

MODULE 3

MARKETING & NETWORKING

Module 3	Understanding The Market And Stakeholder Engagement	
Session 1	Analysis of current market practices - Buying and Selling of Produce	110 mins
Session 2	Aspirations of farmers versus market realities	55 mins
Session 3	Assessing the market need and demand: realistic versus ideal; short-term versus long term	100 mins
Session 4	How can an FPO respond to the fluctuating market?	75 mins
Session 5	Planning for Short Term Strategies to mitigate market risk.	105 mins
Session 6	Networking and Stakeholder engagement	120 mins
Session 7	Special situations where networking skills are required	90 mins
Session 8	Methods of stakeholder engagement	65 mins
	TOTAL TIME FOR MODULE 3	730 mins (approx. 12 hours)

Session 3.1: Analysis of Current Market Practices - Buying and Selling of Produce

Time: 110 mins

Session Objectives

By the end of 110 mins. session on “analysis of current market practices - Buying and Selling of Produce”, the participants would be able to:

- a. Identify different market participants and the key roles they play
- b. Understand the advantages and disadvantages of dealing with each
- c. Create value chain for what they produce

Process summary:

No.	Content	Method/ Activity	Time	Materials
1	Introduction and establishing session objectives	Interaction	5 mins	chart paper, board, pens
2.1	Who are the farmers selling to and what markets are they accessing?	Full group activity	20 mins	chart paper, board, 2 diff. colour cards, pens
2.2	Pros and Cons of each market player and selling place	Group activities	25 mins	
2.3	Advantages / disadvantages of each market	Small group	20 mins	
3	What is the value chain of the product they are producing and the price differential at each step in the value chain?	Small group carousel method	35 mins	
4	Summing Up and Link to the Next Session	discussion	5 mins	

Process (in Detail):

Task 1: Introduction to Session Objectives (5 mins)

Start by introducing the session objectives using a pre-prepared chart and get the agreement of the participants.

Introduce the session by saying that this new module will focus on two major aspects related to an FPO – marketing and networking. Then explain the objectives of the session.

Task 2: Understanding the market players and the pros and cons (20 mins)

Part 1: Who are the farmers selling to and what markets are they accessing? (20 mins)

- During this activity the participants are asked to share the different crops that grow in their region, market players and market places that they are currently selling to.
- Ask the participants to list out 3-4 major growing crops in their areas. Write these crop names on two charts.
- Distribute two different types of (diff colours or shapes) empty cards and ask the participants to write who they are selling to (put on chart 1) and where they are selling (put on chart 2)
- Ask participants to pin given cards next to the particular crops in the appropriate column to create 2 tables similar to ones below:

Crop	Selling to whom	Role they play	Advantage	Disadvantage

Chart 1: Who are the market players

Crop	Sell where	Accessibility Good/bad and in kms.	Frequency	Advantage	Disadvantage

Chart 2: Where are the market players

The following market players may come up as a response to ‘Who’: Commission Agents, Money Lenders, Traders, Aggregators, Millers, Processors, Wholesalers, Mall, Retail Sales (Individual Buyers) etc.

The following market places may come up as a response to ‘Where’: Mandi, Haat, APMC, Direct Selling, Further, prompt the participants to list down names that may be missing. . See Annexure 1 with sample charts

Part 2: Pros and Cons of each market player and selling place (25 mins)

- Look at chart 1 with the list of different players in the market under each crop
- Ask participants to share the role that each participant plays and the advantages / disadvantages of selling to them and fill up the other 3 columns in the table. A sample table like the one in Annexure -1 may be created posting inputs from the participants.

3. Prompt the market participants asking them questions like
 - a. Is the market player an end user of the product or does he sell it to some other counterparties?
 - b. Does the market player add any value to their product like milling, grading and sorting, polishing etc?

Part 3: What are the different markets that are currently being accessed and advantages / disadvantages of each market? (25 mins)

- a. Take chart 2 used earlier for place of sale (3 mins)
- b. Ask the participants to list down the accessibility, and frequency of each market in the blank columns creating a table like the one in Annexure 2 (5 mins)
- c. Once this is done ask the participants to share the advantages and disadvantages of selling in a particular market (7 mins)-
 Prompt the participants asking them the following questions (5 mins)
 - i. Are there particular markets that individual farmers cannot access at the moment?
 - ii. Can the FPO access these markets more effectively?
- d. Conclude by establishing the key factors that affect each market and thus the price available in that market - Accessibility, Volume Requirements, Quality Requirements, Time of Purchase (Advance Selling vs Selling in the market) (5 mins)

Task 3: What is the value chain of the product they are producing and the price differential at each step in the value chain? (35 mins)

Activity: Carousel method group exercise

- a. Divide the participants into 4 equally sized groups and allocate one table to each one of them. Also allocate one crop to each group. (5 mins)
- b. Distribute oval cards with the steps of the value chain (Inputs, Production, Post-harvest, Market) on them to each group

Sowing	Aggregation
Seed purchase	Obtaining certificate and licence
Harvesting	Grading and Sorting
Drying	Transportation
Washing	Polishing
Fertilisers	Milling
Vermicompost	Packing (with branding)
Packing	Processing

- d. In addition, distribute rectangular cards which have each of the above points on each card.
- e. Ask the groups to arrange the cards under each of the sub heading cards and in order of how the steps are followed one after the other on the table assigned to them. They can add some more steps if not in the given cards. These cards must be placed on the table assigned to them.

- f. Now, after 15 mins of this activity, the Facilitator will blow a whistle or clap their hands and tell each group that they must now visit the table on their right for 5 mins. Each group will stop their work and go to the next group's table leaving behind one representative. The visiting group members will review the table and suggest changes etc. which the representative can agree to or disagree.
- g. After 5 mins, the Facilitator will whistle or clap and the groups will change tables, moving to the right. This will continue every 5 minutes till all groups have seen all tables. Finally, they will return to their original group table and review what changes were made and discuss and finalise.
- h. The Facilitator can now ask general questions to all:
 - How many steps are there between the input of seed purchase and an End Buyer / Consumer getting the product?
 - Is there a difference in the price that they sell at soon after harvest at the first point against the price at which the End Buyer / Consumer buys the commodity?
- i. Conclude by talking about "grading and sorting" and assured quality - key value added by the Intermediaries in the value chain.

Task 4: Summing up and Link to Next Session (5 mins):

- Summarise the whole session and ask participants to share their key learnings.
- At the end, share how in order undertaking various activities in the value chain would require understanding buyer expectations which will be covered in the next session.

