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## **Collectivisation of Farmers and Farm Produces through ‘Farmers Producers Organisations’ (FPOs) is Benefitting Farmers: Some Field Level Observations**

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### **ABSTRACT**

Realisation of the importance of collectivisation of farmers into farmers producers organisations (FPOs) in mitigating some of the constraints related to product and financial markets that marginal and small farmers face has not only motivated the farmers to join a FPO but has also encouraged various stakeholders, viz., Government, financial institutions, NGOs to develop and implement some innovative products and programmes which may help FPOs to improve their ability to execute better business plans leading to increased profit to the farmers. A study in four states, viz., Kerala, Madhya Pradesh, Odisha and Rajasthan covering 1886 farmer members of 39 FPOs and another 977 non-members was done to understand the benefits accruing to the farmers after joining a FPO. The study clearly shows that farmers can generate more income from agricultural and allied sector activities on account of better farming practices, savings in the purchase of inputs, change in cropping pattern, increase in productivity and production of the crops and other activities after joining an FPO. However, it was observed that the selection of CEOs is critical to the success of an FPO and therefore, it should be ensured that a knowledgeable and person with a positive attitude is selected as CEO.

**Keywords:** Farmers producers organisations, Collectivisation, Forward and backward linkages

**JEL:** G21, O17, Q13, Q14

### **I**

### **INTRODUCTION**

The importance of the agriculture sector in India has always been emphasised more in terms of the number of people engaged in it for their livelihood rather than its share in the gross domestic product (GDP) of the country. Therefore, fostering rapid growth in the farm sector remains an important policy concern in India despite a significant decline in its share in the GDP, from 59 per cent in 1950–1951 to about 14 per cent in 2018–2019 which is primarily on account of faster growth in other two sectors of the economy – manufacturing and services. The farm sector engages about half of the

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country's workforce and is dominated by small landholders as 86 per cent of total holding are less than 2 ha, the majority of who practice subsistence agriculture.

The number of holdings and area operated by marginal and small farms (MF & SF) in the country has increased from about 50 million and 34 million ha in 1970-71 to 126 million and 74 million ha in 2015-16, respectively, mainly on account of rural population growth, fragmentation on account of inheritance and land market operations. All these changes have resulted into drastic decline of average size of holding from 2.28 ha in 1970-71 to 1.08 ha during 2015-16 (Government of India, 2019).

Now, it is increasingly realised that some of the constraints related to product and financial markets that marginal and small farmers face can be mitigated by aggregating the farm produce by forming farmer's groups and then linking these groups to an integrated value chain that brings chain actors including farmers, aggregators, traders, processors, and financial institutions together to gain control over the processes of production, marketing, processing, and distribution to reduce transaction costs and enhance the competitiveness of the entire value chain (Meyer, 2007; Trienekens, 2011). In India, the rapidly growing market for high-value food products (Joshi and Kumar, 2016) is creating an opportunity for downstream chain actors, especially farmers, to expand their business integrating "front-end" activities of wholesaling, processing, logistics, and retailing to "back-end" activities of production through institutional arrangements such as contract farming and formal or informal producers' associations, viz., Farmers Producers Organisations (FPOs). For financial institutions, developing relationships with FPOs may serve as an important beginning to enhance their outreach to farmers, and to reduce transaction costs and risks associated with small-sized loans.

Although, as observed, organising marginal and small farmers into Producer Group/ Companies is not that smooth because of the inherent weaknesses related to small farm holders, viz., non-homogeneity in knowledge and farm resource base, very small marketable surplus, not only smallholding but divided into many farmers making a parcel not suitable for mechanical operations, generally non-availability of market information leading to selling of produce at prices lower than the prevailing market prices, etc. However, the recognition of the importance of collectivisation into FPOs encouraged Government of India as well as NABARD to make sincere efforts in this direction since 2011-12.

