology, information, and effective management, a group of passionate farmers from Bikaner's Dungargarh block joined forces. With unwavering support from Saraswat Agrocom Pvt. Ltd., a Cluster Based Business Organization (CBBO) empanelled with Small Farmer Agribusiness Consortium (SFAC), they set forth on a transformative journey. In August 2022, their efforts materialized in establishing Shridungargarh Farmer Producer Company Limited, an entity formed under the Central Sector Scheme - Formation of 10,000 FPOs.

The path to success was not without its challenges. Initial scepticism was managed by CBBO with awareness sessions. Gradually, trust was built, and farmers began to recognize the potential of this unified approach. Today, the FPO boasts an impressive shareholder count of 415, representing 25 villages across the Bikaner district. Each member contributed Rs. 500 towards the company's equity. FPO is aiming to mobilize a minimum of 2,000 farmers.

One of the first hurdles the FPO tackled was the availability of agricultural inputs, such as seeds and fertilizers for its members. Despite not having their own agri-input shop, the FPO forged partnerships with reliable suppliers. This collaboration not only ensured the availability of high-quality inputs but also alleviated the financial burden on individual farmers. Currently, the FPO is in negotiations with companies directly, while CBBO is assisting with licensing and liaising with the agricultural department.

As the FPO gained acceptance, it launched a number of programs and activities aimed at empowering farmers. Capacity-building programs were spearheaded by the CBBO, which held training sessions on current farming techniques, aggregation procedures, quality control, and sustainable practices. The background of the CBBO in agri-commodity trade aided FPO in comprehending output marketing. To make aware about risks and its management, CBBO introduced FPO to the NCDEX platform.

The FPO was interested in using the platform for price risk management and sale after attending NCDEX awareness



programs. CBBO assisted the FPO board in affirming this decision by drawing comparisons between different markets and estimating unit profit after accounting for various costs and subsidies. FPO acted quickly, and a trading account was established in April 2023.

To ensure quality assurance, they deposited 20 metric tonnes of Guar seed at an NCCL-approved warehouse in Bikaner. Once all quality checks were successfully passed, they locked in the commodity price and marked the delivery of their produce. The FPO is expected to earn Rs.100-120 per quintal, including the subsidy. Given the farmers' interest in selling their commodities on NCDEX once again, FPO is planning to deposit another 30 metric tonnes of Guar seed in the warehouse in coming months. The FPO also hoping that Chana futures contract will be started soon, as Chana is one of their major Rabi season crop of the area.

*When asked about the benefits of working with NCDEX, Mr. Vinod Jangid, the FPO's CEO, expressed his enthusiasm, "Our collaboration with NCDEX has significantly expanded our reach to farmers. With the launch of Groundnut futures contracts on NCDEX, our FPO eagerly looks forward to trading during the upcoming Kharif season. Having achieved success in Guar seed trading, we are optimistic about utilizing the futures market to manage price risks associated with other potential commodities in our region."*

In this era of technological advancements, the FPO endeavours to provide farmers with the advantages of modern technology. Their plans include the establishment of a custom hiring center with drone facility to enable precision farming techniques. Furthermore, they are exploring export markets and working towards setting up a grading and sorting plant. Together FPO and CBBO are driving positive change in lives of farmers providing them necessary tool and support to thrive in modern agricultural landscape.

## Halwahak Farmer Producer Company Limited, Bikaner, Rajasthan

### CULTIVATING PROSPERITY TOGETHER

Chhatargarh Tehsil, nestled in the Bikaner district of Rajasthan, is characterized by arid lands and sandy terrain. Agriculture is the lifeline of this region, with farmers cultivating crops like Groundnut, Cotton, Chana, Wheat, Guar Seed, and Mustard Seed. Traditional farming practices have been the norm, but challenges persist in achieving sustainable yields.

Farmers in the area were using traditional methods that have been passed down through generations. Yet, despite their hard work, limited yields and low incomes persists, casting a shadow of uncertainty over their livelihoods. To overcome this challenge, a group of like-minded farmers, who have witnessed the struggles first-hand, came together to form a Farmer Producer Company (FPC) with the support of a Cluster Based Business Organization (CBBO), Saraswat Agrocom Private Limited. They discussed, with the farmers, their vision to create a support system dedicated to farmers and led by fellow farmers themselves, a true embodiment of "for the farmers, by the farmers."

However, as they introduced the idea of an FPO to the community, they faced understandable scepticism. Previous experiences with other enterprises serving farmers have left a bitter experience, and the farmers were wary of potential deception.

