SAMETI TRAINING PROGRAMME ON FARMER PRODUCER ORGANIZATIONS

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MANAGING REGULATORY AND STATUTORY COMPLIANCES – ROLE OF BOARD

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Types of Compliances under Companies Act, 2013

Compliances under Companies Act, 2013 can be categorized in following types:

- After incorporation compliances under Companies Act, 2013
- Annual compliances under Companies Act, 2013
- Event based compliances under Companies Act, 2013

I) After Incorporation Compliances under Companies Act, 2013

There are certain Compliances under Companies Act, 2013 that are required to be done once companyregistration is successfully completed. After registration every company gains a separate legal entity and it becomes liable to comply with all the legal requirements mandated under the Act. Following is alist of all such required compliances under Companies Act, 2013.

1. Verification of Registered Office

After successful incorporation every company is required to complete verification of its registeredoffice with the registrar of companies. They have an option to communicate the same Form at the time of incorporation. However, if that is not done, then it must be communicated through INC-22 within 30 days of incorporation.

2. Display company information

Every registered company is required to display the following information outside its registered office and above its business letters, billheads and on all other official documents and publications:

- Company's name
- Corporate Identification Number
- Registered office address

- Official phone number
- Website, email Id & Fax No

3. First Board Meeting

Every newly incorporated company is required to conduct its first board meeting within 30 days from the date of its incorporation.

4. Appointment of auditor

Every company is required to appoint an Auditor within 30 days of incorporation in a board meeting who will either be confirmed or changed in the subsequent AGM.

5. Share Certificate Issuance

Every company is required to issue share certificates to the shareholder named in the incorporation document. All the incorporation details along with share certificate numbers must be mentioned in the records maintained by the company.

6. Disclosure of interest by Directors

Every director is required to disclose the details of interest in other registered companies through

Form MBP-1 in the first board meeting held within 30 days after incorporation.

7. Maintenance of Minutes

Every company is required to maintain minutes of every meeting held. These minutes must be prepared within 15 days of such meeting and are to be finalized within 30 days.

8. Maintenance of Statutory Registers

As per Section 85 & 88 of Companies Act, 2013, every registered company is required to prepare and maintain certain statutory registers at its registered office. These statutory registers include Register of Members, Register of Shareholders, Register of Charges, Register of Employee StockOption, etc. In case, any registered company fails to maintain such statutory registers then such company and directors will be prosecuted and fined under the Act.

II) Annual Compliances under Companies Act, 2013

Now that we have covered all the after incorporation compliances under Companies Act, 2013, letus discuss about the compliances under Companies Act, 2013 that are required to be completed on annual basis. Following is a list of all such yearly compliances under Companies Act, 2013.

1. Board Meetings

Here we will discuss the yearly board meeting requirement. This is in addition to the first board meeting every registered company is required to conduct that we discussed in the after incorporationcompliances. Every registered company is required to conduct minimum 4 board meeting every year. The maximum gap allowed between two consecutive board meetings is 120 days.

2. Annual General Meeting

Apart from 4 board meetings, every company is required to conduct its annual general meeting ofits members every year. First AGM is required to be conducted within 9 months from the end of financial year and in the subsequent years it is required to be conducted within 6 months from theend of financial year. Maximum gap allowed between two subsequent annual general meetings is 15 months.

3. Receipt of Form MBP-1

Every director is required to submit a disclosure of his/her interest in every other registered entity in Form MBP-1. This disclosure is required to be done every year in the first Board Meeting by every existing director on a mandatory basis. Along with yearly disclosure every director must also disclose any change in his/her interest in the subsequent board meeting after such change happened.

4. Receipt of Form DIR-2

DIR-2 is used for submission of disclosure of non-disqualification by the directors of the company. The company must ensure receipt of this disclosure form every financial year.

5. Preparation of Director's Report

As per Section 134 of the Companies Act, 2013 Board of Director of every registered company isrequired to prepare Director's report. This Director's report will be submitted with the Form AOC-4 at the time of annual filing. Director's report will include information including financials, state of affairs, any kind of changes in company's composition, declared dividends, loans etc.

6. **Preparation and circulation of Financial Statements**

Every company is required to ensure maintenance of its financials and circulate the same along with Director's report and auditor's report along with the Notice of their annual general meeting.

7. **Appointment of Auditor**

Every registered company is required to appoint an Auditor. Auditor can be appointed for a period of 5 years and information of their appointment is required to be submitted with the ROC in Form ADT-1. Earlier this appointment was required to be ratified every year in the AGM during the course of those 5 year. However, this requirement has been done away with.

8. **Filing of E-Form MGT-7**

Section 92 of Companies Act, 2013 specifies that annual return of every company is required to be submitted in e-Form MGT-7. It must be filed within 6 days from the date of its annual general meeting. For every company with paid up capital more than 10 crore rupees along with listed companies the annual return is required to be certified by practicing company secretary.

9. **Filing of E-Form AOC-4**

Along with annual return you are also required to submit company's financials are required tobe filed with ROC within 30 days from the date of its annual general meeting in e-Form AOC-4. Following documents are submitted as attachments with this form:

- Copy of Balance sheet
- Copy of Profit and Loss A/c
- Notice of AGM
- Director's Report
- Auditors' Report

III) Event based Compliances under Companies Act, 2013

Apart from above mentioned regular compliances there are several even based compliances under Companies Act, 2013 that are required to be adhered to. Such compliances under Companies Act, 2013 are non-negotiable and are to be adhered to without any lapse. If there is any delay in filing suchforms after due date then it attracts penalties and punishments.

Following are examples of few such event based compliances:

1. **Change in Directorship**

Whenever there is any change in board of directors including appointment and cessation or change in designation it must be communicated to the registrar through filing of DIR-12 within 30 days of such change.

2. **Change in Registered Office Address**

Any company can change its registered office due to various reasons. However, it is obligated to intimate such change to the Registrar Of Company. Following are different scenarios for change inregistered office:

- If such change is within the local limits of the city then only INC-22 is required to be filed for intimation.
- If such change is outside the boundaries of city but within the state then special resolution is passed. E-Form MGT-14 along with INC-22 is required to be filed.
- On the other hand if registered office is shifted to another state or outside the jurisdiction of one ROC to another there are some additional compliance. Furthermore, along with MGT-14 and INC-22 company is required to file for Central Government approval in INC-23 and its confirmation is filed in INC-28.

3. **Increase in Authorized Capital**

In case you are planning to increase the authorized capital of any company first step is to pass a special resolution for changing the MOA in the EGM. File MGT-14 for registering such special resolution. Finally, the next step is to file SH-4 with the ROC.

4. **Change in Company Name**

If the members decide to change the name of a registered company then following steps arerequired to be followed:

- Check for name availability and reserve it through RUN service.
- Pass special resolution and file MGT-14.
- File INC-24 for central government approval.

5. Registration/Amendment/ Settlement of Charge

These are the compliances under Companies Act, 2013 in case the company creates any charge

i.e. a security given for securing any amount of loan. In case of creation of a fresh charge or any modification of existing charge e-Form CHG-1 is required to be submitted. On the other hand in case of settlement of charge e-Form CHG-4 is to be filed.

It is important to consider that these compliances under Companies Act, 2013 are tedious and repetitive process. Such compliances under Companies Act, 2013 is an on-going process and not a onetime thing. Only event based compliances under Companies Act, 2013 are dependent on anyincident.

Rules and Regulation for Producer Company Registration and compliance

S. No.	Particulars	Section	Provisions
1	Name of the company	Section 581F(a)	The company name must be ended as "Producer Company
2	Number of the Directors	Section 581P	Minimum- 5 Directors
			Maximum- 15 Directors
			In case of an inter-State co-operative society incorporated as a Producer Company registration, such company may have more than 15 directors for a period of 1 year from the date of its incorporation as a Producer Company.
3	Election of the Directors	Section 581P(2)	1st Directors of the company must be re-elected within 90 days from the date of incorporation. "Inter-State co-operative society incorporated as Producer Company can avail privileges of 365 days instead of 90 days.
4	Additional Directors and Expert Directors	Section 581P(6)	Every Director or an additional director of the company may be co-opted but the number of such directors shall not be exceeding 1/5th of the total number of directors.

			But such expert directors shall not be having the right to vote in the election of the Chairman but are eligible to be elected as a Chairman.
5	Private Company	Section 581C(5)	On registration, the Producer Company shall become a body corporate as if it is a private limited company.
			It cannot become or deemed to become a public limited company
6	Share Capital and transfer of the shares of Producer Company	Section 581ZB	The share capital of the Producer Company can consist of equity shares only.
		Section 581ZC	The active members may have special rights if provided in the Articles.
		Section 581ZD	The shares will be non -transferable. The shares having special rights may be transferred to another active member with the approval of the Board.
			On becoming the member of the company the member shall nominate a nominee within 3 months of becoming the member. After the death of the member, the nominee shall get all the benefits. In case the nominee is not a producer, the board shall direct the nominee to surrender his shares.
7	Alteration of Memorandum of association and Articles of Association	Section 58111- MoA	Memorandum or Articles of the company can be altered by passing the special resolution, but such alteration shall be inconsistent with the section 581B.
		Section 5811- AoA	In case of alteration of Articles- It has to be proposed by; not less than 2/3rd of the elected directors or; not less than 1/3rd of the Members and adopted by special resolution. Copy of the altered MoA or AOA along with the copy of the special resolution has to be filed with the Registrar within 30 days of adoption of such alteration.

8	Annual General Meeting	Section-581ZA	First AGM shall be conducted within 90 days from the dateof incorporation. The Registrar may permit extension of the time for holding Annual General Meeting (not being the first annual general meeting), but such extension shall not be more than 3 months.
			Every year Producer Company shall hold Annual GeneralMeeting and not more than 15 months shall elapse between the dates of one Annual General Meeting to the next.
			4. The Notice for AGM shall be issued at least 14 days' before the meeting.
			The proceedings of every AGM along with Directors' Report, the audited Balance Sheet and Profit & Loss Account shall be filed with the Registrar within 60 days of conducting the AGM.
		Section 581S	The shareholders shall have exclusive rights to be exercised in the Annual General Meeting such as:
			a. Approval of budget,
			b. Adoption of annual accounts,
			c. The issue of bonus shares,
			d. Approval of patronage bonus,
			e. Declaration of limited return and decision on the distribution of patronage,
			f. Specify the conditions and limits of loans that may be given by the Board to any director; and
			g. Approval of any transaction of nature as is to be reserved in the articles for approval by the Members.

		Section-581Y	Quorum: – 1/4th of the total number of members.
9	Meetings of the Board Quorum.	Section 581V	The board shall meet at least once in every three months and at least four such meetings shall be convened in every year.
			The Chief Executive shall give notice for the board meetingat least 7 days in advance of the meeting. The meeting can be called with shorter notice but the reasons thereof shall be recorded by the Board.
			Quorum: – 1/3rd of the total strength of Directors subject to a minimum – 3
			Penalty: If the Chief Executive fails to comply with theprovisions of sending notice, he shall be punishable with a maximum fine of Rs. 1,000/,
10	Chief Executive	Section 581W	Producer Company shall appoint a Full-time Chief Executivewho shall be amongst person other than the member of the company.
11	Company Secretary	Section 581X	Every Producer Company, having an average annual turnover exceeding Rs. 5.00 crores in each of three consecutive financial years shall have a whole time Company Secretary.
			The penalty for not appointing Company Secretary:
			Every Officer and the company which is in default shall be punishable with a fine. The fine shall be Rs. 500/- for every day during which the default continues.
12	Internal Audit	Section 581ZF	Every Producer Company shall have an internal audit of its accounts carried out in such intervals and in such manner as specified by its articles, by a Chartered Accountant.

