

Agri finance company Kissandhan eyes 15% of Farmers Producer Organisation business, signs up four FPOs in West Bengal

By Sutanuka Ghosal, ET Bureau • Last Updated: Nov 03, 2022, 03:16 PM IST

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Synopsis

With central government's focus on increasing FPOs in India, they are coming up in a big way. Last year, the 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.6865 Cr.



Multi-asset agri finance company [Kissandhan](#) and a subsidiary of the [SLCM Group](#), is eyeing 15% of Farmers Producer Organisation ([FPO](#)) business from West Bengal. As part of the strategy, the company has signed around four FPOs recently covering a small and marginal farmer base of

more than 4000 in [West Bengal](#) and disbursed Rs 1 crore of loan to them.

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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 75000 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.

Kissandhan wishes to impact livelihoods of more than 15000 small and marginal farmers of West Bengal during FY22-23 by providing lending facility to the FPOs towards supply of inputs (seeds, fertilizers, pesticides) to the farmers during sowing time. And also 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.

The company has disbursed more than Rs.2600 cr as on 31st Oct'22. The company is [RBI](#) regulated non-banking finance company (NBFC) and christened as "Kissandhan" based out at Delhi and having coverage in states like Maharashtra, MP, UP, [Rajasthan, Orissa](#), WB, Bihar and Gujarat.

“Market linkages only happen when the markets are allowed to discover themselves. Beyond a particular point, market interventions become detrimental to the growth of the markets,” Sabharwal told Moneycontrol in an interview. “We need government restrictions but not to the extent that they disrupt the equilibrium of supply chains on a long-term basis.”

Agriculture, which employs more than half of the workforce in the world’s second-most populous country, makes up about 15 percent of India’s economic output. The farm sector supported the economy after the pandemic hit in early 2020, forcing some of the strictest lockdowns.

Millions in India rely on farming and allied activities. However, small landholdings, lack of developed supply chains and a raft of regulations make farming unprofitable for a large chunk despite the government assuring minimum purchase prices (MSP) for several commodities, as well as providing subsidies and direct income support to farmers.

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On the other hand, state interventions aimed at curbing prices and ensuring supplies make life difficult for the farm trade sector. India has, in the last few months, curbed exports of wheat and rice. The government also imposes stock limits from time to time to curb hoarding and tweaks duties to limit shipments.

The country needs to **liberalise the farm sector by easing onerous regulations**, farm leader Gunvant Patil Hangargekar, who is a member of an expert panel on MSP constituted by the government, had

told Moneycontrol in August.

SLCM Group CEO Sabharwal agrees.

“Somewhere, we have lost the plot in the agriculture industry. The biggest issue is that this industry is heavily monitored and, hence, the forces of a free market economic system are subdued in the sector,” Sabharwal said.

“You should have market intervention. I am not saying you should let runaway inflation happen. But that market intervention should be a thought-out process and not a knee-jerk reaction.”

Sabharwal, who has grown the company from one warehouse 13 years ago to a network of more than 9,500 warehouses, questions the popular narrative of what plagues the agricultural sector.

“The prognosis, which used to be that our storage facilities are poor or inadequate, has been proven to be off the mark. Now we are speaking about lack of market linkages,” he said.

The sector has no “theme” except for that coming from the state, which bears the responsibility of ensuring food security and, therefore, relies on bodies like the Central Warehousing Corporation and Food Corporation of India.

Sabharwal wondered whether it is fair to tag the so-called middlemen, or traders, as the ‘bad guys’ in the sector. They are part of the system that functions under government regulations and ensures food supplies across large swathes of the country, he said.

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