Stepping forward, CBBO took the initiative and established Farmer Interest Groups (FIGs). These groups became a catalyst for change, spreading awareness about the benefits that FPO can bring. Farmers were aware about the successful FPOs, and the support they were receiving from the Government. Encouraged by this support, the Farmers Groups gathered the courage to embrace the concept and breathe life into their own FPO. Finally, in July 2022, Halwahak Farmer Producer Company Limited was officially registered. With 300 farmers joining hands from nearby villages and contributing equity worth 6 lakh rupees. "Our mission is to raise awareness among farmers about sustainable business practices that can save the environment and provide a risk free income" told Ravi Prakash, one of the Director of Halwahak Farmer Producer Company Limited.

As FPC move ahead, an opportunity arrived for output marketing of farmers' produce. The FPC actively participated in an awareness program organized by NCDEX officials on Risk management. The farmers who were part of the group became quite enthusiastic upon discovering a platform that not only facilitated the sale of their produce but also provided tools to effectively manage the risks associated with pricing. Moreover, the availability of future price information and subsidies in delivery based trade sparked their curiosity. Consequently, the FPC initiated a regular practice of closely



monitoring price fluctuations on the NCDEX platform while also gaining a better understanding of the trading process. Once the directors agreed, the FPC officially joined NCDEX in May 2023 and decided to try out trading where they actually deliver the goods.

*"Putting quality at the forefront, the FPC took initiative to provide services to farmers to have their Guar seed samples tested by an NABL (National Accreditation Board for Testing and Calibration Laboratories) accredited lab. Now with the knowledge of quality parameters, farmers have the confidence to negotiate better prices in the market."* Vishwajeet Swami, Project Manager, Saraswat Agrocom Pvt. Ltd. CBBO.

While the FPC was exploring to hedge on the NCDEX platform, the guar seed from the farmers also met the quality standards set by NCDEX. Subsequently, the FPC put in trade of 40 metric tons of Guar seed in June 2023 contract. They secured different settlement prices based on market conditions and at the expiry of the contract delivered the commodity to NCCL-approved warehouse in Bikaner. This trading venture, combined with price differences and reimbursements, resulted in a profit of Rs.

200 per quintal more than what conventional markets offered. This success has encouraged FPC to explore more opportunities with the exchange platform.

The journey is just beginning for Halwahak Farmer Producer Company Limited. Within one year of establishment they have learnt to manage risks in output marketing. They will be setting up an input in coming months after the talks with suppliers is finalised. As they tread this path of progress, they have ambitious plans for drone usage, apiculture, and consultation on horticulture- related techniques. The FPC's collective dream is to create a thriving and prosperous community, where farmers stand shoulder to shoulder, shaping their destinies with their own hands and fostering a legacy of prosperity for generations to come.

## Agrovilla Farmer Producer Company Limited, Betul, MP

### AMPLIFYING COLLECTIVE SUCCESS THROUGH FUTURES

Ghoradongri, nestled in Madhya Pradesh's Betul district, is a blend of nature's beauty and agriculture's vitality. Located in the heart of India, this region boasts rich, fertile soil, perfect for cultivating crops like soybean, wheat, mustard, maize, etc. With its beautiful landscapes and thriving farming communities, Betul district gives the true essence of rural India, where the earth sustains both livelihoods and dreams.

Yet, beneath this scenic backdrop lay a host of challenges for the farmers of Ghoradongri. The farmers in this region had to travel to main markets located 50-60 kms far from the village to access essential farming supplies. Even then, the guidance and support they needed often remained out of reach. For selling the produce, while markets exist for wheat, soybean, and paddy through local traders and mandis, the story was challenging for crops like maize and others.

In this scenario, a beacon of hope emerged in the form of a Cluster Based Business Organization named Krushi Vikas Sahkari Samiti Limited. They recognized the need to empower farmers and bridge the gap between their needs and available resources and with unwavering determination and the backing of "Small Farmer's Agribusiness Consortium" (SFAC), they embarked on a transformative journey.

In the beginning, it was a modest group of ten farmers who came together as promoters, laying the foundation for what would become the Agrovilla Farmer Producer Company Limited (Agrovilla FPC). The uphill battle began with the challenge of mobilizing farmers to invest capital ranging from 500 to 1000 Rupees. The unfamiliarity with this concept bred scepticism among the farming community, and explaining the long-term benefits of the Farmer Producer Organisation (FPO) proved to be an uphill task. However, as some farmers joined initially the FPO and its operations gained traction, more farmers started to see the potential. Today, the Agrovilla FPC stands strong with 450 farmer members, a testament to the positive impact it has had on the community.

One of the primary goals of the FPO was to simplify farmers' lives by connecting them with reputed input companies. They negotiated better prices for seeds, fertilizers, and other essentials, reducing the need for frequent, time-consuming travels. The FPO's vision extended beyond this, aiming to provide comprehensive support to its members throughout their farming journey.