Annexures

1. Sample tables for Task 2

Annexure 1: Sample tables for Task 2

Sample Chart 1

Crop	Who	Role they play	Advantage	Disadvantage
Ragi	Aggregators			
Mango	Traders	Buying and selling of produce	Cash payment Provides Credit	Poor pricing
Bottle Gourd	Commission agents	Sells produce to traders and other buyers taking a commission	Provides Credit Cash Payment no need to deal with traders	Poor pricing
Paddy	Millers	Buys produce, processes it and sells it in the market	Better Price than Traders bypass APMC etc.	Payment Strict Quality requirements

Sample Chart 2

Crop	Where	Accessibility	Frequency	Advantage / Disadvantage
Ragi	Mandi	5 Km	Weekly	Close to home
Mango	Direct Selling APMC	0 Km 15 Km	On Request Daily	Good Price, Quality standards, Purchase Assurance High Volumes, Poor Prices
Bottle Gourd	APMC – Chennai	200 Km	Daily	Good Price, Accessibility Issues

Session 3.2: Aspirations of Farmers versus Market Realities

Time: 55 mins

Session Objectives

By the end of 55 minutes, the session on “aspirations of farmers versus market realities” the participants would have:

- a. Understood expectations of buyers and aspirations of the farmers,
- b. Agreed on the role FPO can play to bridge the gap between the expectations and the realities.

No.	Content	Method/Activity	Time	Materials
1	Introduction and establishing session objectives	Introduction and establishing session objectives	5 mins	chart paper, pens
2	Farmer aspirations versus market realities	group activity	30 mins	chart paper, pens, board, Annexure 3.2.1
3	What role can FPO plan to bridge the gap?	What role can FPO plan to bridge the gap?	15 mins	cards, pens, chart paper
4	Summing Up and Link to the Next Session	Summing Up and Link to the Next Session	10 mins	board, pens

Process (Detailed)

Task 1: Introduction to Session Objectives (5 mins)

Start by linking this session to the previous session and then explain the session objectives using the pre-prepared chart

In the previous session, the understanding was on how to think of the market in terms of buying and selling. It also explained the various components in a value chain so that the BODs can understand the need to keep the market demand in mind from the input stage onwards

Task 2: What do farmers and end buyers expect from the market in terms of quantity, quality and price? (20 mins)

Farmers versus buyers' expectations

1. Divide the participants into two groups of 7-10 each. One group will represent buyers and the other group will represent farmers.⁹
2. Distribute the case study in Annexure 1 to the groups and ask them to discuss and write down a list of expectations. The first group will write down the list of farmer expectations and the second the list of buyer's expectations.
3. All the participants come together in a plenary and ask them to read out their list and put these on the board in 2 columns: farmers versus buyers.
4. Ask the following questions:

“What do we learn from this exercise?”

What will happen if aspirations don't match with realities?

Put down all the answers in points on a chart on the board.

Expected Analysis

1. Farmers looked at their cost of cultivation, risks and try to maximize their profits. They want entire produce, of all quality to be sold and expect price more than MSP, at the time of harvest and expect spot cash as per household requirements. Farmers interested to sell their own produce.
2. Buyers look for best quality, at lowest price and quantity as per requirement and payment as per business standards.

Facilitator summarises these points and explains that there may be situations where these differences can be sorted out and sometimes when they cannot.

Expected response from participants

- There will be problems in trading
- Farmers may not get the price they expect
- Buyers could incur losses
- No long-term relationship between FPO and buyer

Task 3: Roles of FPO help in matching farmer aspirations with Market Reality (20 mins)

1. Ask the question “Based on the earlier discussions, how can an FPO help in matching farmer aspirations with Market Reality?”
2. Distribute cards to each participant and ask them to write down 1 or 2 points each, one on each card.
3. Collect the cards and help them to cluster them on a chart into main action areas.

9. In case the group is larger use your discretion and divide the groups

Expected action areas – Training of farmers on quality and grading, Interactions with buyers, marketing experiments, identifying relevant buyers, Studying the market demand, watching market prices and trends, looking at competition in the market, Aggregating produce and selling it.

Task 4: Summing up and Link to Next Session (10 mins)

Summarise the points and asks participants “Based on the learnings in this session, what do you plan to do in the next 1 month?”

Annexures/Handouts

Annexure - 1: Buyer Farmer case study

Annexure 1: Buyer - Farmer Case Study

For Group 1: Farmers

The BoD of FPO of cotton farmers is meeting in August and planning to sell their members' produce which will be harvested between September to October. The farmers have grown cotton with staple length of 28 - 34 mm and higher moisture (due to expected rains). Farmers say that they might produce around 4000 MT, but individual farmers will decide to sell to FPO depending on price offered by FPO and want the procurement to happen at their doorstep – farmers need cash payment on the spot. Last year the MSP was Rs.5500 / quintal and this year, the cost of cultivation was around Rs.2500 / quintal – due to unseasonal rains, production expected to be lesser than normal.

For Group 2: Buyers

Facilitator meets the buyer group and explains their situation – The buyers belong to Laxmi Cottons, Dharwad. They need cotton immediately. They require cotton with staple length of >32 mm and lower moisture (Ginning unit will not spin properly if moisture is high and more moisture = more weight). They need around 2000 MT (200 truckloads), and ready to pay after 3 days by RTGS to FPO account. Their current market price in Dharwad is Rs.5000/quintal,

Session 3.3: Assessing the market need and demand: realistic versus ideal; short-term versus long term

Time: 100 mins

Session Objectives

By the end of 100 mins. session on “Assessing the market need and demand: realistic versus ideal; short-term versus long-term”, the participants would have:

- a. Understood the different factors that affect market demand
- b. Learnt how to track these for demand projection

No.	Content	Method/ Activity	Time	Materials
1	Introduction and establishing session objectives	Discussion	5 mins	chart paper, pens
2	Factors affecting market demand and supply?	Group activity	30 mins	chart paper, pens, Annexure 3.2.1
3	Classification of factors	Brainstorm	25 mins	chart paper, pens, Annexure 3.3.2
4	How can the FPO track these factors to assess future demand and supply?	Group activity	30 mins	chart paper, pens
5	Summing Up and Link to the Next Session		10 mins	

Process (Detailed)

Task 1: Introduction to Session Objectives (5 mins)

Start by introducing the session objectives using a pre-prepared chart and get the agreement of the participants.

The previous session gave us an insight on the differences between farmers expectations and the buyer’s demands. This will help us work in this session where we focus on assessing the demand based on the market needs.

Task 2: What are the factors affecting market demand and supply? (30 mins)

- a. Ask the participants to select a crop that is widely grown in the area and ask their inputs on price range each year.¹⁰

Year	Price Range
2017	
2016	
2015	

- b. Create a table on the chart paper and write down the past three years or at most past five years. Taking inputs from the participants fill in the price ranges over the past three years.
- c. Once the Price Range has been obtained ask the participants to share factors for the price range and fluctuation. Write each factor on a card and stick it on the table. See Annexure 1 for sample table for Toor.
- d. After the participants have shared all factors, share any other critical factors that they may have missed.
- e. To further visually demonstrate the price movement, create a graph and mark the key factors affecting price movement.