13	General Reserve and otherreserves	Section 5S1ZI	Every Producer Company shall maintain a general reserve in every year in addition to the Reserves as may be specified in the Articles. If the company does not have sufficient funds in any financial year for transfer to maintain the reserves as may be specifiedin articles, the contribution to the reserve shall be shared amongst the Members in proportion to their patronage in the business of that company in that year

Statutory registers and compliances

S. No.	Name of Statuary Register	Form No.	Who fill	Periodicity
1	Register of members	MGT-1		
2	Register of Directors and shareholdings			
3	Register of Renewed and Duplicate Share Certificates	SH-2		
4	Register of charges	CHG-7		
5	Register of Loans and investments made by the Company	MBP-2		
6	Register of Related Party Transactions	MBP-4		

Major statutory forms to be filed with ROC under the Companies Act

S. No.	Form No.	Purpose for which it filled under Indian Company Act, updated year	Who fill	Periodicity
1	INC-12	Intimation of change of registered office		
2	INC-24	Application for change of name		

3	PAS-3	Return of allotment of shares		
4	SH-7	Notice of increase or change in share capital		
5	CHG-1	Registration of creation/Modification of Charge on property to secure repayment of borrowed fundsfrom banks etc		
6	CHG-4	Registration of satisfaction of charge on repayment of loan for releasing the charge		
7	MGT-14	Registration of satisfaction of charge on repayment of loan for releasing the charge		
8	DIR-3	Application for Director Identification No		
9	DIR-11	Notice of resignation of director to be filed by the director		
10	DIR-12	Particulars of appointment and changes of directors to be filed by the company		
11	AOC-4	Form for filing of annual accounts annually every financial year		
12	MGT-7	Form for filing of annual return of shareholders every financial year		

Offences and penalties prescribed for producer companies

S. No.	Name of offence	Quantum of punishment
1	Any member acquires business interest in conflict with the business of the producer company	Ceases to be a member and shall be removed as per AOA
2	Any director votes, approves or acts in contravention of the provisions of this Act or any other Law	Director/s should make good the loss, damage or profit to the company, on account of such voting or action

3	Failure to appoint a qualified company secretary in a producer company whose average turnover in the last 3 years exceeded Rs. 5 crores	Company and defaulting officer shall be liable to fine up to Rs.500 per each day of default
4	Failure by a director to furnish information relating to the affairs of the Company to a member or authorized person	Imprisonment up to a term of 6 months and fine up to 5% of the turnover of the company in the preceding year
5	Failure to hand over the custody of books of account, documents or property to the producer company	Punishable with fine up to Rs.1 lakh and additional Rs. 10,000/- for each day of continuing default
6	Failure to convene AGM or General meetings	Punishable with fine up to Rs.1 lakh and additional Rs. 10,000/- for each day of continuingdefault
7	Producer Company's Failure to commence business within one year of its incorporation	Striking off the name of the company by the ROC after making inquiry in to the facts and giving directors a reasonable opportunity of being heard; Appeal can be made to National Company Law Tribunal (NCLT) by director or member against the order of ROC
8	Producer Company ceases to transact business with the members	
9	Producer Company is not carrying on the objects specified under the act	
10	Producer Company is not maintaining any of the Mutual Assistance Principles	

11	Disputes amongst members/former members/nominees of deceased members/producer company/ directors/ office bearers/liquidators/ past or present (relating to formation, management or business of a producer company)	Shall be settled by conciliation or arbitration under Arbitration and Conciliation Act, 1996 (whether the dispute is relating to formation/ management/business or not, decision of the arbitrator shall be final.

KEY POINTS FOR PRODUCER COMPANY

i.	The members have necessarily to be primary producers
ii.	Name of the company shall end with the words "**Producer Company Limited**".
iii.	The limit of maximum number of members is not applicable to these Companies
iv.	On registration, the producer company shall become as if it is a **Private Limited Company** forthe purpose of application of law and administration of the company
v.	Minimum No. of 10 member (individual).
vi.	Share capital of a Producer Company shall consist of **equity shares only**
vii.	Minimum **5** and not more than **15** directors
viii.	Producer Company can carry only activity prescribed under the Act.
ix.	Only of individuals, then voting rights shall be based on a single vote for every member.
x.	A full time chief executive should (CEO) be appointed by the board.

General Legalities

Factories Act, 1948: This is applicable to enterprises where the number of employees is ten or moreand where power is used; or twenty or more and power is not used. The enterprises covered under the Act are required to keep certain records: muster roll; workers register; overtime register; advanceregister; register for fine; register for deductions; register of wages; register of accidents and dangerous occurrences; bond inspection book; register of cleaning and white washing; record of examination of parts of machinery.

Employees Provident Fund and Miscellaneous Provisions Act, 1952: The Act applies to every factory or establishment employing 20 or more employees. It, however, exempts a factoryor establishment for an initial period of 3 years from commencement of business if the number of employees is more than 50 and for an initial period of 5 years if the number of employees is less than

The minimum contribution pay able by the employer is 12% of the basic salary contribution and Dearness Allowance. The employee also makes an equal contribution. The Act, however, does not specify a maximum contribution.

Employees' State Insurance Act: It provides benefits to employees in case of sickness, maternity and employment injury and for certain other matters in relation there to. The Act also provides for payment of contributions by employers and employees at the rates specified in the First Schedule of the Act. The existing rates of employee's contribution vary according to wages and the employer's contribution is exactly double the employee's contribution. It shall apply to factories employing 20 or more people.

Payment of Wages Act, 1936: This Act is applicable to factories and establishments, which come under The factories Act.

Minimum Wages Act, 1948: The employer has to pay minimum wages to employees in certain scheduled industries. At present, the minimum wages act is applicable in 44 scheduled industries.

The Indian Partnership Act, 1932: The Indian Partnership Act, which was amended in 1932, providesfor rules relating to foundation of legal partnership. It states the rights and duties of the partners amongst themselves and outside and lays down rules regarding the dissolution of partnership.

The Income Tax Act, 1911: The Act governs the levy of income tax in India. It defines various termsand expressions and states the liability of a person to pay income tax. The rates and pattern of taxation,however, are changed from time to time.

Pollution Control Act: The State Air and Water Pollution Control Board is the body responsible for implementing this Act. The act is applicable to all kinds of industry.Further, units need to secure GST registration also.

Specific Legalities (Food Processing):

In addition to the general legal requirements, there are a few legal requirements that are specific to Food Processing Industries. A food processing enterprise has to comply with several compulsory legal requirements. Implementation of these norms with regard to Small and Medium Enterprises is relatively stringent while cottage and household level units sometimes tend to compromise on such stipulations. These laws include:

- Prevention of Food Adulteration Act (1954): It is the basic statute to protect consumers against supply of adulterated food. The Central Committee for Food Standards under the Directorate General and Health Services Ministry of Health and Family Welfare has specified the standards.
- Milk and Milk Products Order (MMPO): It regulates milk and milk products production in the country. The order requires no permission for units handling less than 10,000 litres of liquid milk per day or milk solids up to 500 TPA.
- Fruit Products Order (1955): It regulates manufacture and distribution of all fruit and vegetable products, sweetened aerated waters, vinegar and synthetic syrups. The license is issued by Regional Director of MoFPI located at Mumbai, Delhi, Kolkata, Chennai and Guwahati based on the satisfaction of the concerned officer with regard to quality of production, sanitation and hygiene, machinery and equipment and work area standards.
- Standard of Weights and Measures (Packaged Commodities) Rules (1977): It lays down certain obligations for all commodities in packed form with respect to their quality declaration. The Directorate of Weights and Measures under the Ministry of Food and Civil Supplies operates these rules.
- Export (Quality Control and Inspection) Act (1963): It is operated by the Export Inspection Council and under this act many exportable commodities have been notified for compulsory pre-shipment inspection unless specifically requested by the importer not to do so.

- Voluntary Standards: They are regulated by organizations involved with voluntary standardization and certificates systems concerning quality parameters in food. They are the Bureau of Indian Standards (BIS) and Directorate of Marketing and Inspection (DMI). The food processing industriessector as a whole involves other legislations.
- Oils, Deoiled Meal and edible Flour Control Order (19€L)and Vegetables Products Control Order(19L€): It controls the production and distribution of solvent extracted oils, de-oiled meals, edible oil seed flours and hydrogenated vegetable oils (Vanaspati).
- Meat Food Products Control Order (1973): It regulates manufacture, quality, and sale of all meat products and is operated by the Directorate of Marketing and Inspection.

Regulatory Compliances: Food Safety and Standards activity of India

The Food Safety and Standards Act, 2006 seeks to consolidate the laws relating to food and to establish the Food Safety and Standards Authority of India for laying down science based standards for articles of food and to regulate their manufacture, storage distribution, sale and import, to ensure availability of safe and whole some food for human consumption and for matters connected there withor incidental there to.

Salient Features of the Act

- Enforcement of legislation by the State Governments
- UTs through the State Commissioner for Food Safety, his officers and Panchayati Raj or Municipal bodies
- Emphasis on gradual shift from regulatory regime to self
- Compliance through food safety management system
- Consistency between domestic and international food policy measures without reducing safeguards to public health and consumer protection
- Adequate information dissemination on food to enable consumer to make informed choices.
- Compounding and Adjudication of cases – to reduce Court's workload and expedite the disposal of cases
- Graded penalty depending upon the gravity of offences

BOOK-KEEPING AND RECORD MAINTENANCE

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Bookkeeping means recording the financial transactions and information concerning the business of a company regularly. It is a systematic recording of financial transactions in a company. It ensures that the records of each financial transaction are up-to-date, correct and comprehensive.

The bookkeepers are individuals or entities who maintain the books of account of a company. They manage all the financial data of a company. The companies can track all their financial transactions on their books with accurate bookkeeping. Bookkeeping helps companies to make important investing, operating and financing decisions.

Connection Between Book keeping and Accounting

Bookkeeping is a separate process from accounting, which occurs within the broader scope of accounting. The accounts are prepared from the information provided by bookkeeping. A strong relationship between these two functions is necessary to take the business to the next level.

Bookkeeping is a segment of the whole accounting system. Bookkeeping is the basis for accounting as it contains the proper records of all financial transactions whereas, accounting involves organising, summarising, classification and reporting financial transactions.

If the bookkeeping is correct, the accounting of a company will be proper. Thus, accounting is broader than bookkeeping and accounting of a company relies on a proper and accurate bookkeeping system.

Bookkeeping helps to interpret the accounting information for decision making by both the internal and external users. Bookkeeping is a subset of accounting and clerical in nature which involves the following:

- Recording financial transactions
- Posting credits and debits
- Producing invoices
- Maintaining and balancing current account and general ledgers

- Completing payroll
- Objectives of Bookkeeping

The objectives of bookkeeping are as follows:

1. To record the transactions

The first objective of bookkeeping is to maintain accurate and complete records of all financial transactions in an orderly manner. It systematically records all transactions and ensures that all financial transactions recorded are reflected in the books of accounts. These transactions can be used for future references.

2. To show the correct position

Bookkeeping helps to ascertain the overall impact of all financial transactions of a company. It reflects the financial effect of all business transactions that have taken place in a financial year. It provides financial information to the shareholders and management of the company, thus helping them formulate future policies and plans.

3. To detect errors and frauds

Bookkeeping helps to identify the transactions and summarise them chronologically in a systematic manner. It ensures that the books of accounts are correct, up-to-date, chronological and complete. Thus, it helps to detect any errors or frauds in the business.

4. Types of Bookkeeping System

There are two types of bookkeeping systems. The business entities can choose any one of the types of bookkeeping system. Some entities use a combination of both types. The following are the two types of bookkeeping system:

Single-entry system of bookkeeping

The single-entry system of bookkeeping is a basic system to record daily receipts or generate a weekly or daily report of a company’s cash flow. In the single-entry system of bookkeeping, the bookkeeper records one entry for each financial transaction or activity.

The single-entry system of bookkeeping involves recording only one side of the transaction or activity. It maintains only the purchases, cash receipts and payments and sales. It is used mainly by small businesses, which have minimal transactions.