The Agrovilla FPC also kept a keen eye on marketing opportunities for the farmers' produce. Their journey led them to discover the NCDEX platform. They embraced the concept of locking in commodity prices for future sales of commodities like Maize, Soybean etc. or purchase of cottonseed oil cake, so the FPC directors and CEO learned



about the futures market and trade opportunities through webinars and physical training sessions.

"Although our primary commodity is soybean, which is not being traded in futures market currently, but after exploring the market we found out that other commodities' trade is also possible." – Sachin Choure, CEO, Agrovilla FPC.

They pivoted towards another valuable resource, cotton seed oilcake (COCUD), which had a high demand in their locality. Through market research and support of NCDEX officials, the FPO got the confidence to venture into procuring and repacking the cottonseed oil cake with their own brand name. Agrovilla FPC began procuring specific quality of un-decorticated cotton seed oilcake, which was more in demand by the users, from the reputed suppliers and distributing it in villages, thereby expanding their reach and increasing their business turnover. In the past year, the FPO's foray into futures trading has yielded substantial profits, solidifying their position as a thriving agricultural entity.

*"In the upcoming Kharif season, we are planning to understand the Maize quality parameters to sell the Maize through Futures market and availing the benefits provided to FPO in terms of reimbursement on different cost associated with the delivery based trade."* Mr. Umesh, FPC Director

Yet, this is just the beginning. Agrovilla FPC nurtures a vision of establishing a small mustard oil production unit with support from various schemes like AIF and PMFME, they aspire to setup basic infrastructure, which will provide employment opportunities at the village level and supply clean mustard oil directly to their community.

The journey of the Agrovilla FPC is a testament to the power of collective effort and unwavering determination. Their foray into futures trading has not only solidified their position as a thriving agricultural entity but also opened new doors of opportunity. It showcases how embracing the futures market can further amplify success and hope for generations to come.

# Dattaguru Farmer Producer Company Limited, Hingoli, Maharashtra

## OPPORTUNITY IN ADVERSITY

Carved out of the Parbhani region in Maharashtra, Hingoli has a rich and vibrant cultural ethos as well as lush green backdrop. It is located at eastern side of Maharashtra state, surrounded by Akola and Yavatmal in the north, Parbhani in the west and Nanded in the southeast. Majority of the districts' population is engaged in agricultural activities and there is little industrialization in the district. The district is well known for the production of turmeric, soybean, chana, tur, cotton and jowar crops.

Although Basmat mandi is a well-known mandi for the trading of turmeric in Maharashtra, the farmers of the Basmat region struggle with the marketing of other crops. The lack of a price discovery mechanism and unclear payment terms, along with lower price realisation by the farmers due to fragmented produce, creates a severe problem in the mandi's marketing system. In the intention of establishing improved marketing practises, a group of self-driven farmers from the Basmat region formed Dattaguru Farmer Producer Company Limited in August 2020.

The FPC has only ever placed a primary emphasis on the marketing of crops. The FPC began its efforts on collectivization and bulk trade of its produce with an initial membership of 10, which brought them good prices. They began trading with soybean and added tur, turmeric, and chana with time and began procuring produce from farmers in the FPC's neighbouring villages. Farmers from the adjacent villages gradually begin to join the FPC, and eventually there are 225 shareholders with a share capital of Rs. 5 lakhs.

"The mandis has no price discovery mechanism. Farmers had to wait for the commodity prices, which are released on the same day. Additionally, the payment mechanism, for which farmers occasionally incur losses, is not very transparent. We SMS the commodity prices to the farmers' mobile phones in the morning so they can make an informed decision and payment is also made that same day." — Mr. Gangadhar Shrungare, director of the Dattaguru FPC.

The Dattaguru FPC is still performing the duties for which it was established. In order to expand their output business, they begin forming partnerships with businesses and processing facilities like ADM, Maharashtra Oil Extraction Private Limited, Olam Agro India Private Limited, etc. The FPC also contains a 10,000 MT-capacity warehouse with cleaning and grading equipment as well as a turmeric pulveriser.

Along with actively participating in training programmes for farmers, the FPC also takes the lead in organising trainings for



its farmer members with the assistance of the university, KVK authorities, and experienced farmers. The FPC learned about the NCDEX platform through such a programme, where they can mitigate their price risks by locking in the futures prices of the commodities. In October 2022, they registered with NCDEX after receiving some training.

They found the futures market to be useful and wanted to trade in NCDEX as they were already in the trading business and exploring new markets. They took the time to comprehend the standards for turmeric quality and also paid a visit to the NCDEX-approved warehouse to learn more. Unfortunately, the quality of the produce was subpar after the crop was harvested, which prevented them from delivering their commodity to NCDEX. They had to sell their commodity in the local market at prevailing prices.

