

COFA-COAPCL: Overcoming Agrarian Distress

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COAPCL AT A GLANCE

Chetna Organic Agricultural Producers Company Limited (COAPCL) is a national-level, farmer-owned Producer Company registered under the Indian Companies Act 1956 (section 512 A) in Hyderabad on 11 February 2009, representing the small farmers based in Andhra Pradesh, Maharashtra and Orissa, who grow a variety of crops. However, as of now, it mainly deals with organic cotton and a few food crops. It aims at helping its members get the best possible price for their produce, benefit from fair and transparent transactions and provide them a whole range of services, from training to marketing. COAPCL has a membership of about 9,000 farmers spread over the three states and the total acreage under them is about 40,250 acres. The annual marketing targets of COAPCL have been 500 tonnes of lint (that is, 1,500 tonnes of raw cotton) in 2009 and 800 tonnes of lint in 2010. The company is being supported by the Interchurch Organisation for Development Cooperation (ICCO) and the Rabo Bank Foundation.

The Evolution of COAPCL

Chetna Organic and Fair Trade Cotton Intervention Programme (OCIP) India began operations in May 2004, initially in two districts of Maharashtra and later expanded to Andhra Pradesh and Orissa, supported by the Dutch NGO Solidaridad and implemented in the field by ETC India, a not-for-profit, socio-technical consultancy company. The immediate context for this project was the large-scale agrarian distress in the cotton growing areas of central India that resulted in many farmers committing suicide because of their indebtedness. At the same time, there were increasing opportunities and markets for organic cotton products in Europe and the USA. The OCIP aims at supporting 17,000 smallholder cotton farmer families to improve their livelihoods by making their farming systems more sustainable and profitable. Its objectives include promoting sustainable farming by upscaling organic and fair-trade (FT) agriculture, mobilizing and organizing farmers and shareholders at various levels in the value chain, improving the socio-economic status of farm labour and advocacy for favourable government policies.

After identifying the needs of farmers in the area, it was decided to identify the villages in which the project would be implemented and select eligible farmers based on a list of criteria that had been framed. There was already basic awareness of organic concepts among farmers in Maharashtra because of the work done earlier by the Vidarbha Organic Farmers' Association; the tribal farmers in contiguous areas in Andhra Pradesh were, by default, practising low-input, less-intensive farming methods akin to those of organic farming.

The focus of OCIP was more on technology than on the farmers' organizations. It included training the farmers through farmer trainers by using the field-school approach, the use of organic farm diaries, developing and implementing a stringent internal control system (ICS), with the help of trained staff and farmer monitors, adoption of a rigorous third-party organic certification process, incorporating FT rules in the ICS, sanctions/penalties for non-conformity of the organic processes by members, a systematic post-harvest process comprising careful aggregation, transportation, organic and FT-certified ginning and documentation to trace the cotton to its farmer.

Although farmer members in the villages were organized into Self Help Groups (SHGs), they functioned more like common interest groups (CIGs), with very little ownership, however. The OCIP also entered into collaboration with some NGOs working in the area, to mobilize farmers and bring them into the organic fold. Members at the village level were federated at the district level by registering them under different Acts in three different states, as per the efficacy of the Act in that state. At present,

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these district federations are being subsidized by the project, and measures are being taken to strengthen them internally by building farmers' stakes and increasing the representation of their SHGs in the reconstituted federations.

The objectives of the OCIP envisaged that participating farmers would own the process instead of being mere recipients of a development endeavour. However, ETC was not seen as taking adequate measures to empower farmers towards this objective. There were differences of opinion within ETC about the strategy to be adopted. With the intervention of the donors of OCIP, it was decided to transfer the project to a new organization promoted for this purpose. Accordingly, Chetna Organic Farmers Association (COFA) was registered as an independent farmers' support organization on 13 June 2007, as a multi-state society under the Andhra Pradesh Societies Registration Act of 2001, with farmers representing various district federations from three states and two corporate members on the Board. For technical reasons, COFA is treated as a project of Forum for Integrated Development, an NGO based in Hyderabad, with experience in agriculture, irrigation and NRM issues. COFA is supported through grants from various international donors.

COAPCL has been promoted as the trading arm of the COFA and is involved in activities related to sensitizing and training farmers' groups in value addition and collective marketing, managing the marketing process of organic and FT cotton and some other crops of the members. It also oversees the necessary organic and FT certification processes. Prior to its formation, on the advice of an external

consultant hired by COFA, discussions were held with Chetna farmers in different clusters. After filing for registration in September 2008 as a Producer Company (PC), it had to educate the Registrar of Companies about the PC because it was a new concept, before finally incorporating it in February 2009. Its Board of Directors comprises nine farmers' representatives selected from different district federations and two special directors. These special directors and the Chetna Advisory Council (CAC) help in monitoring the staff of the COAPCL and also advise the Board. The CAC comprises experts from various relevant sectors, donors, and supply chain partners. The Board has a three-year tenure and meets every quarter in Hyderabad. The directors have been provided training in understanding their roles, the functioning of their company, various financial documents and have also been involved in developing a three-year Business Plan for the company.

COAPCL is headed by a CEO, who presents a report every quarter to the Board. The company has a six-member staff that is responsible for marketing, operations, certification and accounts. The company has a total shareholding of Rs five lakhs, with each farmer having equity of Rs 100. Unlike the first year of its operations in 2009 when it was dependent upon pre-finance provided by the buyers of organic cotton, COAPCL has started

exploring the possibility of raising working capital from financial institutions so that the farmers can be paid on time.

Their organic cotton marketing calendar comprises meeting buyers and having discussions with international brand partners in September, signing agreements with spinners in October, fixing prices, the procurement process with different district federations and receiving half the price from the buyers in November, ginning raw cotton in December, and dispatching lint to spinning mills and receiving the balance amount from buyers in January. COAPCL has also started marketing other organic produce such as *tur dal*, green *dal* and vegetables produced by its members in different locations. The operations team works in tandem with the Marketing Manager and organizes the logistics and documentation for procuring cotton and other produce from the villages.

COAPCL has identified various challenges that need to be overcome for the sustainability and growth of COAPCL such as problems in obtaining untreated cotton seed by the members, attraction of BT cotton for the farmers, inadequate institution building effort, unscrupulous practices of some organic cotton-promoting organizations and rigid rules such as non-acceptance of 'part and parallel' organic practices of farmers.