Double-entry system of bookkeeping

The double-entry system of bookkeeping records a double entry for each financial activity or transaction. The double entry system provides balances and checks as it records the corresponding credit entry for every debit entry. It is not cash-based, and the transactions are entered when revenue is earned, or debt is incurred.

The double-entry system of bookkeeping is based on the duality concept, i.e. every financial transaction affects two accounts. It means that every debit entry to an account has a corresponding credit entry in another account and vice versa. This system is universally adopted and is considered accurate for recording business/financial transactions.

Importance of Bookkeeping

Bookkeeping is necessary for all businesses, irrespective of the size, nature, business transactions, or any specific industry. Upon the commencement of a business, maintaining proper records is essential. The following points state the importance of bookkeeping:

1. Records the source of transactions

Bookkeeping acts as a source of all the financial transactions of a business since it records all the financial transactions from the source of the transaction, like receipts, invoices, payment notes, etc.

Bookkeeping keeps track of payments, receipts, purchases, sales and records every transaction made from and by the business. The financial statements or other accounting reports of a business are summarised from their books of accounts. Thus, all businesses irrespective of their size, need to have proper bookkeeping in place.

2. Helps in decision making

A correct and proper bookkeeping process provides companies with an accurate measure of their performance. It also provides information for making general strategic decisions and a benchmark for its income and revenue goals. Bookkeeping is a reliable source for companies to measure their financial performance.

One of the main reasons for bookkeeping is maintaining all financial records of a business that shows the financial position of every head or account of income and expenditure. The companies can obtain detailed information about each income or expense instantaneously through bookkeeping.

3. Gives information to prepare financial statements

Bookkeeping summarises the expenditures, income and other ledger records periodically. Since bookkeeping records and tracks all financial transactions, it becomes the starting point of accounting. If the bookkeeping of a company is not proper, the accounting of the company will not be accurate.

Bookkeeping provides information to prepare financial reports, which states the specific information about the business on how much profits it has made or the worth of the business at a specific point in time.

4. Legal requirement

The maintenance of financial statements and books of accounts is a legal requirement under many acts. In the case of banks or companies or insurance companies, the acts that regulate them require such firms to maintain and keep financial records. Thus, bookkeeping becomes necessary for such companies.

Approaches

There are two different approaches to the double entry system of bookkeeping. They are Traditional Approach and Accounting Equation Approach. Irrespective of the approach used, the effect on the books of accounts remains the same, with two aspects (debit and credit) in each of the transactions.

1. Traditional (British) approach

Following the traditional approach (also called *British approach*) accounts are classified as real, personal, and nominal accounts. Real accounts are accounts relating to assets and liabilities including the capital account of the owners. Personal accounts are accounts relating to persons or organisations with whom the business has transactions and will mainly consist of accounts of debtors and creditors. Nominal accounts are revenue, expenses, gains, and losses. Transactions are entered in the books of accounts by applying the following golden rules of accounting:

1. Personal account: Debit the receiver and credit the giver
2. Real account: Debit what comes in and credit what goes out

3. Nominal account: Debit all expenses & losses and credit all incomes & gains

2. Accounting equation approach

This approach is also called the American approach. Under this approach transactions are recorded based on the accounting equation, i.e., Assets = Liabilities + Capital. The accounting equation is a statement of equality between the debits and the credits. The rules of debit and credit depend on the nature of an account. For the purpose of the accounting equation approach, all the accounts are classified into the following five types: assets, liabilities, income/revenues, expenses, or capital gains/losses.

If there is an increase or decrease in one account, there will be equal decrease or increase in another account. There may be equal increases to both accounts, depending on what kind of accounts they are. There may also be equal decreases to both accounts. Accordingly, the following rules of debit and credit in respect to the various categories of accounts can be obtained. The rules may be summarised as below:

1. Assets Accounts: debit increases in assets and credit decreases in assets
2. Capital Account: credit increases in capital and debit decreases in capital
3. Liabilities Accounts: credit increases in liabilities and debit decreases in liabilities
4. Revenues or Incomes Accounts: credit increases in incomes and gains and debit decreases in incomes and gains
5. Expenses or Losses Accounts: debit increases in expenses and losses and credit decreases in expenses and losses

These five rules help learning about accounting entries and also are comparable with traditional (Britain) accounting rules.

Books of accounts

Each financial transaction is recorded in at least two different nominal ledger accounts within the financial accounting system, so that the total debits equals the total credits in the General Ledger, i.e. the accounts balance. This is a partial check that each and every transaction has been correctly recorded. The transaction is recorded as a "debit entry" (Dr) in one account, and a "credit entry" (Cr) in a second account. The debit entry will be recorded on the debit side (left-hand side) of a General ledger and the credit entry will be recorded on the credit side (right-hand side) of a General ledger account. If the total of the entries on the debit side of one account is greater than the total on the credit side of the same nominal account, that account is said to have a debit balance.

Double entry is used only in nominal ledgers. It is not used in daybooks (journals), which normally do not form part of the nominal ledger system. The information from the daybooks will be used in the nominal ledger and it is the nominal ledgers that will ensure the integrity of the resulting financial information created from the daybooks (provided that the information recorded in the daybooks is correct).

The reason for this is to limit the number of entries in the nominal ledger: entries in the daybooks can be totalled before they are entered in the nominal ledger. If there are only a relatively small number of transactions it may be simpler instead to treat the daybooks as an integral part of the nominal ledger and thus of the double-entry system.

However it is still necessary to check, within each day book that the postings from the daybook balance.

The double entry system uses nominal ledger accounts. From these nominal ledger accounts a trial balance can be created. The trial balance lists all the nominal ledger account balances. The list is split into two columns, with debit balances placed in the left hand column and credit balances placed in the right hand column. Another column will contain the name of the nominal ledger account describing what each value is for. The total of the debit column must equal the total of the credit column.

Debits and credits

Double-entry bookkeeping is governed by the accounting equation. If revenue equals expenses, the following (basic) equation must be true:

Assets = liabilities + equity

For the accounts to remain in balance, a change in one account must be matched with a change in another account. These changes are made by debits and credits to the accounts. Note that the usage of these terms in accounting is not identical to their everyday usage. Whether one uses a debit or credit to increase or decrease an account depends on the normal balance of the account. Assets, Expenses, and Drawings accounts (on the left side of the equation) have a normal balance of *debit*. Liability, Revenue, and Capital accounts (on the right side of the equation) have a normal balance of *credit*. On a general ledger, debits are recorded on the left side and credits on the right side for each account. Since the accounts must always balance, for each transaction there will be a debit made to one or several accounts and a credit made to one or several accounts. The sum of all debits made in each day's transactions must equal the sum of all credits in those transactions. After a series of transactions, therefore, the sum of all the accounts with a debit balance will equal the sum of all the accounts with a credit balance.

Debits and credits are numbers recorded as follows:

- *Debits* are recorded on the left side of a T account in a ledger. Debits increase balances in asset accounts and expense accounts and decrease balances in liability accounts, revenue accounts, and capital accounts.
- *Credits* are recorded on the right side of a T account in a ledger. Credits increase balances in liability accounts, revenue accounts, and capital accounts, and decrease balances in asset accounts and expense accounts.
- *Debit accounts* are asset and expense accounts that usually have debit balances, i.e. the total debits usually exceeds the total credits in each debit account.
- *Credit accounts* are revenue (income, gains) accounts and liability accounts that usually have credit balances.

	Debit	**Credit**
Asset	Increase	Decrease
Liability	Decrease	Increase
Income (revenue)	Decrease	Increase
Expense	Increase	Decrease
Capital	Decrease	Increase

Different type of subsidiary books

Subsidiary book may be defined as a book of prime entry in which transactions of a particular category are recorded. In other words, in order to save time and energy, the transactions which are of similar character are recorded in separate books; these are called subsidiary books or subdivision of journal. A number of subsidiary books are opened to record all business transactions. In practical system of book-keeping, subsidiary books are:

Cash Book:

Transactions held in cash or by cheque are recorded in this book. There are two sides in a cash book. In the left hand side all cash receipts are recorded and in the right hand side all cash payments are recorded. Cash Book is of five types: single column cash book, double column cash book, triple column cash book, bank cash book and petty cash book. In the single column cash book only receipt of cash and payment of cash are recorded.

In the double column cash book, receipt of cash, receipt of cash discount, payment of cash and cash discount allowed are recorded. In the triple column cash book along with the transactions which are recorded in double column cash book, cheque received and cheque paid are recorded. In the bank cash book the receipt of cheque, payment of cheque, cash discount allowed and cash discount received are recorded. In the petty cash book only small payments of cash are recorded by the petty cashier.

Purchase Book:

All credit purchase of goods is written in this book. Cash purchase of goods and credit purchase of assets are not recorded in this book. Other names of purchase book are purchase day book, purchase journal, bought journal, inward invoice book etc.

Sales Book:

All sales of goods are written in this book. Cash sale of goods and credit sale of assets are not recorded in this book. Other names of Sales Book are Sales Day Book, Sales Journal, Sold book, Outward Invoice Book etc.

Purchase Return Book:

It may be necessary to return some goods that the firm has bought on credit for a variety of reasons. All returns of such goods are recorded primarily in Return Outward Book. This book is also known as Purchase Return Book.

Sales Return Book:

Goods may be returned by the customers for a variety of reasons. All goods returned from customers are recorded in Sales Return Book. This book is also known as Return Inward Book.

Bills Receivable Book:

When credit sales of goods are made the purchaser gives his guarantee to make payment in future in the form of bill. When the seller receives such bill, it is Bill Receivable for him as he will receive payment in future against such bill. In case a business house receives a number of bills, a Bills Receivable Book is maintained to record all such bills.

Bills Payable Book:

When credit purchases are made by a firm it gives a guarantee to the seller to make payment in future in the form of a bill. This bill is said to be Bills Payable for the firm as he will pay for the bill in future. A Bills Payable Book is opened to record all such bills.

Journal Proper:

It is a subsidiary book maintained to record the transaction which cannot be recorded in other special subsidiary books. Usually the transactions of infrequent character are recorded in the journal proper. The entries like adjustment entries, opening entries, closing entries, transfer entries, purchase and sale of assets on credit, interest on capital, interest of drawing etc. are recorded in journal proper.

GROUP DECISION MAKING

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Group

- A group is a set of people who have the same interests or aims, and who organise themselves to work or act together.

Group formation stages

1. Forming
2. Storming
3. Norming
4. Performing
5. Adjourning

1. Decision making

- Decision making is the process of making choices by identifying a decision, gathering information, and assessing alternative resolutions.
- It involves the selection of a course of action from among two or more possible alternatives in order to arrive at a solution for a given problem"

Two different types of decision making

- Individual decision making
- Group decision making

1. Individual decision making

Individual decision making in the context of a human organization is a complex process, which involves individual reasoning about own needs, capabilities and experiences, about the surrounding formal organization and (informal) social structures and processes.

1. Affinity diagrams
2. Analytic hierarchy process (AHP)
3. Conjoint analysis
4. Cost/benefit analysis

5. Decision making trees
6. Game theory
7. Heuristic methods
8. Influence diagrams approach (IDA)
9. Linear programming (LP)
10. Multiple criteria decision analysis
11. Multi-voting
12. Net present value (NPV) and present value (PV)
13. Paired comparison analysis
14. Pro/con technique
15. Scientific method
16. Trial and error
17. SWOT analysis

2. Group decision-making

Group decision-making commonly known as collaborative decision-making. It is a situation faced when individuals collectively make a choice from the alternatives before them.