After some time, as the market for turmeric began to boom, they discovered a chance to hedge the risk of their physical commodity. They lock in the price of turmeric in August for October expiry at about Rs. 18,000/qt, and later they squared off.

*"We now have a price discovery process, which was desperately needed, thanks to NCDEX. By frequently monitoring the NCDEX futures prices, we are able to reduce our price risk and make an informed decision about whether to sell our commodities". — Mr. Suryaji Shinde, Director of the Dattaguru FPC.*

For the purpose of both exporting and serving the local buyers, the Dattaguru FPC prepares roasted chana and turmeric powder. Future plans call for them to open their own export agency and market these goods under the Dattaguru Farmer Producer Company Limited brand.

## Shyamala Agri Producer Company Limited, Sabarkantha, Gujarat

### AN ACCOUNT OF AN FPO THAT MANAGES RISK

Sabarkantha district of Gujarat, as unveils from the name itself, is situated on the bank of Sabarmati river. The district is surrounded by Rajasthan state to the north-east, Banaskantha and Mehsana districts to the west, Gandhinagar to the south and Aravalli district to the south-east. Sabarkantha is primarily an agricultural district with cotton and wheat as the predominant crops. The other major crops cultivated are oilseeds, maize, potato etc.

In the tribal region of Sabarkantha, most of the land area was under dam acquisition, due to which the land holding of farmers was reduced. Farming was only possible in summers and winters when the water level of the dam is lower. Being a tribal area, the agri input suppliers were limited and they only purchase the produce from the farmers. Farmers were neither getting inputs at the right price and right time, nor their produce was sold at the right price. There was an increasing dependency on local traders which led to a vicious cycle.

Under the project of NABARD, an NGO named Institute of Social Pragmatics (InsPra), visited the farmers of this tribal region and proposed to form a Farmer Producer Company (FPC). The initial challenge was to explain the concept of Farmer Producer Organization (FPO) to the farmers and win their trust.

"Every time we visited the farmers to discuss anything regarding the FPO, they disregarded us. Because of their past experiences, they were hesitant to trust us, and we completely understand that. We took our time, offering the farmers several trainings on the idea and advantages of FPOs in addition to arranging for them to tour some of the best FPOs in Gujarat and Nashik. Eventually, we did it and Shyamala Agri Producer Company Limited was established in September, 2020!" – Ankur Barua, Institute of Social Pragmatics (InsPra).

The FPO set off on its journey with the assistance of InsPra, with the goals of increasing the yield and quality of the current crops for better price realisation, giving farmers easy access to inputs at better prices, and broadening the product basket to include cash crops. In order to develop the initial revenue, they started with the input business. By forming partnerships with seed, fertiliser, and pesticide businesses, the FPO was able to offer farmers inputs at more competitive pricing. With a share capital of Rs. 3 lakhs, the number of shareholders grew over time to approximately 500 members.

The FPC signed an MOU with ITC Limited for output marketing in the year of its founding, but due to unforeseen circumstances, they were unable to conduct business with them. However, they continued to buy wheat from their



farmer members, making a meagre profit on the sale to the APMC. Since their terrain was fertile, the FPC members began by diversifying their product line with groundnut and soybean. They currently have an ample supply of soybeans, for which they are seeking partnerships with businesses.

As InsPra was already associated with NCDEX for its other FPOs, they motivated the members of the Shyamala FPC to attend an awareness session on the commodity futures market. With the support and encouragement of InsPra, the Shyamala FPC got registered with NCDEX in May 2022. To have a better understanding of the market, the FPO members participated in the NCDEX training time and again, attended the events of SEBI and also had exposure visits to the NCDEX warehouses.

In the initial phase, to motivate and encourage the FPC to work in the futures market, the InsPra officials arranged a Chartered Accountant who hedged the prices of certain commodities on behalf of the FPC to let them know the trade mechanism and the FPC also got profit from it. They locked in prices for about 350 MT in various commodities (Castor, COCUD, and Dhaniya & Isabgol) and hedged against the spot prices. Lately FPC started consolidating output marketing business and now focusses on Soybean and Groundnut aggregation and sales of input business Cotton oil seed cake.

*"We are interested for Soybean trade but its suspension did not allow us to trade. We are also interested in Cotton seed oil cake, the business we recently started, we are buying from spot but hedging our position on futures"* – Sureshkumar Dalabhai Parmar, Director, Shyamala Agri Producer Company Limited

For future plans, the FPC is focussed to scale up the productivity of the cash crops – soybean and groundnut – in their region and is also planning to set up a cleaning grading unit. With new groundnut contract on NCDEX, FPC has started planning their aggregation strategy and monitoring the quality for deposits.