Task 3: How can they classify these factors - supply side / demand side, under their control / not under their control, short-term / long-term? 25 mins

- List down all the factors arrived at during the previous activity on a separate chart paper.
- Ask the participants to classify the key factors into various categories and mark them on the chart paper.
 - Short-term - Long Term:** Ask the participants the following questions:
 - Are these factors that affect the price only for the current season or longer periods of time?
 - If they are short-term, why do they think they are short-term and vice versa.
 - Supply Side - Demand Side:** Ask the participants the following questions
 - Are these factors related to changes in production? These may include factors like weather, crop diseases, excessive sowing, imports, build-up of stocks
 - Or are these factors related to changes in demands? These may include factors like export bans, changes in eating patterns (like increase in consumption of fruits etc.)
 - Does the demand of essential commodities like rice, dal change over years?
 - Under their control - Not under their control:** Ask the participants the following
 - Which of the factors noted above are under your control and what factors are not in your control?
- The output may be a table similar to the one in Annexure 2

10. Prior to conducting this research, the crops grown in the area from where the participants are coming from and the price fluctuations over the past few years including the key drivers for the price changes. Further also research the seasonal trends to get an overview of how demand and price is affected seasonally.

Task 4: How can the FPO track these factors to assess future demand and supply? 30 mins

- a. Ask the participants to share their views on if these factors are going to be relevant over the current season alone or for the next few seasons.
- b. Ask them to share any other factors they think might be relevant to changes in future demand and supply.
- c. Ask the participants to list down ways and means through which they currently track how each factor may change over time. A few examples are listed below:
 - i. **Weather** - Through met department reports and how the weather has been so far
 - ii. **Export Ban** - Newspaper reports
 - iii. **High Stocks from previous year** - Stock data from various agencies.
 - iv. Other similar factors.
- d. These can be listed on a Chart paper and participants opinion solicited on how they can regularly track these factors.¹¹
- e. Conclude by sharing how the identified long-term factors could assist the FPOs business planning and how they need to consistently track short-term factors to prevent losses.

How market demand and supply changes seasonally?

- a. Establish context by sharing how they had already analysed price movements year-on-year and there is also a seasonality component
- b. Ask the participants to select a crop that is widely grown in the area and ask their inputs on prices in each month/season. The best would be to list down the month starting with the current month in descending fashion so that they it is easier for the participants to remember the prices

Season	Month	Price
Summer		
Early rains		
Rainy		
Cold		
Pre - summer		

- c. Ask the participants the following
 - i. When does the harvesting begin and where does it end?
 - ii. Why is price higher in these periods?
 - iii. For crops with limited harvesting period, point out how the price starts reducing once the harvesting starts and more and more supply reaches the market.
 - iv. In case of products like sugarcane where there are set months during which procurement starts ask the participants if they can correlate the price to these factors.
- d. Conclude by summarising the following points
 - v. Supply and prices follow seasonality patterns

11. Please note that this is a brainstorming exercise and the purpose is that the participants should start thinking of these issues in a structured manner. There are no easy ways of assessing market demand and supply.

- vi. Best Prices in market may be in general obtained either at the beginning or end of harvesting season
- vii. There are critical factors that affect w incomplete

Task 5: Summing up and Link to Next Session (5 mins)

- a. Summarise the session and share how markets move both year and year and seasonally and the factors underlying both.
- b. Share that in the next session various responses FPOs may adopt will be discussed in detail.

Annexures

- 1. Sample table for task 2
- 2. Sample table for task 3

Annexure1: Sample Table for Task 2

Year	Price Range	Factors
2017	4000-5000	High production due good rains Good stocks from previous year
2016	6000-9000	Imports from South America lead to start of decrease in prices Unfulfilled demand from previous year High production due to good rainfall
2015	6000-10,000	Drought leading to failure of crop across major growing area, Major Diseases
...		

Annexure 2: Sample Table for Task 3

Factor	Short Term/ Long Term	Supply / Demand	Under Control / Not Under Control
Good Crop Production due to good weather	Short Term	Supply	Not under control
High stocks from previous year	Long Term	Supply	Under control
Imports to fill immediate demand	Short Term	Supply	Not under control
Unfulfilled demand from previous year	Short Term	Demand	Not under control
Crop Disease	Short Term	Supply	Under Control
Export Ban	Long Term	Demand	Not under control

Session 3.4: How can an FPO respond to the fluctuating market?

Time: 75 mins

Session Objectives

By the end of 75 mins. session on “How can an FPO respond to the fluctuating market?”, the participants would have:

- a. Listed different strategies to mitigate or adapt to market fluctuations
- b. Discussed them in reference to their own products

No.	Content	Method/ Activity	Time	Materials
1	Introduction and establishing session objectives	Discussion	5 mins	chart with objectives
2	What are the various responses to a fluctuating market?	Buzz Group Case-Studies	30 mins	caselets; 4 different coloured cards chart paper, pens
3	Clustering FPO responses into the different buckets	Clustering Activity	30 mins	cards from activity 2, chart paper, pens
4	Summing Up and Link to the Next Session	Discussions	10 mins	board, pens

Process (Detailed)

Task 1: Introduction to Session Objectives (5 mins)

Start by introducing the session objectives using a pre-prepared chart and get the agreement of the participants.

Now that we have gone through discussions on understanding the market demand and farmer supply, this session will help us understand what to do in a fluctuating market situation.

Task 2: What are the various responses to a fluctuating market? 30 mins

- a. Divide the participants into small groups of 3-4. Each group will be given one small caselet (total of 4 caselets) which they have to go through and discuss in 5 minutes. (for caselet refer Annexure 1)

- b. Each group will answer the question given in the caselet in a blank card provided to them. Each caselet has a different coloured blank card. For e.g.: Caselet 1 – White; Caselet 2 – Yellow... and so on
- c. Once the 5 minutes are up a buzzer goes off and they take up another caselet which was passed on from the group on their left. After 5 mins. this process is repeated till every group goes through all the 4 caselets.
- d. So, if 8 groups have been formed, by the end of the four rounds, all the groups would have gone through all the caselets and give their suggestion. So, for each caselet there will be 8 answers. Ask each group to read out the answers so that all participants become aware of the answers arrived at by other groups.

Task 3: Clustering FPO responses into the different buckets – 30 mins

1. Discuss the types of classifications for FPO responses some of which the participants may have arrived during the buzz group activity in the previous task.
 - a. **Long Term vs Short-term:**
 - i. Long Term responses include collective planning of sowing and harvesting, setting up a system for aggregation grading and sorting, creating storage facilities, or selling to end-buyers directly after obtaining etc. These require planning, investment and setup.
 - ii. Short-term responses require adaptation to the change in market condition for the current scenario. E.g. Finding out market players or alternate markets when markets undergo correction.
 - b. **FPO Level vs Farmer Level:** Certain responses may be more applicable at a Farmer level while other may be more applicable at the FPO level.
2. Which of these apply to the FPO's products?
 - a. The FPO responses to market fluctuations may further be broken down into the following four buckets
 - i. **What:** the kind of crops FPO farmers are planting and are available to the FPO to market will matter
 - ii. **When:** the price at which the FPOs or farmers can sell will depend on seasonality and how the market condition is when they actually harvest the produce.
 - iii. **How:** whether the harvested crops are sold without any value addition or with value addition (like de-husking, grading and sorting, polishing, milling, and packaging). Recall from the first session in this module how the FPO may be able to obtain a better rate as they undertake one or more activities in the value chain of the product.
 - iv. **Where:** the place where market produce is being sold - local mandi, haat, APMC or in a different city / state or even country is also a factor.