1. Group decision making techniques
2. Brainstorming
3. Delphi method
4. Weighted scoring
5. Nominal group technique
6. Possibility ranking
7. Pros and cons list
8. Decision trees
9. Focused group discussion
10. Consensus mapping

2.3 Advantages of Group decision making

- More information flow
- Greater acceptability
- Peoples participation
- Expert opinion
- Minimise the loss

Reduces the conflict among members and long term benefits

FPO MANAGEMENT – REQUISITE SKILL SET REQUIRED FOR FUNCTIONING AS A BOARD MEMBER

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The personal qualities of board members viz. integrity, competence, insight, dedication and effectiveness are vital and critical to Board's successful operation. Key qualities of a good board member can be summarized as:

- **Passion** – deep interest in the mission of organization
- **Vision and Leadership** — Ability to see the big picture and the courage to set direction to achieve the organization's mission
- **Stewardship** — Integrity to serve the interests and pursue the goals of organization, as well as the interests of the public and organization's intended beneficiaries
- **Knowledge** — Knowledge of constituents, its operations and organizational & managerial acumen
- **Diligence** — Dedication and commitment to fulfilling organization's goals
- **Collegiality** — Possessing a sincere and respectful attitude toward colleagues and their views
- **Discretion** — Maintains confidentiality of board discussions and speaks with one voice when representing the organization to the community.

To be an effective board member:

- Bring your personal interests and expertise to the non-profit, but bear in mind your primary obligation of stewardship is to the organization as a whole.
- Come to meetings on time, be attentive and well-prepared
- Respect disagreement without personalizing the debate, and avoid paralysis in the face of dissent
- Ask questions rather than accepting the status quo
- Welcome information and advice, but reserve the right to make decisions based on your own best judgment

- Support board decisions as well as professional staff that you have appointed to serve the organization

Creativity and problem solving

A critical competency of an entrepreneur is creativity and problem-solving attitude and skills. Many barriers develop due to pre-conceived ideas which impede the growth of creative thinking. The barriers are

1. Closed frame of mind
2. Avoiding challenges

An open minded approach and efforts help to remove barriers hindering creativity within person. In routine life, many problems are often not even noticed. This is because experience have equipped us with spontaneous reactions that solve them. However, sometimes when we face an unusual or difficult problem, there is no routine reaction. In such cases, various approaches and ways have to be tried. In appropriate system, approach and methodology is developed to solve problem in an enterprise which help the entrepreneur to manage his / her affairs smoothly and he / she would not remain understress and tension while encountering problems. The following steps are suggested for developing a problem-solving mechanism:

- ✓ Build a problem solving attitude
- ✓ Recognise the problem and it seriousness, specify the problem
- ✓ Formulate possible causes
- ✓ Test and develop alternative solutions with relevant cost-benefits
- ✓ Compare and implement appropriate solution
- ✓ Internalise the process so that similar problems will be easily resolved

Negotiation and Networking

Negotiation is a key activity in business. One negotiates within an enterprise with employees, and outside with suppliers, customers, support institutions and financers. A successful entrepreneur is a successful negotiator. It is, therefore, imperative for an aspiring entrepreneur to develop negotiating skills. Negotiation is a process of arriving at a mutually satisfying agreement / understanding / position by different actors/ parties having differing viewpoints initially – upon effective negotiation they reach an agreed position, which satisfies all.

General principles of negotiation

- **Know what you are trying to accomplish**
- **Develop a game plan before negotiations start**
- **Study and understand your counterpart**
- **Work towards a win-win**
- **Avoid negotiating with yourself**
- **React strongly to an untrustworthy party at the negotiating table**
- **Remember that it takes two parties to negotiate or renegotiate a deal**

So, before entering a negotiation, be well prepared. Know when you are willing to walk away. Understand your situation and that of the other party, including strengths, weaknesses and alternatives. If you are in a long-term relationship with the other party, drive for a win-win. Exercise caution driving for a win-lose. People have long memories, and you might encounter them again, perhaps when they are in a position of relative strength.

Relevant technique for influencing others to achieve workplaceobjectives

1. **Identify the Audience:** Figure out who you will need to influence. Weigh the variables such asa difference in generation, the level of understanding for the project, personality, and any details that can cause a significant impact. Then choose the leadership style that best fits the goals. Pickup on any non-verbal cues that show resistance or approval. Try to determine who has the most influence on the decision. Nurture those relationships with genuine interest.

2. **Identify the Wants and Needs:** In a meeting, most people lead with their own agenda at the forefront. Blazing ahead with great reasons and well thought out data. This is the reverse of an effective influencing technique as it does not align the interests of others before your request. Areas that could spell trouble should be forecast before promoting your idea. Knowing ahead of time is a great way to prepare and can direct your expected questions.

3. **Build Trust:** Research continues to show that it is important to create a connection before leading. Establishing this trust happens when the person recognises certain qualities in you:

   - People trust people who are like themselves
   - Aligned interests - Find mutual commitments or common values

- Have a genuine concern for others
- Capability or competence - The ability to deliver on your promises
- Predictability and integrity - Consistent trustworthy attitudes
- Listen fully, hear other sides and open to discussion

Trust takes time to develop. If time is short and you need to show more commonality with the person, then you can use a technique called mirroring (Mirroring is a method applied in sales and any other business negotiations. When mirroring, one person scans and subtly replicates the physical and verbal behaviours of another in order to establish rapport and empathy during a conversation). This gives the person a sense of comfort and familiarity.

4. **Explain the Win-Win:** If you have correctly followed steps one, two and three then you are certain to have a more receptive audience for step four. This is where reasoning comes in. Explain the advantages clearly and give examples. Nothing beats a strong argument that shows how the request ties to the needs of others. How are co-workers affected if they do-not take part? Pain points like this can often be as strong a motivator of support as if they do take part. Detail how theperson or company is worse off, if they do not act.

Three negotiation strategies for conflict resolution

1. **Avoid being provoked into an emotional response:** By challenging, demeaning, and criticizing you, the other party (whether consciously or not) may be attempting to provoke you into an emotional response that will shift the balance of power in their favour
2. **Don't abandon value-creating strategies:** Disputants may also be able to create value by trading on their differing preferences and priorities. Suppose Party A places a high value on receiving a formal apology from Party B. Party B might be willing to grant the apology in exchange for a lower settlement payment to Party A. Through such trade-offs, negotiators can increase the odds of a peaceful and lasting resolution.
3. **Use time to your advantage:** The perceptions we hold about the dispute resolution process maychange over time as a result of our experiences dealing with the conflict and with the other party. For example, a couple that endures a rancorous divorce might grow more cooperative over time for the sake of their children. Rather than viewing your dispute as permanently intractable, try to view it as being constantly in flux.

The Value of Networking

Depending where you are in the life cycle of a business (entrepreneur or established business), there are two key things that are found valuable about networking viz. learn something and get ideas. No matter where you are in your life, you can always learn something. This is a result of the world changing drastically every single day. You alone are not able to capture all of the change happening. Get outside opinions.

There are three types of networks important in business - Operational, Personal and Strategic. Whilea lot of managers excel at building and using their operational network, they often overlook their personal and strategic networks.

- **Operational networking** involves cultivating the relationships with people you need to accomplish your job. This may mean working closely with your HR manager to make sure you hire the right people or developing relationships within other departments to win support for your initiatives.
- **Personal networking** is an afterthought for many busy managers. These networks allow youto meet a diverse group of like-minded professionals. They also are a way to develop important social skills for many professionals and may be the first place you turn when you start thinking about changing careers.
- **Strategic networking** is the toughest but most essential if managers want to become business leaders. Ibarra explains that contact with peers and with senior executives in your field is vital and she encourages managers to look beyond their industry as well. This allows managers to share ideas about best practices in management, learn new approaches and keep close tabs on developments in business and technology. It helps managers to see the bigger picture and createtheir own visionary approach.

Delegation

Effectiveness of an entrepreneur will depend upon the level of performance of his employee or other. Delegation of authority is a process in which the authority and powers are divided and shared amongst the subordinates. When the work of a manager gets beyond his capacity, there should be some systemof sharing the work. This is how delegation of authority becomes an important tool in organization function. Through delegation, a manager, in fact, is multiplying himself by dividing/multiplying his work with the subordinates.

Importance of delegation

1. A manager is able to divide the work and allocate it to the subordinates.
2. With the reduction of load on superior, he can concentrate his energy on important and critical issues of concern. This way he is able to bring effectiveness in his work as well in the work unit. This effectively helps a manager to prove his ability and skills in the best manner.
3. Delegation of authority is the ground on which the superior-subordinate relationship stands. The flow of authority is from top to bottom which is a way of achieving results.
4. Delegation of authority in a way gives enough room and space to the subordinates to flourish their abilities and skill. They get motivated to work and this motivation provides appropriate results to aconcern.
5. Delegation of authority is not only helpful to the subordinates but it also helps the managers to develop their talents and skills. It is only through delegation, a manager can be tested on his traits.
6. Delegation of authority is help to both superior and subordinates. This, in a way, gives stability to a concern's working.

What Is Leadership?

Leadership captures the essentials of being able and prepared to inspire others. Effective leadership is based upon ideas (both original & borrowed) that are effectively communicated to others in a way that engages them enough to act as the leader wants them to act. A leader inspires others to act while simultaneously directing the way that they act. They must be personable enough for others to follow their orders, and they must have the critical thinking skills to know the best way to use the resources at an organization's disposal.

An entrepreneur as a leader

- ✓ Successful entrepreneurs have been competent leaders as to motivate and guide others to follow his dream / vision and / or an evolved common vision.
- ✓ Instruments that can be used to enhance leadership skills include imitating role models, analysing experiences of self and learning from those situations to modify behaviour and to enhance the effectiveness.

Developing leadership skills and effectiveness

- ✓ Develop skills of communication and negotiation and building trust of members
- ✓ A single leadership style will not work in all situations. One's style may have to vary
- ✓ Goal setting and goal selling to followers have been found very useful. Therefore, setting appropriate goals, communicating them clearly and providing support in terms of guidance go a long way to improve performance.

What is Systematic Planning?

In simple terms, systematic planning is 'developing and using logical, step-by-step plans to reach the goals'. It is possible by:

- Breaking a large task down into sub-tasks
- Developing plans while anticipating obstacles
- Evaluating alternatives
- Taking a logical and systematic approach to activities

Planning has been defined as the most basic of all managerial functions. It involves selecting purposes and objectives and actions to achieve them. This requires decision making, i.e., choosing the future course of action from alternatives. Plans thus provide a rational approach to pre-selected objectives.

The planning process

i) Fixing targets such as increasing sales / profits

ii) Fixing premises / assumptions regarding matters such as raw material prices

iii) Deciding quantitative targets of objectives

iv) Determining the resources required, such as men, material and money

v) Scheduling of activities

On account of changes in conditions, mistakes are committed. Therefore, a periodic measurement ofthe actual and comparing them with the planned targets and taking remedial measures is important for sustainability.

Entrepreneurial and management skill may be referred to as hard management skill and soft (entrepreneurial or intrapreneurial) skills, respectively. A director needs to act as an "intrapreneur" or an "entrepreneurial-manager" within FPO. Hard skill have reference to techno-managerial skill while soft skill have more to do with personality and internal behavioural traits and characteristics of intrapreneurial manager or director.

Managing Enterprise

Effectively managing a business enterprise involves many aspects. From the day-to-day to the large- scale annual events, managerial duties are often never-ending. A solid leadership and understanding of the industry are a great start, but these alone will not create solid management in a business.

1. Lead with knowledge and confidence: To build your leadership skills, find a more experienced manager willing to mentor you. Use networking to connect with managerial staff from other companies that can give you wisdom. In this ever-changing world, it is crucial that you stay currentand informed on any technology, products and practices that relate to your organisation.
2. Delegate effectively: No matter how skilled you are, you will not be able to manage everything onyour own. However, delegating can create more work for you if you do not do it well. Make a list of things that you know you must do yourself and things that could successfully be accomplished by another. Your time should be spent in the areas in which you excel, but be careful not to over- delegate. If you have given too many tasks away, you will spend all of your time monitoring their progress, leaving you unable to accomplish your own tasks.
3. Hire the right employees and manage them with care: Interview and screen every candidate, performing background checks and credit checks, especially if they will be handling money. Be purposeful about job descriptions so that the eventual employee will know of your expectations and be clear about what is required of them. Set clear expectations in employee manuals and be prepared to consistently enforce those expectations. Consequences for unethical or inappropriate behaviour should be labelled in employee manuals.
4. Motivate and train your employees: As business practices and technology change, it is important to educate your employees. Motivate them with

bonuses and rewards for specific achievements. Building employee morale will benefit you and the business. Share the organisation's success with the employees to give them a sense of ownership and belonging.

