

# FPO Ecosystem in India: Overview of Policy and Supporting Initiatives Across States

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## Abstract

*The promotion of a large number of Farmer Producer Organisations (FPOs) should be seen as part of the larger solution in addressing farmers' problems, but not as the only solution in and of itself. It is not only important to promote FPOs, but also to provide them with better institutional support and governance mechanism to increase their chances of success, and simultaneously, work towards addressing the challenges facing the farmers. Though the input side interface of the Producer Companies (PCs) in most of the States is relatively better, impact on the output side and also on farmer income happens only in those States where suitable policy measures, convergence efforts and effective governance mechanisms are put in place. There is also a need to rope in more private players in the FPO ecosystem for improved performance and long term sustainability.*

**Keywords:** Farmer Producer Organizations, Farmer Producer Companies.

## Introduction

Since 2011, when the Government of India introduced the concept of Farmer Producer Organisations/Companies (FPOs/FPCs), they are being promoted under various schemes and initiatives of the Central Government, State Government, NABARD, and under Corporate Social Responsibility programmes of different private companies.

FPOs in India are financially supported by two main organizations, viz., Small Farmers Agribusiness Consortium (SFAC) and National Bank for Agriculture and Rural Development (NABARD). Recently, the National Co-operative Development Corporation (NCDC) is also roped in as another agency for the formation of FPOs (NCDC, 2021).

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FPOs create opportunities for producers to get involved in value supply chain activities such as input supply, credit, processing, marketing and distribution. FPOs can make the supply chain more efficient, help realize better prices, enhance competition, reduce malpractices, improve traceability, and enhance quality, besides bringing in other improvements.

An attempt is made in this paper to briefly review the policy and supporting initiatives adopted by 22 state governments to create a favourable and conducive ecosystem for the effective functioning of FPOs in India. This review may not be exhaustive and comprehensive covering all the policy and supporting interventions in different states.

## **State-wise Scenario**

### **Andhra Pradesh**

The Government of Andhra Pradesh (AP) has charted out a multipronged strategy comprising seven missions, five grids, and five campaigns for the overall development of the State. Among the seven missions, Primary Sector Mission (Rythu Kosam Mission) aims at achieving double-digit growth in agriculture and allied sectors. Rythu Kosam has identified FPOs as the appropriate institutional form around which farmers would be mobilized and their collective capacity of production and marketing can be leveraged by strengthening their capacities. Andhra Pradesh Farmer Producer Organisations Promotion Policy 2016 is formulated for this purpose.

The Department of Agriculture and Cooperation, Department of Animal Husbandry, Commissionerate of Fisheries, Commissionerate of Horticulture, Society for Elimination of Rural Poverty, AP State Cooperative Marketing Federation, and Andhra Pradesh Food Processing Society are part of FPO/FPC development in Andhra Pradesh. A Project Management Unit (PMU) is established within each department at Commissionerate/Directorate level. The PMU is supported by a Project Support Unit (PSU) for strengthening the FPO agenda at the state level, assisted by ICRISAT-led consortium of organizations like Basix, Vrutti, WASSAN, etc. (Raju and Vani, 2016).

The Agriculture Technology and Management Agency (ATMA) plays an active role as a coordinating agency at the district level for the FPO agenda. ATMA coordinates with each department and also deploys a team of experts with professional expertise.

The Government of Andhra Pradesh has initiated 'Smart Agribusiness Platforms Network of Andhra Pradesh (SAPNAP)' through Andhra Pradesh Food Processing Society for Agribusiness Development enabling ecosystem. TechnoServe, a leading non-profit organisation has partnered with Walmart Foundation to launch a two-year Sustainable Livelihoods Program for smallholder farmers to transform 14 FPOs in Andhra Pradesh. (<https://www.technoserve.org>)

### **Assam**

Considering the existing fertile soil and favourable climatic conditions in the North Eastern Region, the Ministry of Agriculture and Farmers Welfare, Government of India launched Mission Organic Value Chain Development for North Eastern Region (MOVCDNER) during the 12th Plan period. The scheme aimed at development of certified organic production in a value chain mode to build a bridge between growers and consumers and to support the sustainable development of the entire value chain.

Identifying the potential, ten clusters were formed in Assam, with a target to attain 500 ha of area in each, under the Department of Agriculture and Horticulture. The Directorate of Horticulture and Food Processing also worked on another ten additional clusters. All the selected clusters have formed a Farmer Produce Company among themselves to promote production and create a market of its own (<https://agri-horti-assam.gov.in>> schemes> farmer-producer -organisations-fpos).