Task 4: Summary – 10 mins

In the process of summarising, the Facilitator must stress the importance of the FPO board members using their own experiences and their product as the example to understand the market situation.

Annexures/Handouts

1. Caselets for buzz for buzz group activity

Annexure 1: Caselets for Buzz group exercise

Caselet 1:

An FPO working with goat farmers. Market price of goats keeps fluctuating. For example, in off season, the price of a goat comes down below Rs.8000. During peak season (like during Bakrid festival) price of a goat reaches Rs.12000. Due to beef ban elsewhere in India in 2016-17, rumours spread that goat meat will also be banned. Due to this, market sale price of goats came down heavily and the goats which used to be sold for average Rs.10,000 were now selling at Rs.6,000.

Question: What can the FPO do in this situation?

Caselet 2:

An FPO working with vegetable farmers. Tomato prices keep fluctuating all the time. As an experiment, the FPO supplied around 17 tons of vegetables to Big Basket at their procurement centre which was over 150 kms away from the district. They got around 30% more price for the vegetables, however, this price is only for Grade A, which forms about 25-30% of the farmers' produce. They got a very low price for the remaining B, C grades. Due to high cost of transportation, the FPO suffered losses in the first few years.

Question: What can the FPO do in this situation?

Caselet 3:

An FPO dealing with dhal. The FPO sold 1 truck load of Tur to SHPL, a Bengaluru based private marketing company set up to promote zero pesticide products for farmers in the dryland regions. SHPL placed an order as all the produce was bio-pesticide sprayed Tur. SHPL had given 50% advance towards procurement and made the payment within 15 days of delivery. It again placed an order for 1 more truck load. However, due to the consignment failing to meet the quality standards, the FPO had to take back the stock.

Question: What can the FPO do in this situation?

Caselet 4:

A buyer from Chennai is ready to purchase onions from the farm gate. The rate was fixed on Oct 16, which happened to be a day before the long Dasara celebration holidays. It was decided that the grading & loading will take place on Oct 20, as labour is not available on holidays.

On Oct 17, price in Yeshwanthpur market jumps suddenly. Farmers hear about the high onion prices and are very happy. But the buyer is very worried and gets in touch with the FPO to find out if they still want to sell the produce to him. He insists that prices once agreed upon must be honoured from both sides – and claims if there was a fall in prices, he would have still given the assured price.

The actual market price will be revealed two days later, after the holidays. Previous experience shows that prices are likely to fall as excess supply is expected. But this cannot be said for sure!

Question: What can the FPO do in this situation?

Session 3.5: Planning for short term strategies to mitigate market risk

Time: 105 mins

Session Objectives

At the end of this 105 min. session on “Planning for Short Term Strategies to mitigate market risk”, the participants would have:

1. Developed various short term adaptive responses to market fluctuations
2. Understood how to respond to price shocks and price rise situations.

Process Summary

S No	Task	Methodology	Time	Material
1	Introduction and establishing session objectives	Explanation	5 mins	chart
2	Review of short-term strategies discussed in the previous session	Plenary Interaction	10 mins	chart, pens
3	What can FPOs do when there is a price shock?	Group brainstorming followed by Plenary Discussion	40 mins	chart paper, pens
4	How can FPOs take advantage of a price rise?	Group brainstorming followed by Plenary Discussion	40 mins	chart, pens
5	Summing Up and Link to the Next Session	Explanation	10 mins	board, pens
Total			105 mins	

Process in Detail

Task 1: Introduction and establishing session objectives – 5 mins

- 1.1. Explain the session objectives as mentioned above after linking it to the previous session

Task 2: Review of short-term strategies discussed in the previous session- 10 mins

- 2.1. Ask the participants “What are the short-term strategies we discussed in the previous session. Expected response - Finding out market players or alternate markets when markets undergo correction, selling to processors and millers, direct selling to bulk

buyers, selling to retail companies like Big basket etc, waiting for prices to increase and then selling etc.

- 2.2. Ask the participants “What are the aspects that we should consider while planning for short term strategies in our FPO?” and cluster the responses Expected response – internal processes, market related activities

Task 3: What can FPOs do when there is a price shock? – 40 mins

- 3.1. Split the participants into 4 groups of 5-6 each and ask them to go through the caselet given in annexure.
- 3.2. Ask the participants to imagine they are the BoDs of HSFPFC – ask them to list the year wise major decisions (2 groups for each aspect) on internal processes, market related activities they will take as BoDs, when there is a price shock. – 15 mins
- 3.3. Each group gets 3-4 mins to present and get feedback from the participants.
- 3.4. At the end, the facilitator asks what could be the challenges in this strategy and how can the FPO prepare for it.

Expected Response

Internal Processes	Market Related Activities
Planning for procurement processes as per the requirements of the buyer or MSP procurement	<p>Closely following market trends</p> <p>Identifying alternate buyers to purchase the produce from the FPO. Negotiating the terms in favour of farmers</p> <p>Exploring possibilities of selling produce to Government agencies at MSP</p> <p>Ensuring payment collection from buyers</p>

Task 4: How can FPOs take advantage of a price rise? – 40 mins

- 4.1. Split the participants into 4 groups of 5-6 each and ask them to go through the caselet given in annexure.
- 4.2. Ask the participants to imagine they are the BoDs of the FPO called HSFPFC – ask them to list the year wise major decisions on internal processes, market related activities they will take as BoDs, to utilize storage to take advantage of a price rise. – 15 mins
- 4.3. Each group gets 3-4 mins to present and get feedback from the participants – 15 mins
- 4.4. At the end, the facilitator asks what could be the challenges in this strategy and how can the FPO prepare for it.

Expected Response

Internal Processes	Market Related Activities
<p>Discussing with members and agreeing upon the expected price</p> <p>Planning for procurement processes as per the requirements of the buyer</p>	<p>Closely following market trends</p> <p>Identifying alternate buyers to purchase the produce from the FPO and negotiating the price, in line with price expected by members</p> <p>Identifying storage space on rental</p> <p>Ensuring payment collection from buyers</p>

Task 5: Summary – 10 mins

In the process of summarising, the facilitator must stress the importance of the FPO board members using the learnings to their own FPO and plan for short term strategies to mitigate market risks.