5. Meet the needs of your customers: Your employees should be well-trained in customer service, but you should lead as their best example. Make it a priority to truly listen to the needs of your customers. Ask appropriate, open-ended questions about the customer's needs and desires.
6. Market your company effectively: Although the business owner may have a paid marketing staff, you must still be willing to use your own skills. You may be required to coordinate and create marketing activities, including print media, target market research, advertising and customercommunication.

Inter personnel skills

Interpersonal skills are **the qualities and behaviours we exhibit while interacting with other people.** They are considered to be one of the most sought after types of soft skill. We demonstrate them whenever we engage in any kind of verbal or nonverbal communication. In fact, qualities as basic as body language and attitude toward others greatly affect our chances of excelling at work. Strong interpersonal skills are a key indicator of success in a working environment, as benefits include the ability to cooperate with teammates to solve difficult problems, as well as simply enhancing your popularity around the office. On the other hand, lacking them might lead to conflicts with colleagues or management and cause others to see you as a hindrance to getting the job done. **The most effectiveinterpersonal skills examples are as under:**

1. Emotional Intelligence: Emotional intelligence refers to the ability to keep one's emotions under control and navigate social situations with composure. Employers are looking for individuals who can keep calm under pressure and avoid pushing their personal frustration onto others. This is **invaluable in any position that requires teamwork or communication between colleagues.**
2. Communication: Communication is a quintessential interpersonal skill that must be demonstrated to potential employers. Hiring managers are looking for individuals who can clearly articulate complex ideas to others. Any job that involves team-based collaboration, or deals directly with customers or clients, requires both verbal and non-verbal communication abilities**. Effective body language and eye contact are just as important** as the words you use to express your thoughts.

3. Reliability: Reliability encapsulates your work ethic and the integrity to see things through to the end. Simply being on time for work every day puts you on the fast track for promotion, and always fulfilling promises is a key way to earn social capital in the workplace. Arriving on time andcompleting high quality work goes a long way in overcoming common negative stereotypes and earning a solid reputation.
4. Leadership**:** Leadership is an interpersonal skill that sets candidates apart from theirpeers. Employers are looking for motivated and **capable workers who can inspire others** and **take charge when work needs to be finished.** Leadership involves not only giving orders and making an operational plan for the company, but also getting the most out of every employee andhelping everyone feel like they are making valuable contributions to the organization.
5. Positivity: Candidates and employees who demonstrate positivity are much more likely to find success in a position and be well-liked at the company. Positivity is especially important for administrative assistants, because maintaining a cheerful attitude is **valuable in helping others keep stress levels down and in generating a feeling of optimism throughout the office.**
6. Negotiation**:** Negotiation is not only the act of buying or selling goods, but **any interaction in which two or more people engage in a discussion in an attempt to come to a shared agreement.** Interpersonal communication skills naturally play a large role here, but critical thinking and problemsolving are also keys to finding the best solution available to satisfy all parties.
7. Openness to Feedback: No company wants an arrogant or unteachable employee, so it's greatto show a willingness to receive feedback and use it to grow. A professional mind-set calls for suppressing one's ego and focusing on the objective requirements for an assignment or project. As a result, **individuals who accept constructive criticism have a better chance of coming out on top in the long run.**
8. Empathy: People at work gravitate towards those who are capable of showing empathy and takingactions consistent with an understanding of how others feel. Empathy can be displayed at work ina variety of ways. For example, you could lend an ear to a colleague experiencing problems in theorganisation or, support a project when an unforeseen difficulty strikes.
9. Teamwork: Teamwork is another great interpersonal skill to have in your repertoire. Modern workplaces often require employees to rely on each other

in some capacity and be willing to support others when called upon. Effective teamwork involves **knowing when leadership is required** and **when it's okay to stand back and be a supportive project member.**

10. Active Listening**:** It's easier to demonstrate being a good listener during a face-to-face discussion,but it's still valuable to show your willingness to listen and respect others on your resume. Being open to the ideas of others will lead to an environment where all employees feel free to share their thoughts. In addition, **actively listening enables you to clearly understand** all instructions and thus deliver work that satisfies requirements.

PRICING STRATEGIES – COST PLUS, TARGET PRICING, MARGINAL COST PRICING, GOING RATE PRICING, CUSTOMARY PRICING

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Pricing objectives or goals give direction to the whole pricing process. Determining pricing objectives are the first step in pricing in order to determine the optimal pricing. Common objectives include the following:

- **Current profit maximization** - seeks to maximize current profit, taking into account revenue and costs. Current profit maximization may not be the best objective if it results in lower long-term profits.
- **Current revenue maximization** - seeks to maximize current revenue with no regard to profit margins. The underlying objective often is to maximize long-term profits by increasing market share and lowering costs.
- **Maximize quantity** - seeks to maximize the number of units sold or the number of customers served in order to decrease long-term costs
- **Maximize profit margin** - attempts to maximize the unit profit margin, recognizing that quantities will be low.
- **Quality leadership** - use price to signal high quality in an attempt to position the product as the quality leader.
- **Partial cost recovery** - an organization that has other revenue sources may seek only partial cost recovery.
- **Survival** - in situations such as market decline and overcapacity, the goal may be to select a price that will cover costs and permit the firm to remain in the market. In this case, survival may take a priority over profits, so this objective is considered temporary.
- **Status quo** - the firm may seek price stabilization in order to avoid price wars and maintain a moderate but stable level of profit.

When deciding on pricing objectives one must consider:

- Over all financial, marketing, and strategic objectives of the company;
- Objectives of your product or brand;

- Consumer price elasticity and price points; and
- Resources you have available.

Pricing Strategies

1. Pricing based on Cost:

a) Cost Plus Pricing :

This is the most common method used for pricing. Under this method, the price is set to cover costs (materials, labour and overhead) and a predetermined percentage for profit. The percentage differs strikingly among industries, among member firms and even among products of the same firm. This may reflect differences in competitive intensity, differences in cost base and differences in the rate of turnover and risk.

Cost-Plus: Production costs are determined and then a target profit margin is applied. For example, if a product costs Rs.10 to manufacture and the business wants to make a 20% profit, the price is Rs.12 per unit.

Cost-plus (or "mark-up") pricing is widely used in retailing, where the retailer wants to know with some certainty what the gross profit margin of each sale will be.

An advantage of this approach is that the business will know that its costs are being covered.

Cost plus pricing is especially useful in the following cases

a) Public - utility pricing

b) Product tailoring

c) Pricing products that are designed to the specification of a single buyer

d) Monopsony buying

The main disadvantage is that cost-plus pricing may lead to products that are priced un-competitively.

b) Target Pricing:

Target pricing strategy is the process of calculating the market competitiveness and adding a standard profit margin on the retail price so that the firm would estimate the maximum cost of the new product. Now, the designers and manufacturers have to create the product along with the required features within the pre-decided cost limits. If they can't create the product within the cost limits, then the project is finished. Targeting pricing strategy allows businesses and companies to earn a maximum profit margin of the product line, and it avoids the lower profit margin. If the company sets up a high-profit margin, then it won't be possible to launch the product by remaining within the cost limits.

The objective of the target pricing strategy is to plan, design, and manage resources in order to decrease the cost. The question is what types of businesses and companies follow the target pricing strategy. In an intensely competitive business environment, elastic pricing would give you a competitive edge in the market. The elastic price demand means that the demand would change depending upon the price change. If the price of the product increases, then the demand would decrease, and vice versa. If a business wants to avoid the negative impact of the demand, then it has to set a retail price that's acceptable in the market. Japanese companies like Nissan and Toyota gave rise to the popularity of the target pricing strategy.

Target pricing method that businesses use to calculate the selling price for a product based on market prices. First, a company decides on a competitive price for its product based on market research and what similar products are selling for. Once the business determines its product's price, the business sets how much of a profit it wants to make from it, which is also known as its profit margin. After setting a profit margin, the company must figure out if the cost of producing or procuring the product is within the remaining budget. If the company can't complete the product within the cost constraint, then they cancel the project. By taking this approach, a firm can ensure that it will earn a reasonable profit because it can sell its product at a price that is consistent with market demand. Companies like automobile manufacturers that have a high capital investment use target pricing most often because it is not directly tied to the demand of the product as long as they sell the entire volume of stock.

Advantages of target pricing:

- Target pricing is sensitive to the market, meaning that target pricing considers and responds to demand and supply.
- Target costing results in higher profits for organizations by reducing the cost of manufacturing the product, since the selling price is fixed in advance.

- It allows for a company to explore innovative and efficient utilization of resources.
- It leads to creative and permanent ways to bring costs down and leads to technological and economic gains for the company.
- Customers can enjoy better products at lower prices, as the company rather than the customer, takes on the responsibility of handling the costs, which means that there may be a greater volume of high value items available for purchase.
- The business can better predict and respond to changes in the market since it fixes its price in the beginning of the process, and coordination among its various departments enables it to form a comprehensive strategy in the event of major shifts in market trends.

c) Marginal Pricing:

Selling at a price that is above the marginal cost but below the total or full cost which includes all overheads is known as marginal pricing method. Marginal pricing is based on the assumption that since fixed and variable costs are covered by the current output level, the cost of producing any extra unit (marginal output) will comprise only of variable costs of additional labor and material consumed. Under marginal cost pricing, fixed costs are ignored and prices are determined on the basis of marginal cost. The firm uses only those costs that are directly attributable to the output of a specific product.

In essence, it states that, if consumers are to choose rationally whether to buy more or less of any product, the price they pay should equate to the cost of supplying more or less of that product. This cost is the marginal cost of the product. If consumers are charged this cost, optimum quantities are purchased, maximizing consumer satisfaction. If they are charged more, less than optimum quantities are purchased: The sacrifice of other, foregone products has been overstated. If they are charged less, the production of the product is greater than optimum: The sacrifice of other, foregone products has been understated. A price based on marginal costs is presumed to convey "price signals" that lead to the efficient allocation of resources.

Business situations requiring the use of marginal costing:

(a) Where price is the primary determinant of an offer,

(b) Where initial product acceptance is being sought to facilitate entry into a new market,

(c) Where the product is being targeted to a low quality market segment,

(d) Where price competition is intense, and

(e) When the price responsiveness of demand is high - a little reduction in price may lead to a substantial increase in volume.

Marginal Pricing is useful in short terms as it takes care of the manufacturing costs but not the overhead costs. The low prices attract customers benefitting the business. This high demand would bring profits and higher revenues when compared to products of high price range and comparatively low demand. This brings the idea of a short-term revenue boost to mind.

2. **Pricing based on Competition:**

a) Going rate pricing:

Going rate pricing is a pricing strategy where firms examine the prices of their competitors and then set their own prices broadly in line with these. Setting a price for a product or service using the prevailing market price as a basis. Going rate pricing is a common practice with homogeneous products with very little variation from one producer to another, such as aluminum or steel. Going rate pricing is most likely to occur where:

- There is a degree of price leadership taking place within a particular market
- Businesses are reluctant to set significantly different prices because of the risk of setting off a price war, which would reduce profits to all firms
- There is a degree of collusion taking place between firms

If there is one price leader and firms are tending to follow the prices set by the price leader, then they will often feel frustrated that they are not able to mark themselves out by reducing their prices. To compensate for this, they may try, through their marketing strategy, to establish a strong brand identity. This will enable them to differentiate themselves from the competition.

