



NATIONAL ASSOCIATION FOR FARMER PRODUCER ORGANISATIONS

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CONSOLIDATED SUGGESTIONS TO SUPPORT FARMERS AND FPOS TO COPE WITH THE IMPACT OF COVID-19

The pandemic, and measures to contain it, has posed numerous challenges to the growth and sustainability of several sectors and has affected agriculture and farming the most. Though, to mitigate the challenges, the Central and State governments have announced a number of bold relief measures aimed at alleviation of the impact of the lockdown on the poor and the farming community. The percolation of information has not happened till the ground-level leading to several challenges. Farmer Producer Organisations can provide the right institutional framework in organising farming sector and catering to the needs of farmers in a better way for farmer welfare.

NAFPO is a non-profit, multi-stakeholder platform, which seeks to promote awareness about the work of FPOs among policy makers and administrators, private sector players, financial institutions, donors etc. The primary goal of NAFPO is to focus attention on the immense opportunity that FPOs present to transform agriculture in India and contribute towards the visionary goal of doubling farmers' income.

NAFPO has gathered information from individual FPOs and State consortiums to prepare a list of priority issues and support required which is impacting the functioning of FPOs. These suggestions are collated with the specific objective to overcome challenges faced by farmers and FPOs during the lockdown due to COVID-19.

NAFPO Consolidated Suggestions:

I. ACCESS TO FINANCE/CREDIT AVAILABILITY AND LIQUIDITY

Access to capital is a challenge for farmers and FPOs which needs to be worked on urgently, many FPOs are carrying aggregate losses on account of low turnover and lack of working capital. This is a two-fold challenge of lack of availability of credit for upcoming business activities and default on current loans. Support is required towards fixed costs, including salaries to avoid layoffs.

1. Loan waiver of up to Rs 1 crore may be provided to FPOs and support from Public Sector banks and NBFCs in relaxation of terms and conditions due to occurrence of a natural hazard like COVID-19 is requested.
2. Expansion of credit guarantee cover from Rs 1 crore to Rs 2 crore for FPOs with more than 3 years of balance sheet under the Credit Guarantee Funds of Central Govt to cater to the challenge of credit requirement by the FPCs for the coming crop cycle.
3. Additional working capital to FPOs at subsidized interest at par with individual farmer's rate of interest for procurement of farm produce. For example- The TN Govt has issued GO to offer Rs.10.00 lakhs to Rs.50.00 lakhs to FPOs as mezzanine fund at 4% interest rate.



NATIONAL ASSOCIATION FOR FARMER PRODUCER ORGANISATIONS
REPRESENTATION | COLLABORATION | TRANSFORMATION

4. Electronic warehouse receipt can be issued as generating finance can become easy. MSP procurement can be done through electronic warehouse level that is already working with strict quality norms. FPO as sourcing points will ease the cash flow issue for farmers.
5. Kisan Credit Card limit should be doubled, interest and EMI repayment should be paused for a period of 3 months and possibly till Kharif harvest November 2020. KCC: Limit could be increased from 3 Lakhs to 6 Lakhs and interest @ 1% for 6 months (November 2020).
6. Escrow mechanism can be a solution to bring liquidity into the system. For eg, If NAFED or FCI etc., pays directly to NBFC for discounting of receivables of procurement done by a Buyer on their behalf and supplied to NAFED or FCI etc . UP power has postponed payment of minimum dues by 3 months, electricity boards in other states should follow to help farmers, agri processing and food processing companies.
7. As PSU Banks priority sector non-digital lending mechanisms would be slower to reach out to FPOs and farmers, credit line of PSBs, NABARD should be opened to NBFCs with experience in digital lending to agriculture sector; a credit line of 10,000 crore should be made immediately available under PSL to NBFCs for forward lending at a fixed fee; this would not only help facilitate faster credit outreach but also Social Distancing complaint lending, while creating a new market for NBFCs with active involvement of private capital in agriculture sector in future. The NBFCs that could facilitate such a credit line outreach are, Nabkisan, Avanti Microfinance, Sammunati Finance etc.
8. Waiver of financial penalties imposed to the FPOs due to delay of filing of returns and other legal compliances.
9. There is a pending payment for NREGS that will create liquidity in the rural areas. Extending the insurance coverage can ease the situation for the farmers.
10. Creation of a support cell or farmer support helpline in the Agriculture Department in each state can be helpful. A central point of contact should be developed for ease in information flow.

II. MARKET LINKAGES

Though Agriculture activities are exempted from lockdown, the intra and inter- state movement of produce and products has been abruptly halted and there is a complete standstill in farm activities. There is stock with the farmers that they are finding it difficult to sell, owing to closure of Mandi's and local markets, resulting in massive losses.

APMCs, Direct Purchase and Commodity trading vide eNAM and Commodity Exchanges

1. The Ministry of Agriculture allowed FPOs to sell directly on the e-NAM platform from the farmgate. If State governments, too, act by waiving the mandi fee for FPOs registered on e-NAM, it will help move a significant chunk of primary trade to the electronic platform.



NATIONAL ASSOCIATION FOR FARMER PRODUCER ORGANISATIONS

REPRESENTATION | COLLABORATION | TRANSFORMATION

2. FPOs in partnership with State agencies should be allowed for decentralized procurement of major commodities at MSP at farmgate. State Level Apex FPOs and FPOs may be empowered to avail a revolving fund of Rs 25.00 to 50.00 lakhs

to procure and stock the minimum surplus from farmers directly, if any, instead of allowing agents & hoarders to exploit the situation.