Efforts by various agencies like SFAC, NABARD, State Government departments and civil society organisations over the last 8-10 years in the country have resulted in the formation of about 7000 FPOs by now. Out of these, NABARD has promoted around 4484 FPOs under its various promotional initiatives including the PRODUCE fund (2154 FPOs), set up by the Government of India during 2014-15. The central sector scheme for formation and promotion of 10,000 FPOs (Union Budget 2019-20) aim to promote 10,000 FPOs across the country by 2023-24. This will give a further push to the effort of collectivisation of farmers in the country. To facilitate adequate

credit support for smooth implementation of the scheme, two separate credit guarantee funds have also been created (Rs. 1000 crores in NABARD and Rs. 500 crores in NCDC). The dedicated Credit Guarantee Fund (CGF) will provide suitable credit guarantee cover to accelerate flow of institutional credit to FPOs by minimising the risk of financial institutions for granting loan to FPOs so as to improve their financial ability to execute better business plans leading to increased profits. Further, with a view to (i) enhance the viability and sustainability of FPOs; (ii) increase credit worthiness of FPOs; and (iii) enhance shareholding of members to increase their ownership and participation in their FPO, provision for Equity Grant in the form of matching grant upto Rs. 2,000 per farmer member of FPO subject to maximum limit of Rs. 15.00 lakh fixed per FPO has also been made.

As a part of special initiatives during and post-Covid-19, the Ministry of Agriculture & Farmers' Welfare, Government of India on 02 April 2020 launched new features of the National Agriculture Market (e-NAM) platform to help the farmers by way of reducing their need to be physically present in wholesale mandis for selling their harvested produce. These software modules are namely (i) Warehouse based trading module in e-NAM software to facilitate trade from warehouses based on e-NWR; (ii) FPO trading module in e-NAM whereby FPOs can trade their produce from their collection centre without bringing the produce to APMC.

The rest of this paper is organised as follows. Section II describes the study area, data and sample details and discusses the methodology. Section III presents the results and their discussions while Section IV concludes the results and makes policy recommendations.

## II

### STUDY AREA, DATA, SAMPLE AND METHODOLOGY

This paper is based on a study planned and coordinated by the author and data collected by a team of NABARD officers in four states, viz., Kerala, Madhya Pradesh, Odisha and Rajasthan. The specific objective of this paper is to present the economic impact of the collectivisation of farmers and farm produces.

The study is based on data collected both from primary as well as secondary sources. The secondary information has been collected from various published and unpublished sources of NABARD, SFAC, SLBC, records of FPOs and select banks in these states. To collect primary data, interactions through structured questionnaires and discussions were held with FPO and non-FPO members, producer organisation promoting institutions (POPIs) and as well as bankers to understand the different aspects of hand-holding and also the financial support that influence the evolution, development and sustainability of the FPOs.

A total of 39 FPOs (10 FPOs per state) were selected covering 21 districts from four sample states. The promotion of 34 out of a total of 39 FPOs was supported by NABARD and the other five FPOs were supported by Small Farmers' Agribusiness

Consortium (two each in MP and Odisha) and one by Odisha Livelihood Mission, Government of Odisha. The agricultural year 2018-19 was the reference year for the study. The field visit was taken up from September 2019 to February 2020. The sample details are given below (Table 1).

TABLE 1. SAMPLE DETAILS

Sl. No.	States	No of districts covered	No. of FPOs covered under the study	No. of office bearers covered	No. of FPO farmers	No of non-FPO farmers	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Kerala	9	10	10	462	250	712
2	Madhya Pradesh	2	9	9	441	225	675
3	Odisha	5	10	10	483	246	729
4	Rajasthan	5	10	10	500	250	750
	Sample total	21	39	39	1886	971	2866

## III

## EMPIRICAL RESULTS AND DISCUSSIONS

3 (A) *General Profile of the Sample FPOs*

The membership of the FPOs on the total sample has increased substantially from the time when the groups were formed (Table 2) which indicates that the concept of collectivisation of farmers into an FPO is getting acceptability amongst the farmers, probably more on account of realisation about its benefits. The percentage of marginal and small farmers in the FPOs has come down over a period of time on account of farmers with higher holding sizes joining the FPO in a higher proportion as compared to marginal and small farmers.

TABLE 2. BASIC DETAILS OF SAMPLE FPOS

State	No of FPOs	Average no member per FPO		Marginal and small farmers as per cent of total		No. of villages covered	No. of gram panchayats covered
		At registration	At present	At registration	At present		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Kerala	10	74	1179	66.0	27.0	12	11
Madhya Pradesh	9	21	464	88.3	91.0	23	12
Odisha	10	335	1029	100.0	98.0	35	10
Rajasthan	10	28	668	89.5	90.3	11	5
Total	39	117	845	86.0	76.0	20	9

Further, among the sample FPOs, in as many as four instances, FPOs evolved from Self Help Groups (SHGs). In another 4 instances, Farmers Clubs had partially led to the formation of the FPOs. However, 31 out of total 39 FPOs were formed afresh by the FPO promoting agencies. The membership fee was found to varying from Rs 10/- (Budhasamber Dal and Ve Producer Co Ltd in Odisha) to Rs 10,000/- (Hill Range Tribal FPC in Kerala). It was ranging from Rs 100/- to Rs 10,000/- in the case of

Kerala; Rs 100/- to Rs 1000/- in the case of Madhya Pradesh; Rs 10/- to Rs 1000/- in case of Odisha; and Rs. 100/- to Rs 1000/- in the case of Rajasthan.