The North East Regional Agriculture Marketing Corporation Ltd (NERAMAC) is involved in supporting farmers right from the fields up to the markets to the end consumers through registered FPO/FPCs. In August 2021, a Revival package of NERAMAC was sanctioned which will help to implement various innovative plans including post-harvest facilities to promote the products of NE farmers in the world market through participation in events, registration of GI products etc., promoting FPOs and other growers.

To boost the functioning of FPOs, a Consortium of Assam FPOs (CAFPO) was established in February 2020 in partnership with Self Reliant Initiatives through Joint Action (SRIJAN) India and in collaboration with FPO promoting organisations in Assam. SRIJAN believes in the power and capacity of community collectives to sustain developmental efforts. SRIJAN in collaboration with Civic Engagement Alliance has been

working in Assam on the Pathway - 3 program for the Strategic Partnership of Convening and Convincing for strengthening FPOs since 2017 (<https://srijanindia.org>).

## **Bihar**

FPOs promoted by JEEViKA in Bihar have emerged as promising economic platforms in tackling the challenges of small farmer agriculture. JEEViKA, a Government of Bihar initiative for poverty alleviation, was initiated in 2006 with support from the World Bank. Four FPCs have been promoted under JEEViKA and all of them have been successful to varying degrees. Depending upon the commodity, these FPCs have adopted slightly different business models.

Aranyak Agri Producer Company Ltd., (AAPCL), Purnea disrupted the traditional system of maize marketing with village level Producer Groups (PGs) acting as aggregation and quality control hubs for harvested maize. Apart from being the first woman farmer producer company to register under the NCDEX and the NeML platform, the company was the first to introduce moisture meters at the PGs to ensure high quality in procurement.

Samarpan JEEViKA Mahila Kisan Producer Company Ltd., Muzaffarpur is a multi-commodity producer company engaged in aggregation and marketing of a wide variety of commodities including wheat, vegetables and litchi. The producer company is the first in Bihar to register under the fresh platform of NeML (NCDEX E Markets Ltd.) for the fruit segment.

The Govt of Bihar has launched Bihar Agri Investment Promotion Policy (BA-IPP) 2020, which includes dovetailing of incentives from other Central and State sponsored programmes/schemes, which will complement existing incentives under Bihar Industrial Investment Promotion Policy (BIIP), 2016. Bihar Horticulture Development Society (BHDS), Agriculture Department, Bihar is identified as the Nodal Agency. Agribusiness Investor facilitation desk will be established in BHDS to provide handholding support to the investors to ensure Ease of Doing Business. A State Investment Promotion Board (SIPB) is constituted for providing approvals and clearances on setting up of new businesses. Bihar government has provided for 25 per cent of the project cost as capital subsidy for FPOs as against 15 per cent for individuals, partnerships firms and LLPs provided the project cost is at least Rs. 25 lakh, and is credit-linked (<http://www.udyogmitrabihar.in>>sipb).

## **Chhattisgarh**

In Chhattisgarh, NABARD, SFAC and Directorate of Horticulture and Farm Forestry, Chhattisgarh are the main agencies supporting FPOs. The highest number of registered FPOs was supported by NABARD followed by the Directorate of Horticulture and Farm Forestry Chhattisgarh state and SFAC with 43.85 per cent, 36.15 per cent and 20.00 per cent respectively. Most of the FPOs were promoted by the NGOs in the initial years. The Ford Foundation has placed a grant of USD 690,000 with the Client Fund of Rabobank Foundation to provide a guarantee to the Indian financial institutions that would lend to FPOs.

Chhattisgarh Holistic Indigenous Rural Advancement and Agriculture Project (CHIRAAG) funded by World Bank will be implemented by the Department of Agriculture Development and Farmers Welfare and Biotechnology, Government of Chhattisgarh. The CHIRAAG project in Chhattisgarh will lay the foundation for a diverse and nutritive food and agriculture system, mobilize smallholders into FPOs and increase incomes by improving their access to profitable markets (<http://www.cgchiraag.com>).

The component 'Value addition and Access to Markets' aims to increase household income through value addition, processing, equitable market access and reduced post-harvest losses. This will be achieved through forming FPOs and supporting them for aggregation, primary processing, value chain development in select commodities through public and private partnerships.

Chhattisgarh's rich biodiversity and diverse agro-climatic zones provide an opportunity to focus on an alternative model of development allowing the tribal-dominated southern region to leverage its natural resources, diversify and grow resilient crops; and assure a production system that takes care of the nutritional needs of every household. The project will be implemented in the state's eight districts, seven of them in Bastar division.