## Sarnagiti Kisan Agro Producer Company Limited, Ramganj Mandi, Rajasthan

### NURTURED BY AN NGO, FLOURISHING THROUGH UNITY: THE WOMEN'S FPC STORY

Within the Kota district of the Indian state of Rajasthan sits the city of Ramganj Mandi. It's referred to as Stone City and Coriander City. With almost 6500 tonnes of Coriander seeds coming on a single day during the season, it boasts the largest Coriander grain market. For Rajasthan and the neighbouring Madhya Pradesh region, Ramganj mandi is a significant agricultural market. It generates more than 18 districts' worth of revenue for the state of Rajasthan. The city serves as the commercial hub for a region that grows Coriander, Oilseeds, Cotton, Millet, and Wheat.

Despite being a major market for agricultural crops, the farmers were not getting fair prices of their produce. Because they did not have storage capacity, as soon as the crop is harvested, the farmers used to sell it in the market at the prevailing prices, incurring them loss most of the times.

As a Producer Organisation Promoting Institution (POPI) under NABARD, the non-governmental organization Samdarshi Gramin Vikas Sansthan was tasked with forming a Farmer Producer Company (FPC). Their primary goal was to empower women farmers, so they approached some women from Chechat village who were already engaged with Samdarshi's outreach efforts.

"We were previously collaborating with several of Chechat's women farmers, so when we had the opportunity to launch an FPO, we decided to establish a women-led group," said Balmukund Bairagi of Samdarshi Gramin Vikas Sansthan.

After educating women farmers about Farmer Producer Organisations (FPOs) and their benefits, the NGO managed to gather 10 farmers to form the Sarnagiti Kisan Agro Producer Company Limited in May 2016. Empowering women farmers to become FPC shareholders was a gradual process undertaken through multiple training sessions and meetings by NGO officials after establishing the FPC.

It took two years for the FPC to garner enough shareholders to initiate any business activities. With support from the NGO, FPC members approached the Krishi Vigyan Kendra (KVK) for subsidized seeds. Concurrently, they partnered with IFFCO India and Dhanuka Agritech Limited for inputs like chemicals and fertilizers, launching an agri-input business. Additionally, they registered on the e-NAM platform, assisting local farmers in selling their produce. Over time, the FPC attracted more farmers, and with Rs. 25 lakhs in share capital, the number of women shareholders rose to 1,070 from 42 neighbouring villages.

As the Samdarshi Gramin Vikas Sansthan was responsible for training FPO member farmers, they approached the NCDEX



team to organize a session on commodity futures trading for the Sarnagiti Kisan FPC's women farmers. After the training, the FPC completed documentation and registered with NCDEX in October 2019.

In May 2020, the FPC began delivery-based barley hedging, earning a total profit of Rs. 1,40,000 including reimbursements. They also purchased put options on Rapeseed Mustard seed (RM seed) for November 2020 and April 2021 expirations, securing better prices. But with suspension on mustard and Chana futures trading, there was setback in the output marketing plan of. However, the FPC persisted in seeking opportunities. Finding potential in Bajra in their region, they identified Bajra suppliers in the physical market while hedging positions on NCDEX.

An NCDEX survey of the area revealed limited knowledge and infrastructure around grading and sorting produce. Therefore, through its Corporate Social Responsibility (CSR) initiatives, NCDEX provided a grading and sorting unit to the FPC with support from the NGO. Since implementing the machinery, FPO members and other local farmers have realized better prices for sorted produce compared to unsorted harvests.

*"Having worked with NCDEX before, we recognize the value of this platform for risk management and transparency. Eager to collaborate again, we took the opportunity as soon as it presented itself. We have hedged our Bajra positions on NCDEX." said Ms. Durgeshkumari Kushwaha, Director of Sarnagiti Kisan Agro Producer Company Limited.*

The FPC intends to work in Turmeric and Coriander in NCDEX as they are prepared to establish a spice unit. Additionally, they have bought the site and are going to submit a plan for the establishment of a warehouse to the government.

## Basveshwar Agro Producer Company Limited, Latur, Maharashtra

### SOWING SEEDS OF PROGRESS

Latur district is in the Marathwada region in Maharashtra state of India. In addition to being an agricultural economy, it is an industrial hub. It has developed into Marathwada's growing industrial and commercial hub. India's Latur region is well-known for producing a large variety and high quality of pulses, particularly pigeon pea. It is renowned for trading oil seeds, primarily sunflower, soybean, and safflower (kardi), and it is also a significant trading hub for Urad, Moong, Chana, and Tur.

Despite the agriculture-focused economy, farmers in Chakur taluka of Latur district lacked enough facilities for getting good prices. Specifically, the absence of grading machinery meant the farmers could not produce high-quality goods. As a result, they were frequently compelled to sell their produce at agreed upon rates to local traders, usually incurring losses in the process.