### 3 (B) *Factors Motivating Farmers to Join FPO*

The sample farmers were classified according to different motivating factors which induced them to join and to remain with their respective FPOs (Table 3). For groups that were supported by NABARD, the main motivating factor was that they were being nurtured under the institutional handholding of NABARD. The next most significant motivating factor was the benefits associated with joining a FPO. In MP, where two groups were promoted by SFAC, while a dynamic leader mattered in motivating the members, the aggregation of the produce/activity after joining the FPO was the reason which attracted many members to join groups. As understood from the field visits, no member had disassociated from the sample FPOs after his/her joining the group.

TABLE 3. NUMBER OF FARMER MEMBERS ACCORDING TO SOURCE OF MOTIVATION

Source (1)	Kerala (2)	MP (3)	Odisha (4)	Rajasthan (5)	Sample Avg. (6)
Counselling by the POPI/BOD	3.5	8.5	20.0	40.0	16.4
FPO has NABARD support	28.3	30.7	41.5	15.0	29.7
Motivated by FPO's benefits	32.7	12.5	14.0	13.0	20.0
Motivation by farmer group leader	2.9	19.5	5.5	17.0	8.7
Economies of scale in purchase of inputs	32.6	11.3	9.5	10.0	17.8
Better credit linkage with institutional sources	0	16.8	4.5	10.0	5.7
Any other factor	0	0.8	5.0	0.0	1.6
Total	100.0	100.0	100.0	100.0	100.0

During the discussion, it was realised that the selection of CEOs is critical to the success of an FPO and therefore, it should be ensured that a knowledgeable and person with a positive attitude is selected as CEO. Another important observation which can be cited here that the CEOs and Board members who had already visited some other well-functioning FPOs were found to be better informed about their roles and responsibilities. Therefore, capacity building of CEOs and other board members through exposure visits and classroom sessions from time to time will really help the officer bearers to equip them with knowledge and skill to deal with day to day FPO activities.

### 3 (C) *Reasons for not Joining FPOs*

Interaction with the farmers who had not joined any FPO was also made to ascertain the reasons for not joining any farmers' collective. It was found that the majority of the farmers (40.3 per cent) were those who were not approached by any agency. Further another good number (33 per cent) was of those who were requested to join the group but were not convinced about the FPO concept and therefore, refused

to join a group (Table 4). The reasons cited by the non-FPO farmers suggest that all of them (except those who are running some other establishments) can be brought under the FPO-fold by proper counselling and handholding.

TABLE 4. REASONS FOR NOT JOINING THE FPO IN SELECTED STATES

State (1)	(per cent)			
	No sufficient land* (2)	Other engagement and were never approached (3)	Not interested although was offered (4)	Wanted to join but denied by the FPO committee (5)
Kerala	21.2	26.6	47.4	4.8
Madhya Pradesh	16.4	43.7	32.5	7.4
Odisha	8.6	58.4	23.2	9.8
Rajasthan	26.5	32.6	28.4	12.5
Sample Avg.	18.2	40.3	32.9	8.6

Note: Although FPO membership does not require any minimum landholding limit, however, these farmers preferred not to join FPO owing to their very small land holding.

### 3(D) Business Engagements of FPOs

It was gathered during the field visits that some groups had focused their activities in one sector only while many had diversified their activities (Table 5). Selecting common activity for the entire group and pursuing the same by aggregating the produce of the entire group to avail the advantage of backward and forward linkages was observed to be practised in only a few cases. For example, almost all the members of the Phalam Sampada FPO in MP were engaged in the collection and processing of forest produce. The group was also engaged in fruit processing other than NTFP related activities, as the FPO is located in the tribal region of Chhindwara.