Annexure

1. Caselet on Hasnabad Farmer Service Producer Company Limited (HFSPC)

Annexure - 1: Caselet on Hasnabad Farmer Service Producer Company Limited (HFSPC)

- The Hasnabad Farmer Service Producer Company Limited (HFSPC) that ALC India promoted in 2012 had just completed three full financial years of its functioning ending 31st March 2016.
- The details of the Commodity Output Marketing done by HFSPC is as follows:

Year	Quantity in Quintals	Total Value of commodities procured	Comment
2013-14	1514 qtls - Red gram 1635 qtls - Groundnut	Rs. 6256500 (4300/qtls) – Red gram Rs. 6542200 (4000/qtls)	SFAC NCDEX procurement under MSP
2014-15	714 qtls - red gram	Rs. 3730750 (5225/qtls)	Processing at the local Dal mill
2015-16	626 qtls	Rs. 6050700 (9665/qtls)	Some sale and some stocked at the warehouse

- In 2013-14, HFSPC transacted business in collaboration with NCDEX and SFAC. It was a useful experience for the organisation to interact with the market. Business wise, it was an unusual year. The Government of India had announced a Minimum Support Price (MSP) of Rs.4300/- per quintal for red gram whereas the open market price that the traders were offering at the end of harvest in November-December was just about Rs.3800-4000. In such a scenario, members found it lucrative to transact with HFSPC. In addition, another 500 quintals were procured at open market price and got processed into dal. The HFSPC hired a state run cooperative (District Cooperative Marketing Society) Dal mill in Tandoor, about 30 kms from Hasnabad, to process the raw dhal. It got the job work done in May 2014, paying per kilogram Rs.3.5 processing charges. Dal was sold to Hyderabad Agricultural Co-operative Association Ltd and a large trader in Shadnagar, 120 kms and 88 kms distance from Tandur respectively in the months of May and June. During this year, about 2000 quintals groundnut was also procured at MSP of Rs.3600/quintal whereas open market price was only Rs 2500/quintal. In total, HFSPC had done a business of Rs.135.43 Lakhs (Rs.65.10 lakh of Red Gram and Rs70.32 lakh of Groundnut) with NCDEX.
- The situation drastically changed in 2014-15. The market price at the time of the arrival of new harvest (at average of Rs.5700/ quintal) was higher than that of the MSP (Rs.4500/ quintal). Farmers were thus not interested in taking the offer of MSP. Due to lack of working capital on time and growing interest of the members due to timely payments previous year, HFSPC entered into agreement to supply Tur to a miller in Bidar. 1002 quintals of procurement was done and supplied to the Bidar miller. The Raw Tur was dispatched in 17 ton trucks to Bidar which is 112 kms from Hasnabad. The first few consignments were paid online to ensure that the entire stock is received. However, after about a month or so, the trader dishonoured the cheques while the stock was already dispatched. The HFSPC thus was caught in a situation that it had sold stock worth over RS 1 crore but the commitments were not made and threatened to become bad debt. After almost 8 months of follow up and visit by ALC India and HFSPC board to Bidar, this money due to the HFSPC was recovered with interest. It was a lesson for the HFSPC.
- In 2015-16, the HFSPC sold 1 truck load of Tur to Safe Harvest Private Limited (SHPL), a Bengaluru based private marketing company set up to promote zero pesticide products for farmers in the dryland regions. SHPL placed an order as it was all bio-pesticide sprayed

Tur. SHPL had given 50% advance towards procurement and made the payment within 15 days of delivery. It again placed an order for 1 more truck load. However, due to the consignment failing to meet the SHPL standards, HFSPC had to take back the stock from the SHPL miller in Hyderabad. It saw it as an opportunity to store red gram in a warehouse, financing of that coming through a warehouse receipt loan. We have explained that later. When the case writer visited the HFSPC in April 2016, the producer company had a stock of 30 tons in the warehouse pledged to the bank.

- While HFSPC was not showing huge net profits, it had managed to be operationally self-sufficient. Importantly, it was holding in the rented warehouse 30 tons of 'yellow gold', a precious commodity Toor Dal (Red Gram, also called as Arhar Dal in North India) prices of which were slated to go upwards in the next few weeks. The maiden warehouse receipt experiment of HFSPC, after all, might work, thought the promoters. There were reports of the Dal price likely to touch new highs and the government acting against hoarders and releasing 10,000 tons of Dal in the open market from its buffer stocks procured in earlier years. In such an event, the prices might be contained at around 12,000 Rs a quintal, which was not good news for the FPC, they thought.

Source: (Hasnabad Farmer Service Producer Company Limited (HFSPC), Institute of Rural Management at Anand (IRMA) <https://bit.ly/2SZqENP>)

Session 3.6: Networking and stakeholder engagement

Time: 120 mins

Session Objectives

By the end of 120 mins. session on “Networking and Stakeholder engagement, the participants would have:

- a. Understood the need for networking & methods of stakeholder engagement
- b. Identified the various stakeholders in an FPO
- c. Classified them into enablers and distractors based on their relationship with the FPO.

No.	Content	Method/Activity	Time	Materials
1	Introduction & objectives	Reading out	5 mins	chart paper
2	What is the need for networking and stakeholder engagement?	Game followed by Plenary Dialogue	20 mins	space
3	How good stakeholder engagement can help the FPO achieve success?	Case Study followed by Plenary Dialogue	20 mins	Annexure 3.5.1
4	Who is a Stakeholder? Listing out stakeholders	Plenary Dialogue using cards	15 mins	chart paper, pens
5	Classifying stakeholders - Who are primary, secondary and tertiary stakeholders?	Group Activity followed by Plenary Discussion	20 mins	chart paper, round cards of three diff. sizes and colours Annexure 3.5.2
6	Who are enablers and distractors?	Plenary Dialogue / Game	30 mins	Annexure 3.5.3
7	Summing up & Link to next Session	Discussion	10 mins	board, pens

Process (Detailed)

Task 1: Introduction to Session Objectives (5 mins)

Start by introducing the session objectives using a pre-prepared chart and get the agreement of the participants.

Task 2: What is the need for networking and Stakeholder engagement? (20 mins)

- a. You need a large space for this – either a big hall or a small playground.
- b. Start by explaining the chain game to the participants. The game consists of a ‘denner’, whose aim is to catch the other players. Once the denner catches a player, the player becomes part of a chain (which is formed by holding hands) and then has to help the denner in catching the remaining players. This process continues till the chain has captured everyone.
- c. Ask the participants to share their experience.
- d. Prompt them by asking the following questions:
 1. When was the chain more effective - in the beginning or in the end?
 2. Did you see how the chain started becoming more and more effective as more people joined in.
- e. Establish how the single person who started catching other participants is like an FPO and all other participants who are running around are stakeholders. Once the FPO starts engaging stakeholders it starts becoming more powerful.

Task 3: How good stakeholder engagement can help the FPO achieve success? (20 mins)

1. Distribute the case study in ‘Annexure 1 with the participants. Or if it is felt that it will be more effective to narrate the story then the case study can also be narrated.
2. Prompt the participants asking them the following questions:
 - i. What do they learn from the case study?
 - ii. The FPO was only focusing on input business. In the long term is it very profitable?
 - iii. What enabled the FPO to market their produce directly?
 - iv. Would they have been able to do this without the support of horticulture department?
3. Establish the importance to building a network and good stakeholder engagement.