Going-rate pricing can be divided into three subgroups:

- Parity pricing – the price is the same price as that of the biggest competitor;
- Premium pricing – the price is a little higher, usually accounting the fact the product has additional features unlike competitor's product;

- Discount pricing – the price is a little lower if the product lacks features that competitor's product has.

This pricing method is one of the more popular with homogeneous goods like steel, paper, fertilizer, etc. (products with less variations in features) as it provides a good chance for a business to get a fair return on their prices by charging the same prices as competition. A going rate pricing strategy is most often used to price products or services that are homogenous and don't vary in design. Since competitor prices tend to be similar, it's challenging to differentiate your product or service from the competition. Businesses that choose a going rate pricing strategy often set their prices based on the leader of the market. Businesses that excel with this pricing strategy benefit from a strong branding and marketing strategy. Creating a positive brand perception and communicating the value it provides can help your business stand out from the crowd.

b) Customary Pricing

Customary pricing is defined as a pricing method in which goods are priced on the basis of collective opinion of the consumers about its value. This type of pricing method is often used for goods or services which have a history of constant market of being sold at a specific price. Hence it is difficult for new products & services. The main benefit of customary pricing is that when the prices are on the basis of expectations of the consumers, it will be easy for the companies to earn their loyalty as well. Loyalty helps in increasing the customer experience & also increases the chances of consumers buying more of company's goods. This can help the company to generate good business profits & also retain a long term position in the market even if a lot of rivals enter the market.

Prices of certain goods become more or less fixed, not by deliberate action on the sellers' part but as a result of their having prevailed for a considerable period of time. For such goods, changes in costs are usually reflected in changes in quality or quantity. Only when the costs change significantly, the customary prices of these goods are changed. Customary prices may be maintained even when products are changed. If a change in customary prices is intended, the pricing executive must study the pricing policies and practices of competing firms and the behavior and emotional make-up of his opposite number in those firms.

Customary pricing of certain goods are priced primarily on the basis of tradition. Examples of customary, or traditional, prices would be those set for candy bars and chewing gum. Customary pricing is a pricing method where the price of a good or service is based on consumers' collective perception of its value. It's typically used for a product or service that has a consistent market history being sold around a specific price point — one that ultimately dictates how much it should cost. Customary pricing applies to virtually any product or service with a long market history — ones whose price points are ubiquitous enough to be taken for granted. It's essentially impossible for newer products' and services' prices to be considered customary.

UNDERSTANDING THE VALUE CHAIN CONCEPT - ASSESSMENT OF BUSINESS OPPORTUNITIES

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What is agriculture value chain?

It normally refers to the whole range of goods and services necessary for an agricultural product to move from farm to its final customer. The World Bank's definition of the term "value chain'' describes the full range of value adding activities required to bring a product or service through the different phases of production, including procurement of raw materials and other inputs".

Why talk about agricultural value chains?

- Small-scale farmers in India and elsewhere in the world often say that receiving low prices for their produce is a major challenge. Typically, a farmer waits for traders to visit his farm. The trader offersa low price and won't buy the entire crop. The farmer is unhappy – time and effort are not well- rewarded. He / she may blame the trader for her problems.
- Farmers and traders often fight over prices. Farmers may cheat traders by putting low-quality produce at the bottom of crates, and traders may cheat farmers by using inaccurate weights and measures. There is often a lack of trust between the two. This results in the value chain not workingas well as it could, which means worse outcomes for everyone.
- The trader sells the farmer's produce to a processor, who supplies a wholesaler, who supplies a retailer, who supplies a consumer, with transport and other links in between. Each player in this chain adds value, and in return receives an economic return, usually called "economic rent." The amount each actor in the chain receives varies between different products and value chains. But the price the farmer receives for his raw goods is only a small fraction of the price paid by the consumer.
- As individuals, small-scale farmers are often at a disadvantage in these kinds of value chains. Because many farmers grow crops or raise animals on an individual basis, they have little bargaining power. They have little or no influence on the price traders pay them for their produce,or the price

they pay input suppliers for seeds, fertilizers, pesticides, etc.

- Also, farmers often lack information about the market for their produce. For example, they may not know how much their produce is really worth, and how much more they could earn if, for example, they transported it to a nearby market rather than selling it to a trader. They may not know who the other players in the market are; they may not know what happens to their produce after they sell it; and they may not know what types of products consumers want. In many cases, the farmer is growing the wrong crop for the market. For all these reasons, it is difficult for farmers to benefit fully from the value chains they are already involved in.
- In part, farmers unknowingly contribute to their own problems. For example, a farmer might produce mangoes of all kinds. Some are large and healthy, others small and spotty. The farmer packs all her mangoes together in a crate. The trader doesn't know what quality to expect, so offers a low price.
- To increase their income and capture more of the value ("economic rent") in the value chain, farmers need to "upgrade" their involvement in the value chain. There are many ways to do this. One step they must take is to become a "crop specialist." A crop specialist is a farmer who has improved his or her farming practices and is producing goods for the market in an efficient and productive way. For example, by using better farming practices, the farmer can produce more mangoes – and higher quality mangoes. This satisfies both the buyer and the consumer.
- Other way of to increase their income in the value chain, farmers need to "upgrade" through framework of institutional model comprising aggregation and collectivization of their resources, production, operations, management and marketing by business participation more and more in the value chain.

What are the benefits of taking a value chain approach?

- The value chain approach considers the role of existing chain actors, supporting actors, and the policy environment. It allows us to look at current challenges in a value chain, as well as the opportunities for improving the efficiency of the value chain and the benefits for everyone involved. From a farmer's perspective, being part of a well-functioning value chain can bring greater income.

- Analyzing a value chain (identifying its challenges, weakness, and strengths) can help to identify new income-generating opportunities. Sometimes, participating in a well- functioning value chain brings farmers not higher incomes or prices, but a more stable and predictable income.
- Participating in value chains can help a farmer learn new skills and adopt improved practices. Instead of piling vegetables in a crate and trucking them to a trader or market, farmers can earn more money by doing basic processing on the farm. Even cleaning and grading produce can make a difference. Washing and packaging lettuce or tomatoes and delivering them to a local store or supermarket can earn a higher price. Peeling and cutting fruit can be an effective way of getting into the growing market for ready-to-eat food products near urban areas.

Who benefits from value chains?

Everyone who participates in a value chain adds value as the product moves from the beginning of the chain towards the consumer. In exchange for adding this value, all participants receive an economic rent. That is the main benefit or incentive for participating in a value chain. The people most likely to benefit from value chains are entrepreneurial, have a willingness to communicate with people in different parts of the value chain, and have the farm and financial resources and the knowledge to develop new markets or participate more effectively in current markets. Farmers who have little land,who are more remote from markets, who have fewer assets, who have language barriers and who are not involved in effective farmer organizations may find it more challenging to benefit from a valuechain.

The importance of farmer groups

Farmers need to be well organized to compete in an increasingly demanding market place. Like becoming a crop specialist, joining a farmer organization is a necessary step for small-scale farmers who want to increase their income and capture more value in the value chain. Unlike individual farmers, farmer organizations have the resources to attract and build relationships with different links in the value chain, both locally and further a field.

Farmer organizations help individual farmers by combining the harvests of a number of producers, buying bulk inputs at lower prices on farmers' behalf, and giving farmers access to farm support services. By their sheer size, co-operatives have enough market power to raise the prices received by individual farmers and ensure that farmers receive a steadier, more secure income. Many farmer groups also include savings and loan schemes for their members. These schemes help farmers work with money, keep records, and learn financial skills that are essential to improve their businesses.

Aggregation models in agriculture value chain

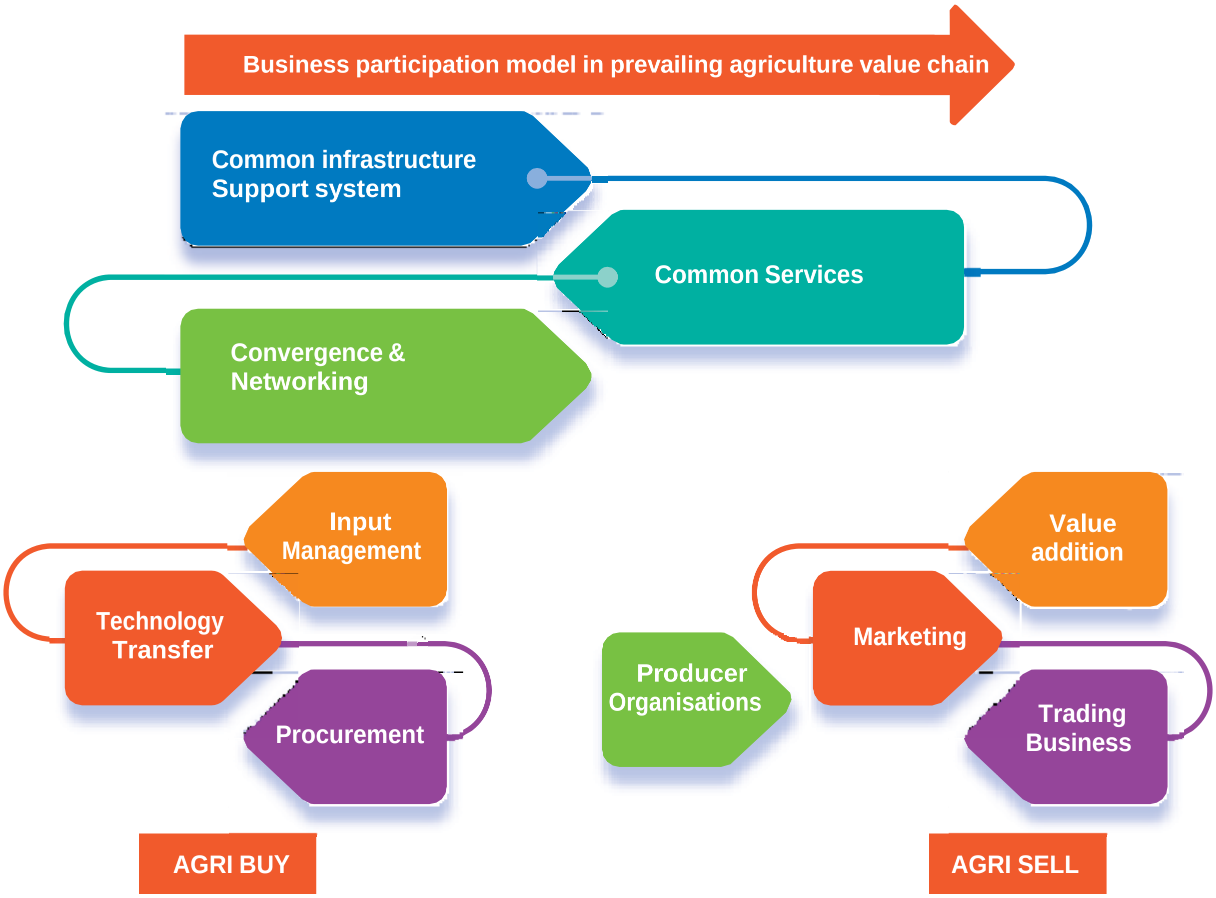
Aggregation brings together small farmers and buyers to achieve economies of scale, create market signal, and provide access to adjacencies in order to reduce friction with other third party ecosystem partner marketplace such as financial services. As one of the most important frameworks for powering small farming, **aggregation in agriculture has the potential to empower local agricultural communities across global markets.**

Opportunity of business participation in prevailing agriculture valuechain

Enhancement of "economic rent" may be possible through more and more business participation of the producer in aggregation and collectivization of the individual resources, production and marketingin given institutional framework. One or multiple approaches of aggregations, depending upon the available resources, potential and prospects and enabling environment, can be undertaken by farmer producer organization which are as under:

1. Participation to fulfil *technological gap*
2. Business participation in *input management (Aggregation of Inputs)*
3. Business participation in *Primary / secondary processing (Value Addition)*
4. Business participation in *marketing (Collective Marketing)*
5. Business participation in *trading business* during the lean period of the agricultural operation of concern FPO's members

Business participation model in prevailing agriculture value chain



Potential Farmer Activities/ Services required at FPO level

Identifications of the key areas required to be addressed by the intermediary (FPOs) is the prime important factor for the success of the FPOs.

