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Agri finance cos Kissandhan plans to increase its onboarded FPOs count to 100 in FY23

Currently, the company has more than 48 FPOs across India, through which it is able to impact the livelihoods of 47,000 small holder farmers

By Ritwik Mukherjee | 8 Nov 2022 12:01 AM IST



Pankaj Ajmani, vice-president & business head, Kissandhan Agri Financial Services Pvt Ltd

There is no doubt whatsoever that agriculture is the lifeline of the Indian economy and roughly half of India's workforce is engaged in this sector. However, its contribution to the gross value added (GVA) is only about 18 per cent with challenges such as low productivity and wastages, which translates to lower farm incomes. Mind you that there are multiple opportunities in Indian agriculture today to achieve sustainable growth and productivity, given the grit and determination of Indian farmers and a proactive government. There are many who firmly believe that the Farmer Producer Organisations (FPOs) can transform agriculture.

Speaking to Bizz Buzz exclusively, Pankaj Ajmani, vice-president & business head, Kissandhan Agri Financial Services Pvt Ltd, says that there are some important pathways available to us to surmount the current challenges facing the Indian agriculture and one of these ways, is the power of FPOs and the power of aggregation. The Centre has taken very far sighted steps to promote FPOs with multi-dimensional schemes to support capacity building and value addition. This is the pivot that will transform Indian agriculture.

What has been your experience so far in this new area?

We have been an agri financing company operating in the market for nearly 25 years or so. We were basically into commodity based financing. Then we got into giving joint liability group loan, which is all but funding NBFCs, working as Micro Finance Institutes. Of course, the end-use has to be agriculture. See, farmers were not getting proper prices for whatever they were producing. They were not getting proper prices for inputs they were purchasing either. While in case of selling their produces they were getting lower prices and while getting purchasing inputs, they were have to pay higher prices. So the whole idea was to ensure that the farmers get their inputs at proper prices and sell their produces in the market at proper prices through the FPOs. From the last year we got into this.

With the central government's focus on increasing FPOs in India, Farmers Producer Organisations (FPO) are coming up in a big way. Last year, the Union Government had approved and launched the central sector scheme of formation and promotion of 10,000 Farmer Producer Organizations (FPOs) to setup and promote 10,000 new FPOs till 2027-28 with a total budgetary outlay of Rs 6,865 crore. At present, Kissandhan, a subsidiary of SLCM Group and is a RBI regulated non-banking finance company (NBFC), has more than 48 FPOs through which it is able to impact the livelihoods of 47,000-odd small holder farmers.

So what is your target, going forward?

Aligning with the government's plan, Kissandhan, India's leading multi-asset agri finance company, has plans to increase their numbers of on-boarded FPOs. The company is targeting 100+ FPOs in their portfolio by the end of the current financial year. The company has disbursed more than Rs 2,500 crore as on July 31, 2022. Interestingly, we are eyeing 15 per cent of FPOs business from the State of West Bengal. As part of the strategy, the company has already signed around 4 FPOs recently covering a small and marginal farmer base of more than 4,000 in the State of West Bengal and disbursed Rs 1 crore of loan to them.

What are your national plans like?

As I mentioned earlier that we got into this nearly one year ago, to be more precise, Kissandhan has started its FPO business in June 2021. Currently the company has more than 48 FPOs across the country, through which it is able to impact the livelihoods of 47,000 small holder farmers. Kissandhan is targeting to tie-up with 100 FPOs which will further impact the livelihoods of 75,000 to 1 lakh small holder farmers by the end of current financial year. Out of 100, the company is expecting 15 FPOs will be from West Bengal.

Since you are repeatedly mentioning about West Bengal as one of your strategy markets, could you please throw some more lights on your plans for West Bengal?

Certainly! Kissandhan wishes to impact livelihoods of more than 15,000 small and marginal farmers of West Bengal during FY23 by providing lending facility to the FPOs towards supply of inputs (seeds, fertilizers, pesticides) to the farmers during sowing time. And we would also like to make instant availability of the funds to the farmers during harvesting season.

The company has targeted Mednipur East and Mednipur West in the first phase and will explore the opportunity in other cities of Bhardhaman, North and South Parganas in the second phase. Along with exploring the potential of FPOs in the state, the company is also strengthening its business team across West Bengal.

At present, which are the states that come under your coverage?

We are based out of Delhi and have our coverage in states like Maharashtra, MP, UP, Rajasthan, Orissa, West Bengal, Bihar and Gujarat. The company has disbursed more than Rs 2,600 crore as on October 31, 2022.

Other than providing finances or financial support, do you offer any other supports to the farmers or do you have any plans in this regards?

No at this point in time, we do not provide any other support to the farmers other than finances. But going forward, we certainly have plans (and in fact we have drawn up blueprint for that as well) to provide them market linkages. We are already in talks with some of the big companies like ITC, Reliance fresh and others to provide the farmers the much needed market linkages, so that they can sell their harvests at proper prices and in proper manner. We are already working on this. The ultimate objective is to help the farmers make best use of the finances they get.

Are the small and marginal farmers aware of the benefits they are likely to get from the FPOs?

Unfortunately, not all of them are aware. And therefore our priority is to create complete awareness by all means, using different forms of media. This is our top priority. Unless they are aware, the whole idea will get defeated.

So, any plans to reach out to the farmers directly?

We are a B2B organisation and as of now we are not reaching out to the farmers directly. We operate and work through the FPOs. But we are working out plans so that we can directly reach out to the farmers, create awareness, impart trainings and all that. As we are moving along these new and new models and strategies are evolving.