Task 4: Who is a Stakeholder? Listing out stakeholders (15 min)

First some brief introduction as to the meaning of stakeholder.

A stakeholder is either an individual, group or organisation who is impacted by the outcome of a project. They have an interest in the success of the project and can be within or outside the organisation that is sponsoring the project. Stakeholders can have a positive or negative influence on the project.

- a. Start with discussing the meaning of the word **Stakeholder**.
- b. Ask the participants to list out examples of people or institutions they interact with in an FPO business. Start from one end of the group to the other end so all get a chance to name a stakeholder.
- c. Once the participants have listed out all stakeholders then check if any particular stakeholders are missing.

Task 5: Mapping Stakeholders (20 mins)

Follow the process of creating a Chapati (Venn diagram) listed in Annexure 2

Classifying Stakeholders - Who are primary, secondary and tertiary stakeholders?

- a. Share that Stakeholders can also be put into 3 categories – very important, somewhat important and not important.
 1. The very important group includes the direct beneficiaries – examples include Board of Directors, farmer groups and farmers.

2. The somewhat important group will include all important and positive influencers – suppliers, market players, NGO or training staff, govt. dept staff etc.
 3. The not important stakeholders will be those who are required but not on a day to day basis – donors, banks, media, etc.
- b. Once a stakeholder has been classified then list them on the different sized “chapatis” in order of importance (bigger chapati more importance).
 - c. Once they complete the chapati or Venn diagram exercise, they must display it on the board and explain it. Based on the discussions, this can be finalised.

The Facilitator must stress that in case any very important stakeholders are currently in the outermost circle, it is the aim of the FPO to bring them into the inner circle through effective networking.

Task 6: Understanding Enablers and Detractors - Blindfold Game (30 mins)

- a. Divide the participants into groups of 8 people each. Further sub-divide the groups into three sub-groups: three will be enablers, the other three members will be distractors. Rest will be acting as the blind people.
- b. Give the blindfolded participants an instruction to move from point 1 to point 2.
- c. Instruct detractors to distract the blindfolded participants from reaching their destination by shouting out wrong instructions.
- d. Instruct enablers to help the blindfolded participants to reach their destination.

After the game is over, ask all the three categories participant’s enablers, distractors and blindfolded participants their experience. During this different type of questions can be asked to the blindfolded participants (do this in front of the group everyone is able to hear the discussions):

- a. How did you decide which advice you should follow?
- b. What was the basis of believing the instructions you were receiving?
- c. Were you able to identify if a particular voice was directing you in right way or wrong way?

Now they can go back to their chappati diagram and mark E on the cards they think are enablers and D on the cards that are detractors.

During this process you can ask participants their experience with enablers and distractors. E.g. For FPOs particular buyers or input suppliers may have been very friendly in the beginning but later turned out to be distractors.

Establish the following points:

- b. How certain stakeholders act as enablers or distractors.
- c. Identifying them takes time, and participants have to act wisely/ discuss well.
- d. Experienced advice could be utilized to identify enablers and distractors.

Task 7: Summing up and Link to Next Session (10 mins)

At the end of the session, summarise the various stakeholders and the need to identify them into enablers and distractors. Ask for participants experience out of this exercise.

Annexure/Handouts

1. Case study for Task 3
2. Handout on how to do a Venn diagram
3. Stakeholder list diagram

Annexure 1: Case Study

An FPO XYZ based in Chikballapur district was solely relying on input business for its income. Most farmers in the FPO were onion growers and they wanted to get into the business of aggregation and selling the produce (and if feasible exporting their produce). It was decided in the board meeting that they will approach the horticulture department and ask for support in finding buyers. Initially they met the concerned officials but did not get much support. They invited the officials to one of their board meetings during which they again discussed the possibility of export of onions. Two months after the meeting, the department was able to help them and connected them to a buyer in Malaysia. They were able to finalise an initial deal - the horticulture department supported the FPO in drafting the agreement with the buyer.

The buyer subsequently set up infrastructure for grading and sorting in their area. They are now selling regularly to the buyer and persistent engagement with the horticulture department has ensured that they are getting a much better price for their produce.

Annexure 2: Venn Diagram to ascertain Stakeholder Importance

FPO Stakeholders are individuals, institutions that are directly or indirectly engaged or who can influence the FPO positively or negatively.

*No organisation or institution is independent; it is interdependent on other organisations/ institutions for the fulfilment of its objectives/ for the growth of the institution (FPO). Some of the reasons why the FPO needs to link up with other institutions are:

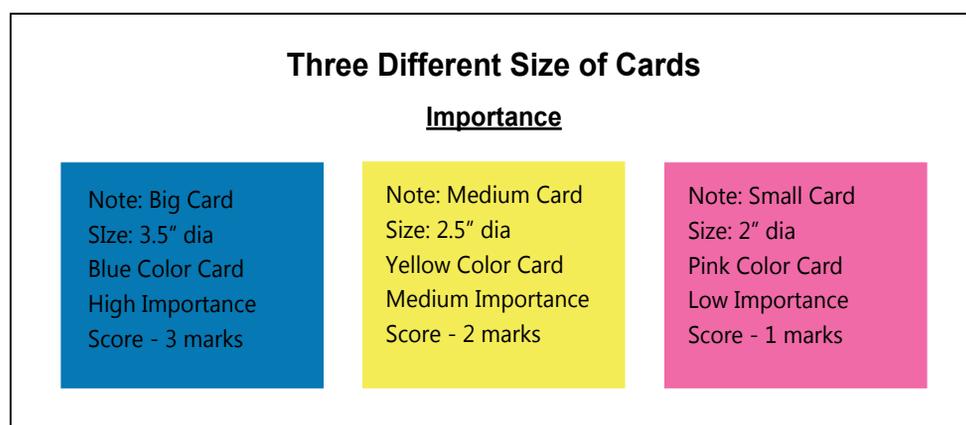
1. To mobilise essential resources like finance, agricultural inputs, information, marketing & liaison, value addition and other services required for the activities of FPO and its members.
2. To take up some of the services which the Resource Organisations provide after their withdrawal.
3. To have access to new technologies from private and government institutions, academic institutions.

It is also important to recognise those that have a negative influence or who are competitors of the FPO. This enables the board to be alert and monitor regularly to minimise any harmful effects or outcomes.

How to do a Venn Diagram for Stakeholder Mapping

Chapatti diagram exercise for stakeholder identification

Activity Objective: To analyse the present status of network and linkages with FPO
Venn diagram is one of the PRA methods to understand the importance and the relationship between formal and informal Institutions. The participants have to draw the present status of linkages and to show in Venn diagram as given below.



