



NATIONAL ASSOCIATION FOR FARMER PRODUCER ORGANISATIONS

**REPRESENTATION** | **COLLABORATION** | **TRANSFORMATION**

# INDEPENDENT DIRECTOR- FARMER PRODUCER ORGANISATION

FREQUENTLY ASKED QUESTIONS (FAQs)

New Delhi, 2020

## **Frequently Asked Questions (FAQs)**

### **1. What is a Farmer Producer Organization?**

A Farmer Producer Organization has the objective of production, harvesting, procurement, grading, pooling, handling, marketing, selling, export of primary produce of the members (producers) or import of goods or services for their benefit. Produce are things that have been produced or grown, especially by farming. Therefore, a Producer Organization deals primarily with agriculture and post-harvest processing activities. Collectivization of producers, especially small and marginal farmers, into producer organisations has emerged as one of the most effective pathways to address the many challenges of agriculture but most importantly, improved access to investments, technology, inputs and markets.

### **2. What are the legal forms of registering a FPO?**

There are several legal entities which aim to help farmers reap benefits of economies of scale via aggregation like farmer cooperatives, farmers clubs, farmer interest groups, etc. Farmer Producer Organisations (FPOs) are one such farmers' aggregate. An FPO can be registered under several legal forms like cooperatives, producer companies, Section 8 company, societies or public trusts. FPOs registered under the Indian Companies Act, 1956 are known as Farmer Producer Companies (FPCs).

### **3. What is National Association for Farmer Producer Organizations (NAFPO)?**

NAFPO is the apex national level body to support Farmer Producer Organizations and create an enabling ecosystem for them to sustain and thrive. It is registered as a not-for-profit entity with an objective to facilitate FPOs to function as collectives promoting the interest of their members. It also addresses larger challenges such as sustainable agriculture for livelihoods, resource conservation and regeneration and promoting an equitable and inclusive model of rural economic growth. ([www.nafpo.in](http://www.nafpo.in))

### **4. Who are the people behind NAFPO?**

The vision behind NAFPO is pulsated by Mr Pravesh Sharma ret'd. IAS, who is the Founder and Chairs the Steering Committee, and Mr Anish Kumar. Mr Pravesh Sharma is a former 1982 batch IAS officer with deep experience in the agriculture sector and took voluntary retirement after 34 years of service. In his long association with the sector, he served as Secretary, Agriculture in the Govt. of Madhya Pradesh, as India Representative of the UN International Fund for Agricultural Development (IFAD), Visiting Fellow at Princeton University and most recently (2010-2015) as MD of the Small Farmers' Agribusiness Consortium (SFAC), Govt. of India. Currently, he is the CEO for Kamatan Farm Tech Pvt Ltd which closely works with FPOs. (<https://www.kamatan.in/>)

Mr Anish Kumar has invested over 20 years on working for small and marginal farmers. He developed and piloted the small-holder poultry prototype and is a Board member of the National Smallholder Poultry Development Trust, an advisory and policy advocacy body (<https://nspdt.org/>). Currently, he is the MD for Transform Rural India. (<https://www.trif.in/>)

A special mention of Mr Baskar Reddy, Chief Advisor to NAFPO and Country Director, Syngenta Foundation India. He has closely worked with Ministry of Agriculture on policy formulation and implementation in agriculture marketing, extension, warehousing, machinery and food processing. (<https://www.syngentafoundation.org/>)

## 5. What does NAFPO intend to do with the Independent Director Initiative?

NAFPO invites retired professionals from Bank Pensioners Associations to provide their service for betterment of poor farmers. The initiative intends to address the challenges FPCs/FPOs face in terms of governance, management and legal compliances by appointing an Independent Director, who will play a critical role in improving governance and structures within FPCs/FPOs, and add to the credibility of the institution. This will have a direct impact on the management, availability of credit/finance to FPOs and, market access and linkages.

## 6. Who is an Independent Director?

An independent director in relation to a Producer company, means a director other than the board of directors or a Chief Operating officer —

- a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b) (i) who is or was not a promoter of the company;  
(ii) who is not related to promoters or directors in the company
- c) who has or had **no pecuniary relationship** with the company, or promoters, or board of directors, during the two immediately preceding financial years or during the current financial year;
- d) who, neither her/himself nor any of her/his relatives-holds or has held the position of a key managerial personnel or is or has been employee of the company in any of the three financial years immediately preceding the financial year in which s/he is proposed to be appointed;
- e) who possesses the required skills as may be prescribed.