TABLE 5. MAJOR ACTIVITIES OF SAMPLE FPOS

Items (1)	Kerala (2)	MP (3)	Odisha (4)	Rajasthan (5)	Sample total (39) (6)
Food grain production and marketing (paddy/wheat, other)	3		2	3	8
Pulses/oilseed production and marketing	2		4	1	7
Purchase and marketing of food grains		1	2	1	4
Purchase and marketing of pulses/oilseeds			3		3
Vegetable production and marketing	2		5	6	13
Fruit Production and marketing	3	1	3	3	10
Seed production and marketing	2		1	6	9
Forest produce collection and marketing	1	1	4		6
Purchase and marketing of fertiliser		7	3	3	13
Purchase and marketing of pesticides		6	2	3	11
Custom hiring-farm machinery (tractor/pump set/harvester)			2		2
Purchase and marketing of seeds	3	3	4	1	11
Other (Misc)	6*	3	2	2	13

Note: (i) \* cattle trading, poultry farming, grass broom making, bakery products, coffee powder, procuring and processing of honey, jackfruit, tapioca, arrowroot, milk production/processing/ products (ii) All FPOs were engaged in many activities.



In the case of Rajasthan, many FPOs were engaged in diverse activities like poultry, dairy, Fruit Production and marketing, seed production and marketing, foodgrain production and marketing, vegetable production and marketing, etc. In Kerala, many FPOs were engaged in allied activities like poultry, dairying etc. The FPOs located in the hilly areas of Idukki are engaged in coffee, spices, etc., while Thrissur FPC is engaged in paddy related activities. In Odisha, vegetable production and marketing was the most preferred activity (50 per cent FPOs), followed by production and marketing of pulses and oilseeds, purchase and marketing of seeds, purchase and marketing of fertiliser (40 per cent). In Odisha, on an average, FPOs were engaged in 3-4 activities, with some FPOs engaged in 6-7 different activities.

### 3 (E) *Impact of Collectivisation –General Feeling of FPO members*

The opinion of sample FPO members about their perception of the benefits of joining an FPO was obtained and presented in Table 6 below. In general, they opined that they have benefitted from FPO membership in terms of arranging inputs for agricultural operations, better yield-enhancing advisories and technology support, marketing support, helping in better price realisation and timely sale of output, etc. Many FPOs members had indicated that joining FPOs helped them in getting cheaper inputs as well as selling their produce in bulk at better prices. However, still, many FPOs are yet to start collectivisation of their produce for marketing purposes although many of them are dealing in marketing of inputs to their member farmers.

TABLE 6. GENERAL PERCEPTION AMONGST MEMBERS ABOUT ADVANTAGES OF JOINING FPO

State (1)	Are you aware about the activities of FPOs		Are you better off in arranging resources after joining FPO		Are you getting some benefits after joining FPO		Has your farming method and yield/ income improved after joining FPO	
	Yes (2)	No (3)	Yes (4)	No (5)	Yes (6)	No (7)	Yes (8)	No (9)
Kerala	94.4	5.6	84.6	15.4	95.1	4.9	82.6	17.4
Madhya Pradesh	77.1	23.9	88.7	11.3	91.7	8.3	63.6	36.4
Odisha	66.4	33.6	78.6	21.4	65.6	34.4	63.2	36.8
Rajasthan	91.2	9.8	80	20	50	50	71.4	28.6
Sample Avg.	82.0	18.0	83.0	17.0	75.6	24.4	70.2	29.8

### 3 (F) *Financial Activities by FPOs/ FPO Members*

An attempt is made here to understand the financial status as well as the availability of financial resources from institutional sources, especially Kisan Credit Cards (KCC) to meet the expenses of agricultural operations. It was observed that FPOs were maintaining a good size of bank deposits, mainly in the form of a current account, except in Kerala where FPOs were keeping their funds mostly in the form of Fixed Deposit (Table 7).



TABLE 7. BANK DEPOSITS PER FPO: AS ON THE DATE OF SURVEY

Details (1)	Kerala (2)	Madhya Pradesh (3)	Odisha (4)	Rajasthan (5)	Average deposits (6)
Savings account	153795	5000	305482	318000	200456
Current account	1030114	1229981	11485539	936402	3733087
Fixed deposits	1122000	Nil	200000	60000	354359
Any other deposit	60000	1050000	Nil	10000	260256
Total deposits	23,65,909	22,84,981	137,91,021	13,24,402	50,09,696

Since all the FPO and non-FPO members are engaged in the production of one or the other agricultural commodity, the availability of institutional credit through KCC was studied. It was found that the average loan availed by FPO members was higher at Rs. 76,961/- as compared to non-FPO members at Rs. 54,528/- per farmer. As the government, as well as NABARD, are emphasising to increase the use of RuPay Card, an Indian multinational financial services and payment service system, it was found that the share of RuPay card as per cent of total card issues to KCC holders was to the extent of 47 per cent and 38 per cent in case of FPO and non-FPO farmers (Table 8). The use of soil health cards was though higher in the case of FPO farmers, it was much less than desired.