Some of the illustrative activities according the agricultural value chain have been given in box given below:

Pre-Production	Production
Crop insurance agent Soil testing agent Crop Monitoring agent (for banks, insurancecompanies) Custom Hiring services Digital profiling agent	Input supply services Planting services Weeding services Pesticide spraying services

Post-Harvest	Marketing
Shelling services Grain cleaning services Drying services	Bulking/aggregation services Rural sales agent, non-agricultural products Rural banking and Digital Financial Services (DFS) agent

Principles of mapping agricultural value chain for Farmers Producer Organizations: There are four basic core principals which are required for mapping of existing agricultural value chains and assessment of the opportunity for FPOs to make business out of it.

Aggregation of Inputs	Collective Marketing
Seed Purchase & Seed Production Fertilizers & Micro Nutrients Plant Protection Mechanization	Aggregation Procurement (MSP) Storage Aggregate Marketing (domestic & Export)
Value Additions	**Trading Business**
Primary Processing Secondary Processing	Purchase & selling of agri-produce (Members) Purchase & selling of agri-produce (Others)

INTEGRATED ORGANIC FARMING SYSTEM STRATEGIES FOR SOUTHERN PLAINS

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1. Introduction

Presently the farming situation urges need to develop farming techniques, which are sustainable from environmental, production, and socio-economic points of view. Modern agricultural production throughout the world does not appear to be sustainable in the long run. Sustainable agricultural development is the management and conservation of the natural resource base and the orientation of technological and institutional change in such a manner to assure the attainment and continued satisfaction of human needs for the present and future generations. Such sustainable development in the agriculture, forestry and fishery sectors, conserves land, water, plant and animal genetic resources, is environmentally non-degrading, technically appropriate, economically viable and socially acceptable. Such concerns imparted a way to organic farming. It is the need of the day to understand the prospects and problems of organic farming to launch a successful and flawless organic production programme in the farm environment (Somasundaram *et al*., 2015).

"Organic farming is a production system which avoids or largely excludes the use of synthetically compounded fertilizers, pesticides, growth regulators, and livestock feed additives. To the maximum extent feasible, organic farming systems rely upon crop rotations, crop residues, animal manures, legumes, green manures, off-farm organic wastes, mechanical cultivation, mineral-bearing rocks, and aspects of biological pest control to maintain soil productivity and tilth, to supply plant nutrients, and to control insects, weeds, and other pests". Organic agriculture is a unique production management system which promotes and enhances agro-ecosystem health, including biodiversity, biological cycles and soil biological activity, and this is accomplished by using on-farm agronomic, biological and mechanical methods in exclusion of all synthetic off-farm inputs.

Ensuring food security for a fast growing global population estimated at 9.1 billion in 2050 and over 10 billion by the end of the twenty first century is a mammoth challenge for the present agricultural production system (UNPFA, 2011). Shrinking average farm size in India and financial constraints for higher investment in agriculture due to 80% farm families belonging to small and marginal farmer categories further heighten the challenge. For securing food and nutrition security for sizable population, productivity enhancement may provide a vital solution. This involves the adoption of scientific agronomic practices and technologies which promise an augmentation of the productive capacity of traditional agricultural systems. Agronomic practices such as the liberal use of inorganic pesticides and fertilizers during the twentieth century enhanced productivity significantly but undesirable environmental degradation accompanied by increased operational costs in agriculture raised concerns about economic feasibility and sustainability (IAASTD 2009). The approach aims at increasing income and employment from small-holding by integrating various farm enterprises and recycling crop residues and by products within the farm itself. The farmers need to be assured of regular income for living at least above poverty line. The progress in production or steady growth in output is necessary to face the challenges posed by present economic, political and technological environment. In this context, farming system approach is one of the important solutions to face this peculiar situation as in this approach the different enterprises can be carefully undertaken and the location specific systems are developed based on available resources which will result into sustainable development (Dashora and Hari Singh, 2014).

2. Principles of organic farming

The four principles of organic agriculture are as follows:

- *The Principle of Health* - Organic agriculture should sustain and enhance the health of soil, plant, animal and human as one and indivisible.
- *The Principle of Ecology* - Organic agriculture should be based on living ecological systems and cycles, work with them, emulate them and help to sustain them.
- *The Principle of Fairness* - Organic agriculture should build on relationships that ensure fairness with regard to the common environment and life opportunities.
- *The Principle of Care* - Organic agriculture should be managed in aprecautionary and responsible manner to protect the health and well being of current and future generations and the environment

3. Current scenario of organic agriculture

Growing area under certified organic agriculture

- About 35 million hectares of agricultural land are managed organically by almost 1.4 million producers.
- The regions with the largest areas of organically managed agricultural land are Oceania (12.1 million hectares), Europe (8.2 million hectares) and Latin America (8.1 million hectares). The countries with the most organic agricultural land are Australia, Argentina and China.
- The highest shares of organically managed agricultural land are in the Falkland Islands (36.9 %), Liechtenstein (29.8 %) and Austria (15.9 %).
- The countries with the highest numbers of producers are India (340’000 producers), Uganda (180’000) and Mexico (130’000). More than one third of organic producers are in Africa.
- On a global level, the organic agricultural land area increased in all regions, in total by almost 3 million hectares, or nine percent, compared to the data from 2007.

4. The following strategies should be followed for adoption of integrated organic farming

1. Site Selection/land consolidation

Places which have history of producing crops without using chemical inputs or with minimum intervention, should be preferred

2. Cooperative/community approach

In view of the fragmentation of land-holding, the community approach is a must for the organic farmers.

3. Availability of organic inputs

Easy availability of organic inputs is the pre-requisite for organic farming. The farmers, in due course, have to produce their own organic inputs. The suitability/adaptability of different green manure crops should be tested. All sources of organic material that can (or presently cannot) be used as manure should be identified, this should include industrial wastes also. Gaps in technology that prevent the utilisation of some wastes should then be identified. This should be done to satisfy critics that not enough organic material is available for organic farming.

4. Selection of crops and cultivars

Whether grown for domestic consumption or export purpose.

Selection of crops suited for a particular location.

5. Quality of organic inputs

The organic inputs are sold in different brand names, no standards yet available. Quality control laboratory should be set up to standardize the quality.

6. Cropping system approach

The cropping system approach will be more remunerative in organic farming. Selection of shallow and deep-rooted crops is important in rotation. Part of the crop residue should be returned to soil/fed to cattle or be used for composting.

7. Developmental and promotional activities

Incentive and encouragement for the production of quality organic manure bio-pesticide, bio-fertiliser and green manuring crop should be considered. Effort should be made for the development of new pesticide of plant origin. The uses of bio-agents need to be promoted.

8. Certification and accreditation

Cost of inspection and certification is cost prohibitive. It should be simple and at a lower cost.

9. Sales and marketing

Organic farming is labour intensive. So it will be more remunerative if the farmer gets a premium price for their produce. Promotion of farm level processing, value addition and encouragement of the use of organic farm produce in food industry.

10. Subsidize organic inputs and produce.

Subsidies may be provided for organic inputs and produce while the industry is still getting established. In India, subsidies are mainly provided by the national government and channelled through state agriculture departments; the technique is well-tested, having already been used for the synthetic fertilizer and pesticide industry. Indeed, subsidies have been provided for setting up biofertilizer and vermicomposting units under NPOF and for setting up export schemes under NPOP. Additional subsidies could be provided for:

- Setting up organic input production units for composting, biopesticides etc.
- Compensating organic farmers during the period of conversion to organic techniques, to compensate for yield reductions if any.
- Establishing village-level grading and packaging units for organic produce.
- Developing local and regional marketing infrastructure for organic produce in dryland areas, where regional/local food security is more important than crops for export.

11. Develop organic farming clusters of villages.

Since the drylands are already an area of focus for governmental development programs based on a watershed approach, clusters of villages previously established for such programs (Khan, 2002) may be converted into organic clusters of villages by providing technical support. This will be cost-effective and make the eventual certification process of organic produce easier for these villages once the local organic produce market has been well established.

12. Increase public awareness and build capacity.

Conferences, seminars, and farmers' fairs may be organized to raise awareness and encourage adoption of organic farming. Programs demonstrating how to establish organic systems, and training in how to produce and manage organic inputs, may be started at the village level.

5. Integrated organic farming system

Farming system approach addresses itself to each of the farmer enterprises, inter relationship among enterprises and between the farm and environment. Thus farming system research has the objective of increasing productivity of various enterprises in the farm. Farming system approach introduces a change in farming technique for high production from a farm as a whole with the integration of all the enterprises. The farm produce other than the economic products for which the crop is grown can be better utilized for productive purposes in the farming system approach. A judicious mix of cropping system with associated enterprises like dairy, poultry, piggery, fishery, sericulture etc. suited to the given agro-climatic conditions and socio economic status of farmers would bring prosperity to the farmer.

Combination of Integrated farming system (IFS) along with organic farming so called integrated organic farming system (IOFS) appear to be possible solution to continuous increase of demand for food production, stability of income and improvement of nutrition for the small and marginal farmers with limited resources. Integration of different enterprises with crop activity as base will provide ways to recycle products and waste materials of one component as input through another linked component and reduce the cost of production of the products which will finally raise the total income of the farm. This becomes quite essential as crop cultivation is subjected to a high degree of risk and provides only seasonal, irregular and uncertain income and employment to the farmers. With a view to mitigate the risk and uncertainty in agriculture, IOFS serves as an informal insurance.

Production of agricultural crops, vary in response to changes of the seasons. In the recent period stable income of agricultural crops has become unstable. Redressing these by integrating crops with agro-based industries like livestock farming is essential. An integrated organic farming system applies the concept of “Low External Input Sustainable Agriculture” (LEISA) and this system develops the livestock business and the crop business in one location or area using local resources to optimize inputs. Designing a farming system to tie together principles of sustainability and productivity is complex. Organic farmers must consider how the various components of their system - rotations, pest and weed management, and soil health - will maintain both productivity and profitability. This section outlines the major principles incorporated into organic farming systems.

Efficient cropping systems for a particular farm depend on farm resources, farm enterprises and farm technology because farm is an organized economical unit. The farm resources include land, labour, water, capital and infrastructure. When land is limited intensive cropping is adapted to fully utilized available water and labour when sufficient and cheap labour is available, vegetable crops are also included in the cropping systems as they required more labour. Capital intensive crops like sugarcane, banana, turmeric etc. find a space in the cropping system when capital is not a constraint. In low rainfall regions (750 mm/annum) mono cropping is followed and when rainfall is more than 750 mm, intercropping is practiced, with sufficient irrigation water, triple and quadruple cropping is adopted, when other climatic factors are not limiting farm enterprise like daring, poultry etc. also influenced the type of cropping system. When the farm enterprises include dairy, cropping system should contain fodder crops as components change in cropping system take place with the developments of technology.

Applying an extensive knowledge of indigenous and organic practices, the farm is strategically structured in distinct components that are designed to maximize one another. A nutrient recycling system generates a virtuous closed loop process on the farm (Figure 1), and biodiversity is intensified to multiply key ecological functions and processes within and among the components (e.g. natural pest management and optimal use of sunlight, rainfall and soil fertility).

