



NATIONAL ASSOCIATION FOR FARMER PRODUCER ORGANISATIONS

REPRESENTATION | COLLABORATION | TRANSFORMATION

Independent Director Development Program (IDDP)

TERMS of REFERENCE

1. About Independent Director Programme

The Independent Director Development Program is an initiative taken by National Association for Farmer Producer Organisations (NAFPO) to support and facilitate Farmer Producer Organisations (FPOs) with building governance standards, ensuring statutory and fiduciary compliances and enhancing the credibility of the organisations with placing management and administration systems.

An ID is an experienced professional who will be willing to work with FPO and take statutory and fiduciary responsibilities of the FPO. An FPO on the other hand will place interest in onboarding an ID for their requirements.

NAFPO, along with partner organizations will provide training to the identified individuals, who will contribute as IDs and provide guidance to identified FPCs. NAFPO will facilitate in processing Director Identification Number (DIN) and Digital Signature Certificate (DSC) for the Independent Director. NAFPO will also facilitate the match-making of selected ID with the FPC and also the first interaction. The ID and FPO will then take forward the discussion and associate with the FPO for a certain period of time.

2. About NAFPO

NAFPO ([National Association of Farmer Producer Organizations](#)) is a national body that works towards the strengthening of the FPO ecosystem. NAFPO works with a wide range of partners to facilitate FPOs to function as collectives, promoting the interest of their Farmer members - while addressing larger challenges such as sustainable agriculture for livelihoods, resource conservation and regeneration and promoting an equitable and inclusive model of rural economic growth. NAFPO will empanel Independent Directors who will play a critical role in improving governance 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.

The emerging opportunity in Agriculture, has productivity and market drivers significantly different in its scale, technology and capital intensity. The cooperative super-structure of training, capital supply has been inadequate in response to rising aspiration of farming families on a fast-changing agriculture landscape. FPOs as new institutional forms in dynamic new markets with far-reaching technological innovations, requires professional response. NAFPO fully functional will become *impact multiplier* to ongoing efforts of government and market agencies to strengthen farmers institutional capacities and cater to the most significant challenge of qualified human resources.



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3. Concept of FPO

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 - most importantly, improved access to investments, technology, inputs and markets. A Farmer Producer Company is a company registered under the Companies Act, 2013, which has the objective of production, harvesting, procurement, grading, pooling, handling, marketing, selling, export of primary produce of the members (Farmers) or import of goods or services for its benefit. An FPC/Producer Company deals primarily with agriculture and post-harvest processing activities.

4. Partnership for Independent Director

NAFPO has partnered with Seniors in Seva (SIS) which is an organisation that works with Seniors between 60 and 70 years old, who are often still in good physical and mental health, who have fewer family obligations and have a vast amount of valuable experience – in other words, a huge asset pool. It has emerged out of a need for the development sector who often seek professionals with expertise through identifying volunteering opportunities for them in the non-profit, social enterprise space.

5. Training of the ID

NAFPO in partnership with Institute of Directors will curate and organise certificate trainings for Independent Directors. These IDs will be carefully screened based on their time availability and interest in supporting the FPO. NAFPO will also assist and facilitate in match-making between the ID and FPO. Trainings will be done cohort-wise and post each trainings, there will be periodical experience sharing sessions to understand and assert impact indicators.

6. How to apply for IDDP

The process of application to IDDP has been made simplified and made transparent through online marketplace creation for matching FPO requirements and ID expertise. This can be accessed through FPO HR portal (www.hr.nafpo.in). Currently, IDs can sent fill up a consent form and FPOs can fill up Interest Registration form.

ID Consent Form link - <https://forms.gle/GjdNPMTGf6kJLfvA9>

FPO Interest Registration Form link - <https://forms.gle/54DUTTYA4RZV1689>

7. Role of the FPO

The key role of the FPO will be to share relevant information regarding the FPO with their ID to take things forward. The ideal scenario will be to ensure that ID & FPO have trust based relationship. The FPO leadership must be clear that decision-making is only in the hands of the FPO Board of Directors and an Independent Director will play the role of a guide, mentor and coach. It will be the responsibility of the FPO to connect with their ID and take their support and suggestion as and when required based on board's approval.

8. Which FPO can apply to avail the ID Programme ?

Any FPO registered under the Producer Companies Act, 1982 can apply for appointing an Independent Director with the FPC. Any FPC, either new or old, registered under the Companies Act that has a working Bank Account can apply to request an ID to be placed with the FPC for a given period of time. The criteria is following:

S. No	Indicators	Description
1.	Registration	Producer Companies Act, 2013
2	Paid-up share capital	Atleast 1 Lakh +
3	Number of members	100+
4.	Number of buyers	At least 1
5.	Financial Linkage	At least one of: NABARD, SFAC, NBFC, Banking institutions.
6.	Infrastructure (Preferable)	Like godown, machinery, custom hiring centres
7.	Licenses (Preferable)	Like Mandi, Seed, Fertilizer, Pesticide
8.	Technology	Basic IT, Computer

9. What are the problems in the FPO day to day functions ?

Farmer Producer Organizations (FPOs) have emerged as most preferred institutional mechanism to mobilize farmers by development agencies and policy makers. Despite an impressive growth in the number of FPOs across the country, they face several challenges ranging from management of business, irregular supply and lack of timely financial assistance. The ability to influence the value chain in a significant manner remains far-fetched for the majority of FPOs. A major challenge faced by FPCs is in terms of governance, management and legal compliances. The following are some challenges that FPOs face on a daily basis :

- i) Governance & Compliances – Regular Board meetings and BoD empowerment
- ii) Human resource management- Professional human resource is unavailable.
- iii) Trainings – There are multiple needs for trainings with regard to BoDs and FPO staff.
- iv) Business decision – Business is the most essential aspect of FPO operations. Business decision making based on demand and supply is a crucial decision based on facts and financial health.
- v) Finance, Tax, bill book, record lack of management



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10. Who is an ID?

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.

11. Role of the ID

The Independent Director is a person who acts as a guide, coach and mentor to the FPC and focuses his/her efforts on building governance and compliance standards. She/he will facilitate in improving credibility and governance standards and help in fiduciary, statutory compliance, review of business performance, support in building business linkages. Independent directors will be responsible for ensuring better governance by actively involving in various committees set up by Producer company.

The independent directors shall:

1. Help the FPC leadership team to monitor and ensure statutory & fiduciary compliances to safeguard the interests of all members
2. Timely review of business performance of the FPC
3. Engage with the auditor and review all compliance related documents periodically
4. Ensure practice of legal and ethical behaviour via installing systems and best practices
5. Facilitating better performance of management by regular reviews and meeting with FPC leadership
6. Establish network with banks/financial institutions, district/block government departments and support agencies to build linkages
7. Support in building business linkages, establish network with banks/financial institutions District/block government departments and support agencies.