TABLE 8. USE OF INSTITUTIONAL CREDIT BY FPO AND NON-FPO MEMBERS FOR AGRICULTURAL OPERATIONS

State (1)	Avg. size of holding (Ac) (2)	Per cent farmer having KCC (3)	Avg KCC Loan per loanee (4)	Per cent of farmers regularly repaying (5)	O/S of KCC (6)	RuPay cards as per cent of total KCC (7)	No. of soil health cards (8)
<b>FPO Farmers</b>							
Kerala	1.9	58.2	48507	100	39503	18.2	2.8
Madhya Pradesh	4.7	33.4	141734	54.4	50060	79.7	28.2
Odisha	3.7	41.0	64350	64.5	41791	27.8	9.9
Rajasthan	4.7	63.2	58306	86.6	37565	63.3	19.6
Sample Avg.	3.8	49.3	76961	76.7	42044	47.0	15.0
<b>Non-FPO Farmers</b>							
Kerala	1.7	37.4	35000	98.8	28001	16.7	0.2
Madhya Pradesh	3.6	11.1	104653	32.1	57104	100.0	7.2
Odisha	2.2	20.0	44550	64.0	59311	5.0	0.0
Rajasthan	3.6	21.4	38760	71.2	26440	36.4	2.8
Sample Avg.	2.8	22.8	54528	67.4	42275	38.1	2.4

An attempt was made to assess the sources and the level of income to FPO farmers and non-FPO Farmers. It was observed that not only the net income but the share in total household income from farming, livestock rearing and poultry farming was higher in the case of households having joined FPO as compared to those who are not a member of any FPO (Table 9). This shows that farmers can generate more income from agricultural and allied sector activities on account of better farming practices, savings in the purchase of inputs, change in cropping pattern, increase in productivity and production of the crops and other activities after joining an FPO.

TABLE 9. NET INCOME FROM VARIOUS SOURCES PER HOUSEHOLD: FPO FARMERS and NON-FPO FARMERS

<i>(Rs. per household)</i>										
States (1)	Farm (2)	Live stock (3)	Poultry (4)	Sheep/Goat (5)	Jobs (6)	Wages (7)	Self employed (8)	Pension/ remittances (9)	Others (10)	Total income (11)
<b>FPO Members</b>										
Kerala	51898	35534	45156	15060	51165	45289	9667	31600	6667	292036
Madhya	105081	25272	2716	8889	7400	10589	13111	6489	0	179548
Pradesh										
Odisha	67364	19453	8134	5446	2832	13478	10959	2010	1980	131656
Rajasthan	61500	21700	3500	14360	38200	10920	17800	0	0	167980
Sample Avg	70599	25495	15188	10991	25348	20312	12878	10115	2217	193145
Activity share	36.6	13.2	7.9	5.7	13.1	10.5	6.7	5.2	1.1	100.0
<b>Non-FPO Members</b>										
Kerala	29231	41724	19650	9654	57175	25487	6626	31967	3600	225114
Madhya	53028	4172	1222	965	1482	10846	663	3197	360	75935
Pradesh										
Odisha	39641	9453	4134	5446	2832	13478	10959	2010	1980	89933
Rajasthan	38965	10330	8620	16750	26880	27917	18662	0	0	148124
Sample Avg	39888	16734	8591	8389	22621	19652	9447	9450	1514	136285
Activity share	29.3	12.3	6.3	6.2	16.6	14.4	6.9	6.9	1.1	100.0

A majority (37) of the 39 sample FPOs were registered as Producers Companies under sub-section (2) of section 7 of the Companies Act, 2013 and rule 8 of the Companies (Incorporation) Rules, 2014 and the other two (MP) were registered under Cooperative Societies Act. It was found that most of the FPOs were in the process of diversifying and expanding their business. For this purpose, 28 out of 39 FPOs had either obtained or had applied to get a licence for carrying out the sale/purchase/trading of seed/ fertiliser/ pesticides/ farm produce/ non-timber forest produce.