1. Tasks / Instructions

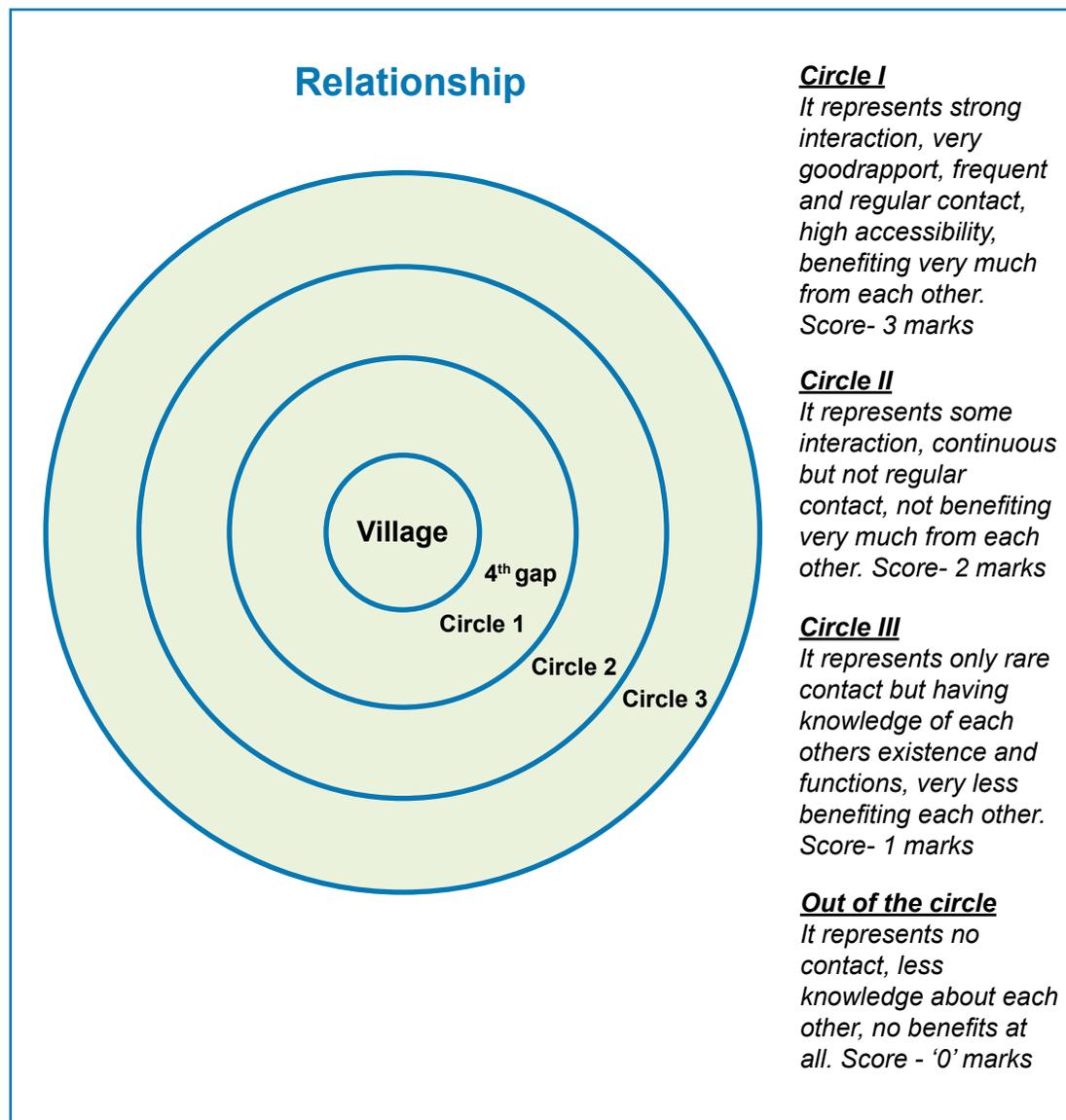
- a. Take a brown sheet and make three circles around the centre of the brown sheet
- b. Take drawing sheets of three different colours such as Blue, Yellow and Pink and make three sizes of chapatti's as per the given diagram
- c. Explain the purpose of the exercise.
- d. Using the list of stakeholders done earlier, the participants should now decide who is a very important, somewhat important or not so important stakeholder based on the importance of that stakeholder to the FPO. The primary stakeholders will be listed on the largest chapatti, the secondary on the medium sized chapatti and the tertiary on the smallest chapatti.
- e. Take each card [chapatti] and ask the participants to analyse the degree of their current Relationship. Those that have the strongest relationship will go into the innermost circle,

those with some relationship in the middle circle and those with hardly any interaction in the outer circle (see diagram below)

- f. Stick all the cards in the respective circle

Analysis

- Identifying stakeholders who are closely working with the FPO.
- Identifying which stakeholders remain unengaged/ left out.
- Establishing the need to engage particular stakeholders who could be beneficial.



Tips for the trainer

- Please prepare 3 different sizes of chapattis in 3 different colours by drawing sheets (big size – 15-inch, medium size – 10 inch and small size – 5-inch chapatis) as shown in the “importance diagram”
- Take a brown sheet and draw 4 circles as shown in the “relationship diagram”
- If the participants are from different FPOs let them sit in their respective small groups and undertake this exercise because the stakeholders in each FPO will be different. Once individual groups are done with the exercise then you can do a common discussion.

Annexure 3: Stakeholder Classification Examples

Primary	Secondary	Tertiary
<ul style="list-style-type: none"> • Users/Beneficiaries (Male, Females, Children, Elderly, etc.) 	<ul style="list-style-type: none"> • Local Authority • Direction of Municipality Technical Services • Traditional Authorities • NGO and Development Projects • Businessess and Suppliers • Decentralised Government Services • Research Institutions • School and University • Services Providers 	<ul style="list-style-type: none"> • Financial Institutions and Donors • National Authorities (at all levels) • Opinion Leaders • Civil Society • Foreign Cooperation Agencies • Media

Session 3.7: Special situations where networking skills are required

Time: 90 mins

Session Objectives

By the end of 90 mins. session on “Special situations where networking skills are required”, the participants would have:

- a. Understood the how to identify possible situations where networking skills are required

Process summary

S No	Task	Methodology	Time	Material
1	Introduction and establishing session objectives	Explanation	5 mins	chart paper
2	Understand few situations in FPOs where stakeholder engagement in required	Role play	40 mins	Annexure 3.6
3	Identify situations in FPOs where stakeholder engagement is required	Guided Brainstorming + Clustering	20 mins	cards, chart papers, pens
4	Identify skills required for effective networking in such situations	Guided Brainstorming + Clustering	20 mins	card, pens, chart paper
5	Summing Up	Plenary Dialogue	5 mins	board, pens
Total			90 mins	

Process in Detail

Task 1: Introduction to Session Objectives (5 min)

Start by introducing the session objectives using a pre-prepared chart and get the agreement of the participants.

The previous session gave us a chance to understand who are stakeholders are, how important they are to our FPO business, and what is the current relationship the FPO has with them.

Task 2: Understand few situations in FPOs where stakeholder engagement is required (40 mins)

- a. Divide the participants into two groups.
- b. Explain the task - Each group has to discuss and decide on one situation (see Annexure 1 for situations), where networking skills are required, in FPOs. Apart from the one situation which was selected, the other situations discussed can be noted for further discussion.
- c. Each group enacts the situation - 10 mins each.
- d. Facilitator then asks the plenary “What did we learn from this role play?”