To tackle these challenges, ten enterprising farmers from Chakur taluka conceptualized forming a Farmer Producer Company (FPC). With assistance from the Agricultural Technology Management Agency (ATMA), they registered their farmer producer organization in July 2020, naming it Basveshwar Agro Producer Company Limited (BAPCL).

Despite being farmer-driven, convincing more cultivators to invest in the untested business model as shareholders was an uphill task initially. However, BAPCL's founding members persevered and focused on demonstrating impact aligned with their FPO's mission, heeding the adage "actions speak louder than words." The director Mr. Rohit Abhimanyu Patil recalled, "Gaining farmer trust was difficult as people believe what they see. Earlier, getting farmers to join the FPC was challenging, but now they approach us themselves."

Soon after incorporation, BAPCL acquired NAFED's procurement centre for chickpeas and pigeon peas in their area. This aided the expansion of their influence among Latur's farmers. Additionally, they established a soybean marketing tie-up with ADM and enabled access to cleaning/grading infrastructure for member farmers before sales. By facilitating lucrative prices for their high quality produce, BAPCL steadily enlarged its member base - within a short period, their network grew to encompass 800 farmers across 15 neighbouring villages. This member addition also catalysed growth of the FPC's equity to ₹10 lakhs.

Basveshwar FPC learned about the commodity derivatives market concept through an online training program,



identifying it as a valuable platform for price risk management of their produce. They swiftly completed the prerequisites and registered on the National Commodity and Derivatives Exchange (NCDEX) in September 2021. The FPC took their time to become familiar with the platform as it was new to them. By the time they were ready to use the platform, their main commodities—chana and soybean, were suspended from the platform.

However, the FPC discovered the local demand for cotton seed oil cake (COCUD) - a commodity available for futures trading on NCDEX, though quality differences existed. By analyzing price trends and calculating hedge parity, they made an informed decision - FPO would lock in COCUD rates on the exchange while procuring the actual commodity from physical markets as per their quality needs. This mechanism safeguarded them from any adverse price fluctuations.

*While discussing the benefits of NCDEX to the FPC, the director stated that "NCDEX is a transparent platform in terms of price and quality assurance. Since June'23 we have hedged almost 350 MT of COCUD on NCDEX platform and saved us from price fluctuations in local market".*

The FPC has recently started the seed business in association with PDKV, Akola, providing soybean seeds to farmers. They have also received approval for their SMART project plan for a 2000 MT capacity warehouse, and they will shortly begin construction on it. In addition, the FPC operates a Common Service Centre (CSC) wherein they provide assistance to farmer members regarding the Crop Insurance Scheme. They are optimistic to work on larger scale following the lifting of the suspension on soybean and chana in NCDEX.

## Pudamiputra Farmers Producer Company Limited, Palnadu, Andhra Pradesh

### MOVING FORWARD WITH NEW OPPORTUNITIES

Palnadu is a district in the Indian state of Andhra Pradesh. The district is bordered by NTR district at North, Bapatla district at South East, Prakasam district at South West and Guntur district at East. It is also surrounded by Suryapet district and Nalgonda district in Telangana state at west. In the district of Palnadu, major crops are Chilli, Paddy, Maize, Turmeric & Pulses.

Despite the wide variety of cultivation of crops, the farmers face the issue of poor marketing opportunities at the local level and poor quality produce (due to diseases) for the mentioned crops. The intermediaries are involved at every step in the supply chain and take the farmers profit share in the form of transport, storage, selling opportunity and margin.

In search of finding a solution to these problems, some farmers from Nadendla mandal gathered and came to a solution that forming a farmers group would be a possible solution as the farmers would have more purchasing power and better marketing strategy. They approached Ramky Foundation, a Cluster Based Business Organization (CBBO) under NABARD, to form a Farmer Producer Company (FPC) and thus, Pudamiputra Farmers Producer Company Limited, came into existence in March 2020. Being selective to add up members, the FPC started its journey with 280 farmers from nearby villages, each contributing Rs.1500, resulting in a total share capital of Rs.4.2 lakhs.

In the initial phase, the challenges like market trader's resistance, lack of government support, inadequate quality and quantity of seeds and other agriculture inputs were encountered. Moreover, information about the market was negligible. Many farmers in Nadendla farmers were having dairy as a passive income, so looking after dairy sector issues, like feed availability, price of milk, diseases to cattle, etc. was also important.

The FPC began with an input business to provide inputs to the farmers at reasonable cost. Soon they started holding a meeting every week to discuss upon the progress in FPC activities and future plans. They tried to explore and compare different market platforms by selling the same crop in different markets to understand their working as well as realization of revenues from each.