## 7. Who can be an Independent Director and what is the eligibility criteria?

Ideal profile for the role will be an Individual from the local community such as Retired bankers (Retired Branch Managers of State owned banks (PSB), retired local administrators/gazetted officers (Retired Village Administrative officers (VAOs), Sub Registrar, District/Village Govt. school principals, etc.). Individuals who bring with them a sound understanding of local community, culture, and the required leadership/ local administrative skill.

- A) An independent director should ideally possess experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations (related to agriculture and allied sectors will be a plus).
- B) Ability to work collaboratively in a team environment; Fluency in English and Hindi.

## 8. What is the need for an Independent Director?

Based on cooperative values and intention of profit making, FPCs are a complex model facing governance related challenges throughout the lifecycle. There are several distinct benefits that an independent director can bring to an FPC, the first and foremost is building effective governance structure, coordination efficacy and share capital cohesiveness. In case of mismanagement and improper functioning of the FPC, the Independent Director will flag the issues to Board . Some other benefits also include:

- Reduce management flaws in a company.
- Ensure the practice of legal and professional behaviour at the company, and at the same time strengthening accounting controls.
- Increase the popularity of the company through his/her contacts and expertise so as to strengthen the share capital of the company.
- Be a part of long-term decisions which need to be taken, for the welfare of the company.
- Help a company survive, grow, and prosper over time through improved succession planning through membership.

### **9. What will the role and responsibility of an Independent Director?**

Independent Director acts as a guide, coach, and mentor to the Company. The role includes improving credibility and governance standards and help in fiduciary, statutory compliance, review of business performance, support in building business linkages. Independent directors are responsible for ensuring better governance by actively involving in various committees set up by Producer company. The independent directors shall:

- i) Ensure statutory & fiduciary compliances to safeguard the interests of all stakeholders
- ii) Engage with the auditor and review all compliances related documents
- iii) Timely review of business performance of the FPC
- iv) Ensure practice of legal and ethical behaviour via installing systems and best practices
- v) Facilitate better performance of management by regular reviews and meeting with FPO leadership
- vi) Support in building business linkages, establish network with banks/financial institutions District/block government departments and support agencies.

### **10. Who does the Independent Director have to report to?**

The Independent Director is not an employee of the FPC and does not have to directly report to anyone. However, in order to improve governance standards, he/she can put in effort to build the capacities of the Board of Directors and help improve participation of shareholders/farmers.

### **11. What is the honorarium per sitting?**

As a voluntary service to the FPC, Independent Director may work pro-bono. If the FPC has a positive balance sheet and is capable of retaining the interest of Independent Director, a sitting fee may be provided by the FPC.

### **12. What is the average number of working days?**

It is requested that the independent director gives 15-20 days a year for respective FPC.

### **13. What is the minimum time commitment for the program? Can I leave the program in between or can I resign from my role as Independent Director?**

An independent director is expected to associate for a minimum of 1 year with the FPC/FPO. Under critical circumstances, one can leave the program/resign. This will be evaluated on a case to case basis.

**14. Will I have to travel for work? Will travel expenses be reimbursed? How often will I have to travel?**

It is not expected of the Independent Director to travel often, but he/she may be required to visit the FPC office or place where committee/ meetings are being held. This will depend on a case to case basis and the travel expenses will be reimbursed by FPC depending on the financial strength of the FPC.

**15. What is the training offered to selected/ shortlisted candidates?**

A 2-3 day multi-module training program on the various aspects of governance, role & responsibilities of independent directors, FPO/FPC compliances will be held and the further details will be communicated. A certificate of participation will be offered to all who are part of the training program.

**16. Will Travel and stay be arranged and expenses be reimbursed for participants of the training?**

Details of this will be shared with the interested/selected professionals.

**17. Will I be provided an office space ?**

The Independent Director role does not require a specific work space to operate in. They may work out of FPC office as and when required.

**18. When is the last date for application?**

Details of the application process are available in the JD/ Announcement. Kindly refer announcement for further details.

**19. When will I hear from the selection committee about my application?**

The status of application will be communicated to as the process evolves, through email. The earlier you apply within a round, the earlier your application will be reviewed.

**20. What are the documents required to be submitted at the time of filling online application?**

The following documents need to be ready at the time of filling the online application:

- a) Photograph
- b) Resume
- c) Any one Proof of employment (Appointment letter, relieving letter, payslip, contracts etc.)- if available

**21. Who conducts the interviews? What is the process of selection? What is the strength of the Independent Director program?**

The interviews are conducted by panel members who are part of the NAFPO leadership Team. There are Four stages of the selection procedure. Please refer to the JD. The first cohort can comprise up to 20-25 members.