3. APMC CESS to be waived off for the corporate buyers if they procure directly from production centres or collection centres being managed by FPOs as per the provision of Model APLM Act 2017.
4. There is a need to open mandi in a phased manner and allow private players to buy from farmers directly, MSP/Reserve price mechanism can be decided by government. To ensure level playing field for all buyers and farmers, MSP/Reserve price mechanism should be institutionalized to safeguard farmers and customers interests.
5. The warehouse and processing units can be declared as market yards to disperse farmers at multiple points. The financial support will be required for private players working in the loose grain supply chain and logistics.
6. The district administration can organize FPOs/FPCs in their jurisdiction to supply fruits, vegetables and other essential items including grocery items. Agri, Horticulture and Agri Marketing officers can guide them. FPCs may be given space in Farmers' markets to sell their produce.
7. To minimize people congregating at marketplaces, FPOs may be actively facilitated to take up door to door delivery of fruits, vegetables, food grains and grocery items, especially in towns and villages. The same can be organized maximum possible home deliveries by hygienic packaging of vegetables and fruits and inform. This is being done in Tamil Nadu.
8. Processing of fruits and vegetables should be encouraged due to the perishable nature of products and power sops can boost the industry.

Access to Inputs

9. Reduced GST for one year for FPOs on all agricultural Inputs (viz., seeds, fertilisers, pesticides, fungicides, weedicides, growth promoters and micro nutrients), machinery and transport to revive back the agriculture to normal mode.
10. The seed crop that was lost during the previous season may lead to seed shortage; FPOs with seed processing units may be given the target to generate required seeds for subsequent seasons.

Storage & machinery support

11. Availability of jute/silo bags need to be ensured and information about them need to be shared with respective Mandis and food processing units.
12. Warehousing WDRRA availability and negotiability of warehouse e-WRN with bankers should be ensured and requisite orders should be passed.
13. FPOs can deposit the material at WDRRA registered warehouses through which e-NWR based MSP procurement may happen.



NATIONAL ASSOCIATION FOR FARMER PRODUCER ORGANISATIONS

REPRESENTATION | COLLABORATION | TRANSFORMATION

14. E-Nam should be linked to electronic receipt, the receipt for many warehouses works on AGMARK but e-Nam follows a different standard, these standards should be homogenised.
15. Cold Chain service providers should be incentivized to make their trucks available for local distribution and not just over longer distances. A subsidy should be provided for transportation provided to FPOs and other forms of farm collectives.
16. Local level logistics working with dealership of Escorts/TAFE/ Mahindra and other companies/ lease and lend/ Material handling and other machinery farm for harvesting and farm level processing should be encouraged and a fund to support the same be made available to facilitate greater outreach of Customer Hiring Centre to support harvesting and processing of Rabi crop. CSR funding should be allowed to help set up Customer Hiring Centre by FPOs.
17. To safeguard fruits and vegetables, the import duty may be increased on fruits and vegetables concentrate. The Government may intervene on the export sector and port functioning to build trust with exporting partners.

Transportation/Movement of Agri products

18. Local movement of various types of transport used by farmers should be allowed by various state government without any requirement of a curfew pass.
19. A Green corridor should be created for agri and food commodities, allowing ease of movement across state boundaries. The District Collectors/ Regional Transport Officers may be authorised to issue Green Number Board with white letters (duly indicating the State and district) to all vehicles involved in agricultural activities, agri produce and product transport as one time measure for a period of three months. This will enable the police and revenue authorities to instantly permit such vehicles.
20. Local level logistics working with dealership of Escorts/TAFE/ Mahindra and other companies / lease and lend / Material handling and other machinery farm for harvesting and farm level processing.
21. Packaging materials likes, bags, cardboard, bottles, drums etc are not been included in essential commodities list, should be included to ease supply.
22. Railways should reduce freight and increase movement and pickup points for raw material and deliveries.
23. Permission to operate mobile vending vehicles freely with green number boards and teach the farm workers on safety measures.

III. SOCIAL SECURITY OF FARMERS AND FARM LABOURERS

The sudden lockdown has created a serious humanitarian and public health crisis involving vulnerable farmers and migrant workers, and their families, who have lost jobs and incomes.

1. The Central government has declared 5 kg free rations plus 1 kg free pulses as supplementary monthly ration. Many state governments have announced free basic or enhanced rations. All state governments may be asked to provide free basic rations



NATIONAL ASSOCIATION FOR FARMER PRODUCER ORGANISATIONS

REPRESENTATION | COLLABORATION | TRANSFORMATION

(with supplements) free of cost, so that the entire rations can be free for the eligible households.

2. There is huge problem of labour for upcoming harvesting season, as many migrant labour are struck in relied camps across the country. Following measures can be taken to support harvesting.
 - i) Allow on farm labour under MNREGA work programmes to be monitored by Gram Panchayats
 - ii) Increased availability of MNREGA labour for 150 days should be ensured, in case of non-availability of employment, wages equivalent to 150 days should be paid.
 - iii) Migrant labours who have returned from cities should also be allowed work under MNREGA
3. PM Kisan Yojana – amount should be increased to Rs 24000 per annum, during these critical times. Contribution to be made by both State and Central Govt Rs 12000 each to help provide necessary support to a rural household.
4. There is no health insurance for farm labourers, they should be including in new insurance schemes introduced by the government of India.
5. Migrant labour faces food security challenges, hence "One Nation One Ration Card", linked to a technology solution enabled by Aadhaar should allow anywhere access to Ration from the PDS. States should launch platforms for Migrants to register as “Migrant Resource Centre”.
6. Gas subsidy that is expiring for many Ujjawala beneficiaries should be increased by 6 months. This would help in some savings in the rural household.
7. Jan Dhan account holders should be given Rs. 1000 per month for 3 months to tide over difficult time.
8. Migrant labour should be given access to other government programmes for gainful employment, hence outlay for programmes PM Awas Yojana and PM Sadak Yojana like should be increased.