



Webinar Series:21-22/3

GOVERNMENT OF KARNATAKA
CENTRE OF EXCELLENCE FOR FARMER PRODUCER ORGANIZATIONS
UHS Campus, GKVK Bengaluru Karnataka

University of Horticultural Sciences Bagalkote, Department of Horticulture,
Watershed Development Department, Karnataka Thanda Development
Corporation Limited and NABARD, Regional Office, Bengaluru

Jointly Organising Webinar On

CONFLICT RESOLUTION FOR FPO MANAGEMENT

Date: 24th June 2021

Webinar link: <https://meet.google.com/tav-njsn-dci>

Programme Schedule

Time	Programme	Resource Person
2:30 PM to 2:35 PM	Welcome	Dr. G. Basavaraj Deputy Director, CoE-FPO Bengaluru
2:35 PM to 2:45 PM	Inaugural address	Dr. Ashok S. Alur Director, CoE- FPO Bengaluru
2:45 PM to 3:45 PM	Conflict Resolution for FPO Management	Dr. Divakar Ratnagiri Technical Lead, Centre for Agrarian Studies NIRD, Hyderabad
3:45 PM to 3:50 PM	Vote of thanks	Mr. Manjunatha M. Senior Consultant, CoE-FPO Bengaluru

Contact Person

Dr. Itigi Prabhakar

Senior Consultant, CoE-FPO, Bengaluru

Contact No. +91 95387 71475

Centre of Excellence for Farmer Producer Organizations

University of Horticultural Sciences, Bagalkote

GKVK, Bangalore-560 065, Karnataka, India

E-Mail: coefpo@gmail.com Visit: www.coefpo.org

Conflict Resolutions in FPOs

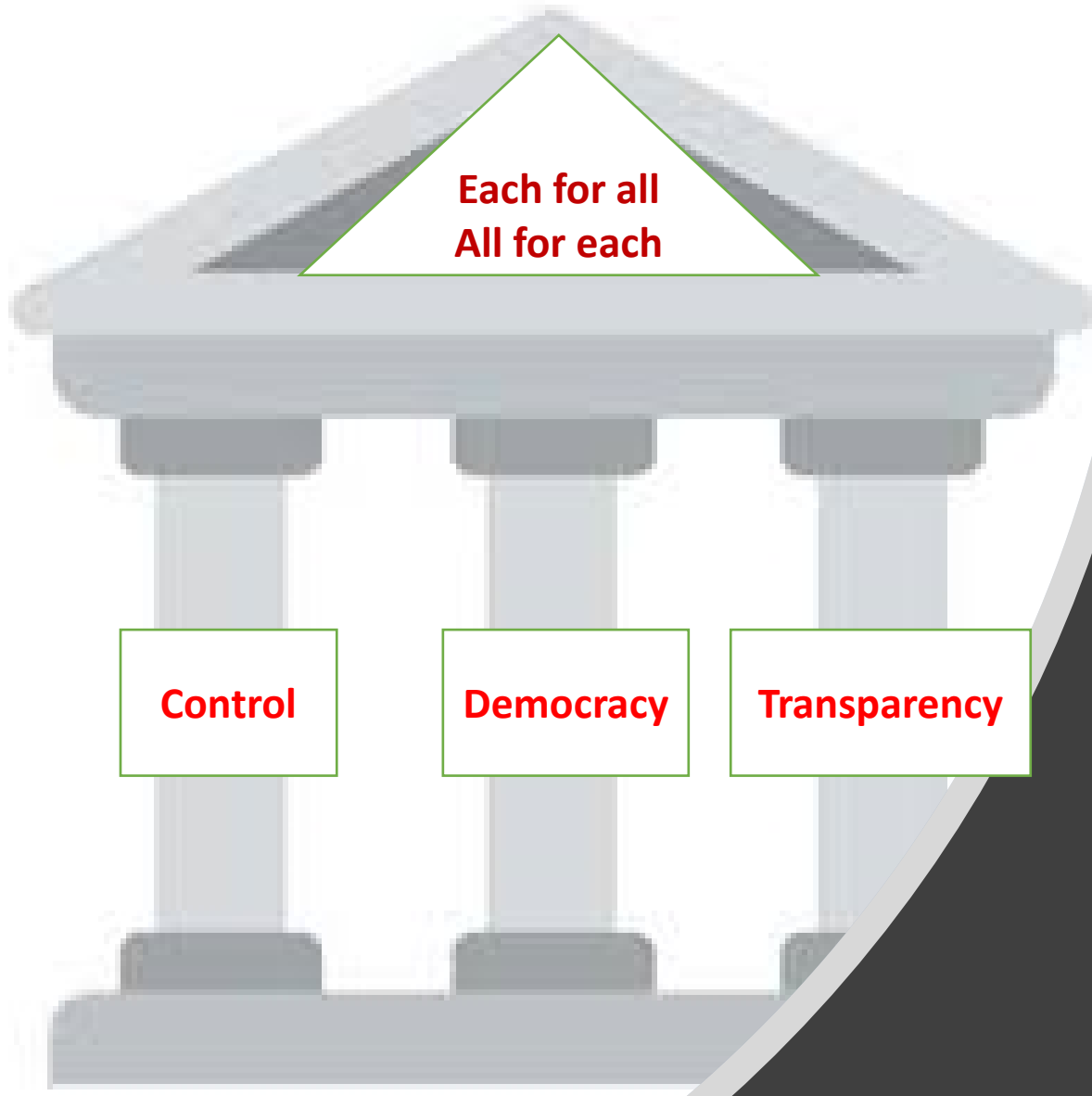
- **Dr Divakar**
Technical Lead
Centre for Agrarian Studies
NIRD&PR