## **Gujarat**

Most of the PCs in Gujarat emerged from some form of farmer collective as its promoter, whether it was Water User's Associations (WUAs) or Bharatiya Kisan Sangh (BKS). BKS has established Maha Gujarat Agri Cotton PC (MGACPC), the largest producer company in Gujarat.

The Development Support Centre (DSC) is a resource organisation which has facilitated a network of NGOs involved in promoting the NRM programme in Gujarat. This network named Sajjata Sangh has 22 NGOs and CSRs as its members. The Sajjata Sangh has set up a state-level consortium of FPOs in the name of Gujarat Farmer Producer Company (Gujpro).

Gujarat Rajya Krushak Manch (Gujarat State FPO Forum) is an initiative to facilitate Agribusiness and Agri-entrepreneurship among FPOs sponsored by SFAC and anchored by Sajjata Sangh, which plays a facilitator's role to the State FPO forum (<http://sajjatasangh.org>).

The state FPO forum is an apex body with subgroups that deal with business development, policy and procedures, institutional support, sub-sectors of agriculture like horticulture, animal husbandry, fisheries, honey collection, poultry etc., with any one of them or any number of them being registered or remaining informal.

The forum will be an informal body, to begin with, unless and until the committee decides to register it. This will give the forum space to define its purpose and evolve a plan of action. The FPO members will decide on the milestones to be reached and the timeline for it. The committee can independently set its agenda and proceed on it.

Shikshan Ane Samaj Kalyan Kendra (SSKK), a network NGO of Sajjata Sangh, active since 1980 in Amreli District of Gujarat, had established a farmers' collective titled 'Avirat Agro Business Producer Company Limited' (<https://sskkamreli.org>>avirat-agro). Avirat established an Agro Service Centre to facilitate the supply of quality pesticides at affordable prices. The Avirat Seed Foundation, which is a public-private partnership (PPP) between the state-owned Gujarat Rajya Beej Nigam (Gujarat Seed Corporation) and Reliance Industries, functions as a seed bank, providing low priced quality seeds especially for cotton, groundnut, castor, and cumin. Farmer members who require as little as half a bag of seeds have access to certified seeds from this seed foundation.

IFFCO Kisan Sanchar Ltd is setting up 17 FPOs in Gujarat in association with NABARD and NCDC (ET, 2021). Girimala Farmers Producer Company has been promoted by Reliance Foundation under the Integrated Rural transformation CSR project. Gradually, they have emerged to do business through spot market and futures market with the financial support of NABKISAN. They have initiated a spot market for soyabean as also trading through E-NAM and futures trading for castor.

## **Haryana**

Small Farmers Agribusiness Consortium Haryana (SFACH) has assigned NABCONS the task of promotion and strengthening of FPOs in different districts of Haryana. SFACH has pioneered the formation and growth of FPOs and is progressing towards establishing an eco-system for FPOs to make them sustainable and viable by taking steps for Agro/Food Processing, marketing and distribution sector. The Department of Horticulture and Haryana State Agricultural Marketing Board facilitate the production and marketing of farm produce by the FPOs.

Haryana has registered 125 FPOs on e-NAM portal for online trading of horticultural items. The Government has integrated three packhouses of FPOs on the e-NAM platform of the Government of India. Pack houses have been set up under the Crop Cluster Development Programme (CCDP) of the State Government.

Haryana Agri-Business and Food Processing Policy 2018 by the Department of Industries & Commerce, Government of Haryana covers the enterprises in Agriculture and allied sectors. Agro and Food Processing units, milk producers, fishery/poultry units, etc and FPOs are eligible to avail incentives in this policy (<https://msme.haryana.gov.in/document/haryana-agri-business-and-food-processing-policy-2018/>).

With the objective of strengthening the FPOs, MOU has been signed with 29 companies of 20 FPOs. These companies will link the FPOs directly to the market. The farmers need not sell their products in the mandi and other places. These companies will directly procure fruits, vegetables and honey from the farms. The direct linking of FPOs and companies will improve quality of the crop and increase the income from processing and value addition.

## **Himachal Pradesh**

A noteworthy feature of Himachal Pradesh is that the Government has entrusted the State Cooperative Department to make special rules for the FPOs to avoid all kinds of issues affecting farmers.