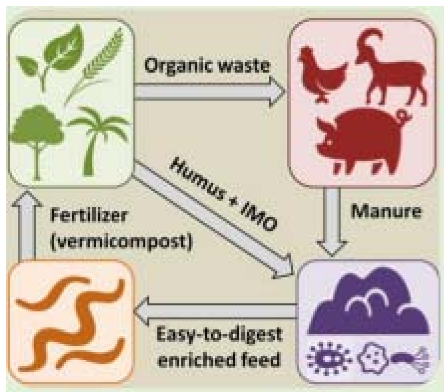

Figure 1. Organic farming system model

Biodiversity-based farming systems are not new. For centuries, farming communities have painstakingly developed resilient and bountiful agricultural systems based on biodiversity, and on their knowledge of how to work with them in equally complex biophysical and socio-cultural settings. Farmers have used diversity for food and economic security through a complex array of home garden designs, agroforestry systems and diversified and integrated lowland farming systems. It differs substantially from conventional modern agriculture in that its focus is the establishment of functional diversity in the farm, rather than monoculture.

The integration of several allied enterprises with crop components is crucial in order to optimize the synergies. These integrated systems provide scope not only to augment income of the farmers but also bring improvement in soil health through recycling of organic wastes and thereby increase the overall productivity of the crops (Figure 1). Thus, energy obtained from IFS in various forms is much higher than energy input, as the by-product/wastes of these allied enterprises provide all raw material and energy required for the food chain in another system. This complimentarity when carefully chosen, keeping in view the soil and environmental conditions generates greater income.

6. Design of integrated farming system model

1. The diversity of the farm should be increased as much as possible by introducing at least 5-6 types of cereals and pulses/oilseeds, 10-12 varieties of vegetables, 5-6 fruit crops, fuel wood and fodder trees, 5-6 types of spices and medicinal plants, 5-6 livestock, 3-4 types of fish. This could ensure food and livelihood security of the farmer throughout the year.
2. External inputs will have to be reduced. Effective utilisation of resources must be made in the farm to recycle the farm wastes
3. Measures to be taken for conserving the rain water by constructing the water harvesting structures like farm pond and percolation pond.
4. Recycling of farm waste is important.
5. Weeds of farm should be processed as compost and used to meet the consumption requirement of the farmer and livestock.
6. Establish a manure pit in the corner of field for composting the farm wastes. Separate for farm wastes and weed materials to be established.
7. Fast growing trees should be planted as they add nutrient to soil and provide habitat for local wildlife, including bird species who also contribute to a healthy ecosystem on the farm.
8. Adjoining land use, buffers
9. Soil fertility management and inputs
10. Proper crop rotation
11. Weed, pest and disease management, materials to be used, and justification
12. Farmers should take initiatives to sell their produce in a processed farm in order to receive more profit. Oil from coconut, groundnut, sesame, fruit juices are few examples of such post-harvest technologies.
13. Integration of livestock at right time and quantum might serve many of our purpose at free of cost. Local breed of ducks in paddy fields, poultry in orchards will save works like weeding, fertilizing and aerating the soil.

7. Prerequisites to establish IOFS

Before you start designing your farm, you need to assess your farm according to the following points;

- Existing farm size
- Living area for animal and human
- Ploughing frequency
- Distance of farm areas from household
- Weeding style and frequency
- Transport after harvest
- Soil water conservation techniques
- Existing farm inputs
- Cropping pattern
- Type of livestock
- Type of fodder

8. Characteristics of an ideal integrated organic farm

Organic agriculture aims at successfully managing natural resources to satisfy human needs while maintaining the quality of the environment and conserving resources. Organic agriculture thus aims at achieving economic, ecological and social goals at the same time:

1. Ecological goal: "How does the farm improve nature and survival of other organisms?"
2. Social goal: "How do other people benefit from the farm?"
3. Economic goal: "What benefits do I generate from the farm?"

The ecological goal

The ecological goal basically relates to maintenance of quantity and quality of natural resources. Farming should be done in an environment-friendly manner, whereby the soil, water, air, plants and animals are protected and enhanced. Organic farmers pay special attention to the fertility of the soil, the maintenance of a wide diversity of plants and animals, and to animal friendly husbandry.

Important environmental goals are:

- Prevention of loss and destruction of soil due to erosion and compaction.
- Increasing the humus content of soil.
- Recycling farm-own organic materials and minimizing use of external inputs.
- Promotion of natural diversity of organisms - being a criterion of a balanced natural ecosystem.
- Prevention of pollution of soil, water and air.
- Ensuring husbandry that considers natural behaviour of farm animals.
- Use of renewable energy, wherever possible.

To achieve these goals organic farmers maintain wide crop rotations, practice inter and cover cropping, plant hedge rows and establish agro-forestry systems.

The social goal

Organic farming aims at improving the social benefits to the farmer, his/her family and the community in general.

Important social goals include:

- Creating good working conditions for all.
- Ensuring a safe nutrition of the family with healthy foods.
- Ensuring sufficient production for subsistence and income.
- Encouraging fair and conducive working conditions for hired workers.
- Encouraging learning and application of local knowledge.

From an organic perspective, at the household level fair participation in farm activities of all family members and proper sharing of the benefits from the farm activities is essential. On community level, knowledge and experiences should be shared, and collaboration strengthened in order to obtain higher benefits.

The economic goal

In an economic sense organic farming aims at optimizing financial benefits to ensure short- and long-term survival and development of the farm.

An organic farm should not only pay for production costs, but also meet the household needs of the farmer's family.

Important economic goals include:

- Satisfactory and reliable yields.
- Low expenditures on external inputs and investments.
- Diversified sources of income for high income safety.
- High value added on-farm products through improvement of quality and on-farm processing of products.
- High efficiency in production to ensure competitiveness.

Organic farmers try to achieve this goal by creating different sources of income from on- and off-farm activities. Usually different crop and animal enterprises are adopted simultaneously in a mixed production system. The target also includes being more self-sufficient in terms of seeds, manures, pesticides, food, feeds, and energy sources and thereby minimizing cash outlay to purchase off-farm items.

9. Strategies to improve long-term productivity of the integrated organic farm

Reduce production risks

- Diversification
- Build soil fertility
- Reduce external inputs

Improved overall production

- Use improved adapted local varieties
- Improve soil fertility
- Ensure proper pest and disease management
- Integrate livestock

Enhance value of farm products

- Adopt profitable enterprises
- Improve product quality
- Establish storage and processing facilities

- Obtain organic certification

Reduce expenses

- Reduce own manure
- Produce own planting materials and seeds
- Make own herbal pesticides and organic inputs
- Share equipment and machinery

10. Challenges

A key challenge of such a multi-faceted system is the diversity of the skills required, particularly following natural disasters, where different things need to be fixed. On the other hand, by diversifying their skills, the farmers empowered themselves and improved their self-confidence. Meanwhile, it is important to recognize that the stable access to natural resources, land and water on the farm facilitates its success. A fool proof winning attitude from the family farmers definitely appears to be another critical factor for success. The major obstacles in practicing pure organic agriculture have been identified as limited technological options, large marginal costs and risk in shifting to a new system from the conventional farming, low awareness about the organic farming system, lack of marketing and technical infrastructure and added cost by way of inspection, certification.

11. Solvable problems of organic farming

- It is true that sudden conversion of lands from conventional to organic farming results in decline in yields in irrigated lands. But in the long run, organic farming has resulted in spectacular increase in the productivity of several farmlands. In traditional rainfed agriculture with low external inputs, organic agriculture has shown greater potentials to increase the yield whereas in intensive modern agriculture yield decline is witnessed in the initial years of conversion but with a steady and sustainable increase on continuous organic farming.
- Organic farming had been an integral component of crop cultivation in the past. Application of organic manures is now limited owing to the non-availability of organic manures in sufficient quantities, higher cost, flimsiness in application and transportation expenses.

- The availability of organic manures in adequate amounts and at costs affordable by the farmers is a major problem. The increased mechanization has further reduced the availability of manures with the farmers and this problem will become more acute in future. In such circumstances, postharvest residues should be exploited to partly supplement plant nutrient needs of the organic farming systems.
- Changing cropping patterns with area under legumes is going down, shrinking area under green manures due to economic considerations and reduced availability of lopping's from forests seriously restrict wide scale use of green manures. Inclusion of legumes in intensive cereal-cereal production systems as short duration grain or forage crops, as substitute to one of the cereals or as break crops needs to be promoted which can cater to the nutrient demands of crops under organic farming system.
- Organic manures are bulky and there is great difficulty in transporting and handling organic manures. However, composting of organic manures can reduce their bulky nature.
- Due to differential availability of nutrients in manures, there is difficulty in standardization.
- In India the relative lack of national rules, regulations and specific standards relating to organic input and organic food production, inadequate certifying agencies, unrecognized 'green' marketing and retailing channels are preventing the farmers to exploit the export advantages of organic production.

12. Benefits of integrated organic farming

- *Productivity:* IOFS provides an opportunity to increase economic yield per unit area per unit time by virtue of intensification of crop and allied enterprises.
- *Profitability*: Use waste material of one component at the least cost. Thus reduction of cost of production and form the linkage of utilization of waste material and elimination of middleman interference in most inputs used. Working out net profit/ BC ratio is increased.
- *Potentiality or Sustainability*: Organic supplementation through effective utilization of byproducts of linked component is done thus providing an opportunity to sustain the potentiality of production base for much longer periods.

- *Balanced Food*: Components of varied nature are linked to produce different sources of nutrition. Environmental Safety: In IOFS waste materials are effectively recycled by linking appropriate components, thus minimize environment pollution.
- *Recycling*: Effective recycling of waste material (crop residues and livestock wastes) in IOFS. Therefore, there is less reliance to outside inputs – fertilizers, agrochemicals, feeds, energy, etc.
- *Income Rounds the year*: Due to interaction of enterprises with crops, eggs, milk, mushroom, honey, cocoons silkworm, it provides flow of money to the farmer round the year. There is higher net return to land and labour resources of the farming family.
- *Adoption of New Technology*: Resourceful farmers (big farmer) fully utilize technology. IOFS farmers, linkage of dairy/mushroom / sericulture / vegetable. Money flow round the year gives an inducement to the small/ original farmers to go for the adoption of technologies.
- *Saving Energy*: To identify an alternative source to reduce our dependence on fossil energy source within short time. Effective recycling technique the organic wastes available in the system can be utilized to generate biogas. Energy crisis can be postponed to the later period.
- *Meeting Fodder crisis:* Every piece of land area is effectively utilized. Plantation of perennial legume fodder trees on field borders and also fixing the atmospheric nitrogen. These practices will greatly relieve the problem of non – availability of quality fodder to the animal component linked.
- *Solving Fuel and Timber Crisis*: Linking agro- forestry appropriately the production level of fuel and industrial wood can be enhanced without determining effect on crop. This will also greatly reduce deforestation, preserving our natural ecosystem.
- *Employment Generation*: Combing crop with livestock enterprises would increase the labour requirement significantly and would help in reducing the problems of under employment largely. IOFS provide enough scope to employ family labour round the year.

- *Agro – industries*: When one of produce linked in IOFS are increased to commercial level there is surplus value adoption leading to development of allied agro – industries.
- *Increasing Input Efficiency*: IOFS provide good scope to use inputs in different component greater efficiency and benefit cost ratio.

Conclusion

Organic farming in the cropping system perspective will be a viable avocation to address the sustainability aspects. Effective input management, water and plant protection is possible if organic production techniques are followed on system basis. Restoration of soil fertility under intensive organic farming situations could be possible through the inclusion of legumes/green manures in the cropping system. Under certified organic agriculture, cropping system based production strategies alone will minimize the cost of production and maximize the net profit through optimum resource utilization. Sustainable organic agriculture relies on resource conservation, which is best possible under cropping system mode. The IFS offers unique opportunities for maintaining and extending biodiversity. The emphasis in such systems is on optimizing resource utilization rather than maximization of individual elements in the system. The wellbeing of poor farmers can be improved by bringing together the experiences and efforts of farmers, scientists, researchers, and students in different countries with similar eco-sociological circumstances i.e. through Integrated Farming System.