It was clearly visible that there had been a gradual growth in the business volumes of the FPOs involved in the sale and purchase of inputs and farm produces. Marketing of fertilisers was found to be the most preferred business as well as remunerative also. However, fluctuations in the purchase and sale prices of various commodities were having bearing on the margin for the FPOs. A major portion of sales and purchases was for the members of the respective FPOs but FPOs were also doing business with non-FPO members of the area. The average annual turnover was found to be increasing over time but the profit generated per FPO was found to be fluctuating depending upon the business environment faced by the FPOs during different business seasons (Table 10). Higher turnover was also found to be linked with higher equity base of the FPOs.

#### IV

#### CONCLUSIONS AND RECOMMENDATIONS

The study establishes that the collectivisation of farmers and farm produces has helped marginal and small farmers not only to increase their income farm operations but the overall income from their various other activities. The use of institutional credit has also been found higher in case of FPO members as compared to those who have

TABLE 10. INCOME FROM BUSINESS OPERATION PER FPO

State (1)	FPOs engaged in purchase/trading of seed/fertiliser/ pesticides/farm produce/NTFP (2)	Annual Turnover per FPO (Rs. Lakh)			Annual Profit per FPO (Rs. Lakh)		
		2016-17	2017-18	2018-19	2016-17	2017-18	2018-19
		(3)	(4)	(5)	(6)	(7)	(8)
Kerala	7/10	40.09	105.30	136.16	10.54	1.34	2.49
Madhya Pradesh	5/09	21.12	35.21	34.04	0.99	0.58	1.66
Odisha	10/10	56.95	72.38	135.46	2.30	3.78	2.34
Rajasthan	6/10	12.21	16.54	31.94	0.03	0.43	0.40
Sample Average	28/39	32.89	57.93	85.69	3.53	1.56	1.72

not joined any FPO. The results suggest that joining FPOs would certainly help farmers generating even much higher profit on a sustainable basis from the activities they are engaged in provided efforts are made to develop value chains of the commercially viable commodities and the FPOs members are linked to those. Some other suggestions are made here: (i) The selection of CEOs is critical to the success of an FPO and therefore, it should be ensured that a knowledgeable and person with a positive attitude is selected as CEO; (ii) Capacity building of CEOs and other board members through exposure visits and classroom sessions from time to time should also be ensured; (iii) All the State Governments are supposed to have well defined FPO policy in place and this need to be done at the earliest; (iv) Most of the FPOs are in the process of diversification and expansion of their business portfolios and therefore, require institutional credit support since they have limited capacity to raise equity; (v) In many FPOs, some members are not a shareholder and the shareholding pattern is also not uniform and therefore, people possessing large no of shares normally control the FPO activities. A uniform shareholding would be good for better governance in the FPOs in future; (vi) Federating FPOs at some level, especially at the district or Mandal level, will always be good for scalability and sustainability and also to ensure better backward and forward linkages from the approachability viewpoint and promote One District One Product (ODOP); (vii) Unlike in case of milk and milk products which look homogeneous irrespective of the source of animal, the same is not true with different varieties of vegetables, fruits cereals, etc., which vary in shape, size and colour. Lack of homogeneity of a product fetches lesser price both in the domestic and international markets. FPOs, therefore, need to grow only one or two varieties of a crop for better marketability; (viii) FPOs should be output centric and concentrate on creating and managing the whole value chain for the identified product/crop; (ix) cultivation of agri-horti crops in different states are normally guided by the demand in the domestic market. Developing product clusters of some commodities having export potential should be planned in a very systematic way. FPOs should produce those crops which have got a comparative advantage; (x) Regular training, capacity building and hand-holding of the members of the Board of Directors/CEO is necessary, particularly in the areas of financial management, statutory compliances, business development, etc., for

the long term sustainability of FPOs; (xi) State Government through POPI in consultation with FPOs may identify a gap in rural infrastructure and avail financial support from Rural Infrastructure Development Fund (RIDF) from NABARD to provide necessary infrastructure support in the rural area.

Finally, FPOs have the potential to transform marginal and small farms from subsistence farming to market-oriented commercial farms provided that the promotion and nurturing of FPOs is implemented in a mission mode. Government of India's efforts in the promotion of FPOs are laudable and they will be further accentuated, if regulatory amendments, particularly those related to land and tenancy rights are addressed.

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