The Indian Institute of Technology (IIT) Mandi and Enabling Women of Kamand (EWOK) Society collaborate on setting up FPOs in Mandi district of Himachal Pradesh. NABARD has sanctioned Rs 35 lakhs to IIT Mandi and EWOK Society to promote and set up

three FPOs in three years. IIT Mandi will provide its expertise in tourism, rural marts run by self-help groups, engineering solutions for farm-friendly equipment, research on the impact of climate change on agriculture incomes (ET, 2020).

In order to promote agricultural diversification in the state, Himachal Pradesh Crop Diversification Promotion Project was implemented with the aid of Japan International Cooperation Agency (JICA) from June 2011. This project was implemented in five districts of the state in a planned manner till 2020. Zika Phase-II will be implemented in all the districts of the state in the next nine years (2021 to 2029-30). The project will be run by the Himachal Pradesh Agriculture Development Society. FPOs will be promoted under this project.

The government is promoting marketing through mandis and cold stores. 19 mandis are functioning under the e-portal in the state and 10 mandis will be connected through this portal, which will help in effective marketing by FPOs.

The Himachal Organic Farmers Forum is formed, which will be a non-Govt advisory body charged with steering and monitoring the growth and promotion of organic farming in the state towards fulfilling the vision, where people from across the sectors are represented. This will provide technical support to FPOs for organic production (<http://indiaenvironmentportal.org.in/files/organic%20agriculture%20in%20hp.pdf>).

## **Jharkhand**

In Jharkhand, besides SFAC and NABARD, Bhoomi Ka has promoted FPOs for providing new business opportunities. Bhoomi Ka is a network of smallholder farmers, entrepreneurs, producer organisations, certification bodies and consumers promoting local food systems in Jharkhand. Under Bhoomi Ka with the efforts of the Centre for World Solidarity (CWS) and support from Welt Hunger Hilfe (WHH) Ajivika Bhoomi Ka Producer Company (ABPC) Limited was formed in 2016.

ABPC FPO procures grains from farmers certified under the Participatory Guarantee System (PGS). The farmers also do the processing and value addition at a Common Facility Centre (CFC) with women members of the groups. The FPO then aggregates, processes and supplies products to retail outlets in the local market as well as outlets in

Ranchi, Jamshedpur, Patna, Delhi and Kolkata. ABPC has its own FSSAI registration for its processing and packaging unit.

Jharkhand government initiated the 'Jharkhand Opportunities for Harnessing Rural Growth' (JOHAR) project, in 2017, with support from the World Bank. Farmers are collectivised into producer groups (PG) and FPOs, to gain improved access to inputs such as seeds, hatchlings, fingerlings, community-owned irrigation systems, markets, market intelligence, credit, and technical knowledge (JSLPS, 2020). JOHAR builds on the strong institutional platform of women's self-help groups established in the state under the World Bank supported National Rural Livelihoods Mission (NRLM). More than 2.10 lakh households in Jharkhand are linked to 3,900 farmer producer groups in 68 blocks from 17 districts of Jharkhand.

Agrarian Prosperity Programme (APP) in Gumla district of Jharkhand is initiated by Caritas India with the Scottish Catholic International Aid Fund (SCIAF) to ensure food security and higher income for the small and marginal tribal farm families. With the support of NABARD Jharkhand, APP has worked to promote five FPOs.

## **Karnataka**

The Department of Horticulture, Government of Karnataka under various programmes viz., RKVY, NHM and Sujala III, has initiated the formation of FPOs during 2014-15 with the support of SFAC, New Delhi by mobilizing the Farmer Clusters already formed in the State. FPOs are mainly promoted by NABARD, Horticulture Department and Sericulture Department.

The Government of Karnataka established a Centre of Excellence for Farmer Producer Organisations (COE-FPO) during 2017 for the overall development of FPOs in Karnataka. The COE-FPO as an institutional mechanism will engage in policy analysis and develop a knowledge base within the state for gearing up the integrated development of FPOs. It will also serve as a platform for coordination among various departments and other related government agencies, NGOs, private sector firms, and other organizations (<https://coefpo.org>).

Karnataka has formulated FPO Policy, 2018 with a well defined institutional support structure such as State level Empowered Committee, a Nodal Department and a Nodal Agency, Expert Organisation and Knowledge Partner, State level departments as implementing agencies, Project Management Unit (PMU) at the individual department level, FPO Co-ordination and Monitoring unit at the district level, empanelled RI agencies for promotion of FPOs and FPO-Business Development Agency consisting of relevant persons from Industries and experts in Agri Business. Karnataka State Agricultural Produce Processing and Export Corporation Limited (KAPPEC) will undertake the responsibility of FPO-BDA (<https://kappec.karnataka.gov.in>).

