

Financial Support Bring Increased Income to Tamil Nadu Villages

Two Farmer Producing Companies Earned Profits with a Little Financial Help

The Background

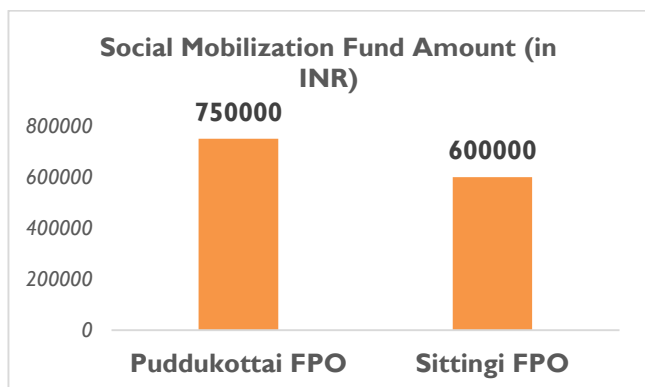
In 2009, 57 farmers in Sittilingi valley (Harur district of Tamil Nadu) came together to register Sittilingi Organic Farmers Association (SOFA) under the Cooperative Act with the support of the Tribal Health Initiative (THI). The primary responsibility of the Cooperative was to market the produce grown by its members.

In Pudukottai district in Tamilnadu, Rural Organization for Social Education (ROSE) was instrumental in mobilizing local communities and implementing various community projects for empowering the local community. This led to the creation of various Self-help Groups (SHGs), farmer’s clubs and village level communities in the region and subsequently, the farmers felt the need for a business-oriented organization in the region.

ProCIF Intervention

Under the Small Grants Facility of the ProCIF program, rolled out by India Foundation for Humanistic Development (Bangalore based non-profit), the FPOs got the following incubation support.

- **Social Mobilization Fund**

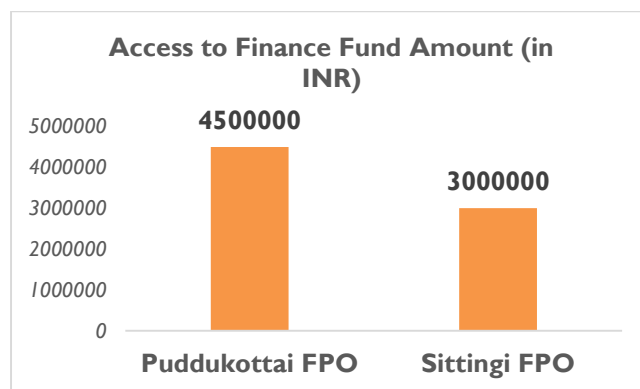


- **Technical Assistance through Resource Institutions**

Technical Assistance to Farmer Producer Organizations (FPOs)

- Identifying and Training BoD
- Collection of Share Capital
- CS Support for FPO registration
- Product Mapping
- Business Plan Development
- Market Linkage Support

Additionally, IFHD also enabled Sittilingi FPO to raise INR 30 lakhs at 6% interest and Pudukottai FPO to raise INR 45 lakhs under its Access to Finance program.



IFHD also identified a potential to utilize renewable energy instead of conventional sources to power the FPO processing units. It was accomplished with the technical support of SELCO. This move enabled the processing units to have uninterrupted power supply, thus increasing their productivity.

Impact

As of December 2016, SOFA has 300 member farmers organized in 25 farmer groups. A team of 13 trained members of the community are taking care of professional tasks of the FPO including the role of

CEO, marketing team, field guide, shop keeper, documentation officer, accountant and cashier. There are 7 elected committee members who take decisions regarding sales, financial sustainability and farmer related queries, whereby each member is responsible for three villages. Every year, the members are replaced by newly elected members and the President of the committee changes every 5 years.

Under the ProCIF program, the return on investment for the FPO rose to 27.54% in 2015-16 from 15.72% in the previous year and the profit margin rose from 3.58% in 2014-15 to 5.26% in 2015-16.

The Pudukkottai producer company has 1000 farmers as shareholders from 75 FIGs in 55 villages of 5 blocks (Annavaasal, Arimalam, Kunnandarkovil, Pudukkottai & Thiruvarankulam) of Pudukkottai district of Tamilnadu. The company's major business is procurement, processing, and value addition of indigenous paddy, millets, pulses and oilseeds.

With additional working capital and technical assistance, the revenue of Pudukkottai Organic Farmer Producer Company Ltd jumped eight-fold to INR 35.96 lakhs in 2015-16 from INR 4.36 lakhs in the previous year.

(This case study is sourced from IFHD, a Hyderabad based non-profit).