Although the input and output business were doing well, the FPC was still looking for newer markets for better price



realization and ways to get more information about price movements, to guide its members. Through a webinar, the FPC got to know about the National Commodity and Derivatives Exchange (NCDEX) platform and its risk mitigating benefits. To understand the platform more, they requested a physical training of the commodity derivatives market for their farmer members.

Although it took some time for the board members of the FPC to reach a consensus on opening an NCDEX account, they finally registered with NCDEX in December 2022 and started hedging from April 2023 onwards. According to information received by the FPC, they have hedged around 110 MT of turmeric to date and are planning to deliver their new season turmeric crop through NCDEX warehouse.

*While discussing the benefits of NCDEX to the FPC, Mr. Samba Siva Rao, MD, Pudamiputra FPC, stated that "After entering NCDEX, we think we are in a good place to hedge our risks in Turmeric crop. We are learning about price movements also to make future decisions. We are planning to hedge around 200 MT Turmeric in this season subject to price movements. We are also willing to work in Maize as per the opportunity."*

In future, the FPC looks forward to engage with the agriculture ecosystem players to understand more about the agricultural domain that can drive them towards the growth of the community, along with providing more training to their members to take informed decisions. They are also planning to start their Dairy Outlet in Narasaraopet to address the dairy marketing issues for farmers. The output business is focusing towards entering into newer markets and looking for more output transactions with different buyers.

# Chhindwara Agro Farming Producer Company Limited, Chhindwara, Madhya Pradesh

## NURTURING A LEGACY OF WOMEN EMPOWERMENT, FINANCIAL INCLUSION AND LEARNING CULTURE

Chhindwara district, located in the South-West region of 'Satpura Range of Mountains' in Madhya Pradesh, is bound by the plains of Nagpur District (Maharashtra) in the South, Hoshangabad and Narsinghpur Districts in the North, Betul District in the West and Seoni District in the East. Chhindwara is known as the Corn City. Corn/Maize is grown in the entire district due to presence of suitable soil and climate needed for corn to grow. Here, agriculture reigns supreme, with Maize, Soybean, Wheat, and Pulses painting the fields in vibrant hues.

The Madhya Pradesh Deen Dayal Antyodaya Yojana State Rural Livelihood Mission (MP-DAY-SRLM) which is involved in enabling several Women Self Help Groups (SHGs) to access gainful self-employment and skilled wage employment opportunities, decided to form a Women Farmer Producer Organisation (FPO) in Chhindwara district with support of the implementing agency Small Farmers Agribusiness Consortium (SFAC) under 10,000 FPO Scheme.

With a handful of progressive women farmers, the MPSRLM laid the foundation of Chhindwara Agro Farming Producer Company Limited in October 2021. The journey wasn't easy. Convincing fellow farmers about the benefits of collective action proved to be the first hurdle. Yet, undeterred by skepticism, these women, persisted with determination and support by the MPSRLM, embarked on grassroots campaign, mobilisation, spreading awareness about the power of unity and collaboration through FPO. This collective effort brought together 650 women farmers, united by a shared vision of transforming their community's agricultural landscape.

As the FPO began to take shape, the women farmers found themselves at the forefront of leadership. They embraced the ethos of learning by doing, immersing themselves in every aspect of agricultural management. From crop cultivation to marketing strategies, each day had presented them a new opportunity to expand their knowledge and skills.

"With no previous experience about any business, we started the journey of FPO two years back to help the women farmers in increasing the livelihood option and decreasing the cost of production. Today, although we are in a nascent stage but we are developing our basics, arranging the necessary resources to run the FPO, be it finance, team-making or understanding of different markets. With support of all organizations working to empower FPOs, we are moving steadily to fulfil our vision of women empowerment through FPO." Ranjeeta Prajapati, Director, Chhindwara Agro Farming Producer Company Limited.



However, the path to prosperity was not without its obstacles. Erratic weather patterns, inadequate infrastructure, and market uncertainties posed constant challenges. Yet, with each setback, the resolve of these women only grew stronger. Amidst the trials and tribulations, the FPO dared to venture into uncharted territory – the world of futures markets. With a training organised by MPSRLM on Futures Market, they delved into the intricacies of commodity trading, seeking new avenues for growth and stability, and got themselves registered with National Commodity & Derivatives Exchange Limited (NCDEX) in June 2023.

Their first foray into futures trading was met with both excitement and learning ambition. They visited the NCCL accredited warehouse of NCDEX and learnt the quality specification and deposit process. As shared by FPO director, they tried their first hedge and locked in price of 10 MT Maize in November 2023 at Rs. 2220 and then 10 MT again at Rs. 2210. However, an unforeseen weather conditions led to some of their stored goods being damaged. So, they squared off the position and adapted quickly, selling their produce in local markets, with proper information about quality and price.