Expected responses - In some situations, FPO cannot achieve success without networking with other stakeholders. We have to systematically identify the situations in which networking skills are required in FPOs

Task 3: Systematically identify situations in FPOs where stakeholder engagement is required (20 mins)

- a. Facilitator distributes cards to the participants and asks them to write/draw one or two situations faced by FPOs, where networking skills are required
- b. Facilitator collects the cards and clusters them according to FPO functions - Example clusters - FPO formation, Input business, Output Business, accessing schemes from Government, Raising funds etc. If some of the cards do not fit into these clusters, keep them separately and form a new cluster.
- c. Facilitator summarises the chart and asks questions, if any clusters mentioned above are missing in the list.

Task 4: Identify skills required for effective networking in such situations (20 mins)

- a. Facilitator distributes cards to the participants and asks them to write/draw one or two skills directors/ CEO must develop in order to be good at networking to handle situations faced by FPOs. It must be clarified that everyone need not have all the skills, but the BoD had to identify directors/ staff with required skills.
- b. Facilitator collects the cards and clusters them into related skills - example skills - Leadership, Unity, no partiality, Always keeping best interests of FPO in mind, communication, regular involvement of stakeholders in FPO events etc.
- c. Facilitator summarises the chart and asks questions, if any clusters mentioned above are missing in the list

Task 5: Summing up (5 mins)

At the end of the session, summarise the various situations where networking is required and skills that must be developed, and takes commitment from participants to work towards developing these skills.

Annexure

1. Situation cards for exercise

Annexure 1: Situation Cards for Exercise

Situation – 1 – Input Procurement

- An FPO is preparing the action plan for the cropping season in consultation with BoD and FIGs. Farmers require inputs like DAP, Urea, Vermicompost, Seed etc., within the next 2 months.
- As per the latest Government regulations, for the FPO to get inputs License, they must have a graduate (BSc Agriculture) in their FPO. The FPO identifies a consultant who will support them.
- The FPO identifies companies from whom they will purchase inputs – they sign agreements with Kribco, IFFCO for supply of fertilisers and negotiate the terms (Price, when the payment will be made etc.).
- They talk to the department of agriculture for supply for sprayers, available on subsidy.
- Other FPOs in the area, also requires inputs, but they do not have licence, so our FPO decides to supply inputs to those FPOs- BoDs have a meeting with other FPOs BoDs to decide the terms (what inputs, quantity, price, how payment will be made etc).
- The FPO talks to a transportation company, for an agreement to transport the inputs from the company godown to the village, at an agreed rate and the transporter agrees to provide trucks on time and with labourer to load, unload the material.
- The FPO needs money – the share capital amount is too low to pay the advance to companies. They approach banks and agencies like NABARD and Micro-Finance institutions for loans.
- At the time of delivery, the FPO faced some challenges like farmers requiring different types of fertilisers as compared to what was available, IFFCO/KRIBCO requires thumb impression of farmers, which farmers raised questions as the FPO had assured doorstep delivery of inputs (for that, after negotiation, IFFCO/KRIBCO agreed to set up a stall in FPO office). Though FPO wanted the fertilisers within 2 months, they arrived late and some farmers had purchased from other sources and there were some unsold fertilisers which had to be returned to the company.

Situation – 2 – Output Marketing

- FPO is planning to sell maize, Ragi grown by its members to buyers directly.
- For this, FPO requires APMC marketing license, which its gets after applying and paying a bank deposit (Rs.10,000). As per rules, FPO has to pay 1.5% cess for every sale, to the APMC.
- The FPO contacts several buyers – companies like Navdhanya, Kasturi, Glory Impex etc, and negotiates the terms (quantity, price, delivery, payment etc.)
- The FPO realizes that the quantity required by the buyers cannot be supplied by members alone, so they approach non-member farmers to supply produce to the FPO. However, while member farmers can wait for 2 weeks for payment, non-members require spot payment. To arrange for money, some of the members give loans to the FPO, which is to be repaid, as soon as FPO receives money from the buyer.
- The FPO negotiates with a transporter, who agrees to provide trucks in time at agreed rates and also will arrange for labour to load, unload the truck. Since it is a known transporter, there is no need for anyone from FPO to go along with the truck.
- The FPO assigns responsibility to the CEO to handle the procurement, payment collection etc. smoothly. The FPO also asks the CEO to try and develop long term partnerships with buyers so that FPO can get better terms and assured market.

Session 3.8: Methods of Stakeholder Engagement

Time: 65 min

Session Objectives

By the end of 65 min. session on “Methods of Stakeholder engagement”, the participants would have:

- a. Been made aware of various methods of stakeholder engagement
- b. Understood how to collaboratively prepare a networking plan

No.	Content	Method/ Activity	Time	Materials
1	Introduction	Read out objectives	5 mins	chart paper
2	What are various methods of stakeholder engagement?	Brainstorming	15 mins	chart paper/ board, pens
3	How to create a stakeholder engagement and networking plan?	Group work followed by group presentations	40 mins	chart paper with columns, pens
4	Summing Up	Plenary Dialogue	5 mins	board, pens

Process (Detailed)

Task 1: Introduction to Session Objectives (5 min)

Start by introducing the session objectives

Task 2: What are the various methods of stakeholder engagement? (15 min)

- a. Ask the participants to share various methods of stakeholder engagement.
- b. Each answer can be listed on a board or a chart paper.
- c. If they miss particular methods, prompt them with suggestions. A list of some of the general methods is listed below:
 - i. One-on-one Meeting
 - ii. Group Meeting
 - iii. Organising Events and inviting stakeholders
 - iv. Inviting Stakeholders to BOD meetings
 - v. Phone calls
 - vi. WhatsApp Groups

- vii. Disseminating information through WhatsApp
 - viii. Email, Skype meetings, etc.
- d. Share that there are multiple methods of stakeholder engagement and the participants can pick and choose what suits them.

Task 3: How to create a stakeholder engagement and networking plan? (40 mins)

1. Ask the participants to get into three groups and open up the Chapatti Diagram done in the earlier session and look at all the stakeholders they had listed earlier.
2. Give them a suggested framework for developing the plan as shown below. For each stakeholder ask the participants to make plans taking into account if they are enablers or distractors, and primary, secondary or tertiary stakeholders.

Name of stakeholder (if institution, name of contact person with designation and role)	Reasons for Linking	How to engage with them	Name of person responsible for initiating link	By when	Constraints (in linking)	Ways to overcome constraints? Whose support?

3. Ask each group to come and present their engagement plans. Ask participants to learn from each group and make their plans more robust. If there are any methods of engagement, they may have missed support the groups by adding those.

Task 4: Summing up (5 mins)

At the end of the session, summarise the various methods of engagement and conclude by getting a commitment from Board of Directors to follow the plan shared.