Bench Marking scope for Potential Conflicts & Resolution Practices

4





Trinity of FPO Governance

Potential Tripping Points for Conflicts



Audit Protocol – potential way to avoid conflicts

- **Statutory Audit**

Statutory Auditors should know about the provisions of the Act, norms for income and expenditure recognition

Provisions for reserves, minimum net profit, limited dividend on shares and compulsory reserves

- **Internal Audit**

Very essential to keep check on intentional or un - intentional acts of commission and omission

- **Social Audit**

Its very critical to know members' feed back about services of FPC

Workable solutions to avoid conflicts

- Functional Dispute Resolution Committee with opinion makers and elderly farmers
- **Transparent Disclosure norms – display of audit reports, financial performance indicators and members liabilities**
- Equity and equanimity in BOD constitution, functioning and reporting

Workable solutions to avoid conflicts

Written agreement with POPI/NGO/Promoter about all financial transactions

Compulsory Board resolutions for all financial transactions small or big

Functional committees viz. purchase committee, market committee, construction committee and member mobilization committee

CEO Accountability – checks and balances on CEO

Foundation blocks of conflict free FPO

Regular, accurate & update Bookkeeping

11 standard hard copy books – no IT software accounting systems for first 2 years

Regular Bank Reconciliation

Internal Audit

Strict statutory compliant disclosure norms

Avoid opaque farmer unfriendly IT accounting systems

Compliance Calendar adherence

Well trained CEO & BOD

Strong member education about patronage

Dos & Don'ts in Management & Governance


Dos (SOP)

- Written agreement for all transactions in allotment of financial responsibilities
- Compulsory Board Resolutions before taking up financial expenditure
- Water tight financial relations with NGO/POPI/Promoter

Don'ts

- Avoid ratifications and practice prior resolutions
- Avoid retail loans to members
- Strict disclosure & reporting norms
- Avoid conflict of interests (BODs getting the priority in benefits etc.)

- POPI employees take the position of CEO or BOD members
- FPC Office is located in the same premises of POPI
- Informal exchange of money and transactions between POPI & FPO
- No., 2 business avoiding FPO books for financial transactions
- Non – compliance of statutory provisions, reporting and audit
- High risk fore casting, speculation & hoarding of commodities in trading
- Non FPC transactions are brought into FPO books to inflate performance
- Window dressing
- Duel membership – political patronage



Undesirable
Practices
commonly found
in FPOs

SOP for conflict free FPO growth

01

Avoid retail loans to members

02

Avoid NGO/POPI employees as CEOs or BOD members

03

Be transparent in government schemes / avoid bribing etc.,

04

Avoid speculation or hoarding in commodity trade

05

Transact all money through FPO books only

06

Build functional and purposeful working committees

07

Avoid re-election of same BOD member again and again

**Avoid sitting
fee/honorarium to BOD
members and
committee members**

**Follow strict Audit
protocol**

**Strong disclosure norms
– display financial
performance**

Build strong FPG base

**Avoid pampering of
particular
member/group of
members**

**Make an inclusive
membership – women,
tenant farmers, small
and marginal farmers,
social castes**

**Induct elderly respectful
opinion makers as
Noominees to BOD**



Principle of
Patronage

No benefit without effort
No effort without benefit

THANK YOU