*"Our initiative to work in futures market has provided us the learning opportunity by actually experiencing the whole trading and deposit process. As Maize is the main produce in our area, we are looking forward to work again in the next season utilising the previous learnings, and we will definitely deliver the commodity by implementing better procurement methods."* – Mr. Naveen Pawar, CEO, Chhindwara Agro Farming Producer Company Limited.

Looking ahead, the women of Chhindwara Agro Farming PCL are poised to chart new territories. Plans are underway to enhance infrastructure, improve quality control measures and seeking support from different private and public

*Kheti ke Sikander*

organisations. Their journey is a testament to the transformative power of unity, perseverance, and female leadership in agriculture. As they continue to sow the seeds of change, these women farmers are not just cultivating crops, they are nurturing a legacy of empowerment, financial

inclusion and learning culture. In the fields of Chhindwara, hope springs eternal, guided by the unwavering spirit of its daughters of the soil. ng the experience as a valuable learning opportunity.

## Nyalkarna Agro Produce and Research Organization Producer Company Limited, Ahmedabad, Gujarat

### SMALL STEPS, BIG CHANGES

Ahmedabad, the largest city of Gujarat, is located in western India along the banks of the Sabarmati River. In India, Ahmedabad has grown to become a significant industrial and economic centre. Being a major cotton grower in India, it was termed the "Manchester of India". The production of industrial and agricultural goods is vital to Ahmedabad's economy. Cash crops like Cotton, Groundnut, Dates, Tobacco, Cumin, Sesame, Sugarcane, Milk, and milk products are among the city's main agricultural products. Wheat, Tur, Castor, Dhaniya, and Chana are some of the other important crops grown.

Despite Ahmedabad's status as a major food-producing hub, farmers in the region still struggle to get fair prices for their crops. In October 2020, 11 prominent farmers from the Ahmedabad district came together to form a Farmer Producer Company (FPC) called Nyalkarna Agro Produce and Research Organization Producer Company Limited. Their goal was to collectively market their produce and strengthen their bargaining power in key markets.

They believe that in order to market produce and provide farmers with marketing services, it is imperative to have a capable staff that are committed to working for the benefit of the farming community. Getting additional farmers to sign up as company shareholders was their main objective. The FPC eventually drew 300 shareholders from 23 villages with an arranged share capital of Rs. 15 lakhs.

Initially, the Farmer Producer Company (FPC) provided its farmer members with agricultural inputs at a lower cost compared to the prevailing market rates. For the fertilizers and seeds, they partnered with GUJPRO and the Gujarat State Seeds Corporation Limited (Beej Nigam). Furthermore, the FPC runs a Custom Hiring Centre where farmers can rent tractors and other farm equipment from them at nominal rates. The FPC also assisted farmers in selling their produce at market-competitive prices by progressively becoming involved in output marketing.

"Farmers do not have cash in hand, so they sell their produce as soon as it is harvested, regardless of the market price. By stockpiling their produce and selling it in bulk in accordance with market conditions, we hoped to assist the farmers in receiving higher prices. Although it is challenging to persuade farmers to hold onto their produce, with a little perseverance, we were able to sell their produce at higher prices by holding onto 20–25% of it". Devendrakumar Dodiya, Director, Nyalkarna FPC.

After hearing about NCDEX from other FPCs in the region, the FPC took part in the NCDEX training session to broaden their knowledge of the futures market. Following their comprehension of the concept, the Nyalkarna FPC



completed the necessary documentation and registered with the National Commodities & Derivatives Exchange Limited (NCDEX) in December 2022. In the process, they also learned about the notion of hedging and how it is used to mitigate price risk.

With intention of hedging their risks, the FPC executed their first trade in cotton seed oil cake and KAPAS contracts in November 2023.

*"By locking in the price of our commodities and squaring off the positions at the right time, we have gained deeper insight into the fundamental principles of supply and demand. We discovered that futures and spot prices can differ significantly, and that hedging in the futures market can help us obtain better realizations. We are also able to determine the upcoming cropping pattern by monitoring the futures prices."* said Devendrakumar Dodiya, Director of the Nyalkarna FPC.

The establishment of a cotton processing plant and a grain grading and sorting unit is a huge ambition that Nyalkarna Agro Produce and Research Organization FPC promotes. They recently partnered with Reliance Industries Limited for output marketing of their produce, and they will continue to cooperate with them in the upcoming growing season. They are eager to use NCDEX to deliver their commodities and receive the advantages of additional support which NCDEX provides to FPOs.

The FPC's clear vision and the business acumen of its board of directors have enabled the organization to successfully adopt new practices and business strategies. This can serve as a valuable learning experience for many other Farmer Producer Companies (FPCs) across the country who are struggling to find their way and climb up the ladder.