## **Kerala**

FPOs in Kerala have the mandate for production, aggregation, storage, processing, marketing and export of agricultural produce. Kerala is positioned as a hub for agri processing and investment destination for food processing sectors. FPOs in Kerala will be linked with the Agro Parks and Food parks established in the state. The government plans to promote FPOs in all the Blocks. The state government is also planning to form Kerala Agro-Business Company (KABCO) aiming at a major leap in the agriculture sector. Kerala Agricultural University (KAU) and the Department of Industries have joined hands to implement the One District, One Product programme under the Aatmanirbhar Bharat, to create micro-enterprises focussed on local strengths and brand creation. The programme is expected to support FPOs, SHGs and producers' cooperatives in the state (Martin, 2020).

Though there is no dedicated FPO policy in the State, the Government of Kerala's 2015 Agricultural Development Policy has a separate chapter on FPO policy which provides for promotion of FIGs and FPOs by handholding them with the provision of an expert for each FPO for professional management. It also extends all policy benefits at par with co-operatives. The policy also gives the credit provision role to FPOs for their farmer members. For the promotion of FPOs, the state SFAC is proposed as the Resource Institution (RI) in the state (Government of Kerala, 2015).

In Kerala, the key institution to coordinate the implementation of various schemes across departments will be the Resilient Kerala Initiative (RKI), a special purpose vehicle (SPV)

established following the 2018 floods. RKI funded by the World Bank is mandated to identify the state's agenda for change by selecting key reforms and investments across sectors that can help the state move towards greater resilience while partnering with various multilateral institutions, civil society entities and the community. With a strong focus to ensure FPOs have access to new information, market and technology, the constraints related to FPOs are identified, which will be addressed in the RKI project (<https://rebuild.kerala.gov.in>).

## **Madhya Pradesh**

Madhya Pradesh is the first state in the country that established FPOs under the District Poverty Initiative Project (DPIP) with support from the World Bank. The state used the Private Companies Act and promoted 17 farmer producer companies under the MPDPI Project. Most of these private companies were registered in 2006 and supported by Action for Social Advancement (ASA). Of the 17 PCs promoted under the MPDPIP project, 14 were promoted directly by the DPIP, two by PRADAN and one by Srijan. ASA supported the projects during the first phase.

The second phase of six of DPIP PCs (2008-11) was supported by Sir Dorabji Tata Trust (SDTT), Mumbai. The Madhya Pradesh government has given a grant of Rs 25 lakhs to the FPOs formed under DPIP. Most of the MP DPIP PCs were in the seed production business, which involved a small number of members and a high cost. Therefore, it did not create member centrality and the large patronage needed for the PC to scale up. In 2012, there were 21 FPOs and several other informal farmer's groups covering over 100,000 farmers with a significant business turnover of Rs 40-50 Cr annually, involved in a variety of agricultural produce, with a predominance of seed production and processing, input supply, and aggregation of produce (SFAC, 2012).

Madhya Bharat Consortium of Farmer Producers Company Limited (MBCFPCL), a state-level conglomerate of FPCs was established in September 2014. MBCFPCL, a profit organisation registered under the Companies Act is jointly promoted by Government organisations like SFAC, Govt of India, Department of Farmer Welfare and Agriculture Development, Govt of MP, MP State Rural Livelihood Mission and prominent development organisations like Rabo Bank Foundation, ASA, Vrutti, ADS, IGS, MCM. MBCFPCL

which is a state-level federation of FPCs had 65 FPOs as shareholding members as of 2017 (<https://mbcfpcl.org>).

The objective of the Consortium is to create umbrella support to member FPOs particularly on the market, financial linkages, brand development, value addition, agricultural extension, insurance and leverage and transfer the benefits of the economy of scale. The main functions include aggregation, storage, primary processing and trading of farm produce; backward integration for agriculture inputs to member FPOs for sustainable farming and extending linkages for financial services.

### **Maharashtra**

In Maharashtra, most of the PCs are either NGO or farmer initiated and managed. Some of the FPOs in Maharashtra are organically evolved with farmers taking the lead and coming together to adopt market-oriented practices. These groups started with a narrow focus, then evolved as independent business entities, formalizing into FPCs.

Maharashtra is the first state in India to create an enabling environment for setting up Private Markets. There are 57 Private Markets established and run by private entrepreneurs. The state has promoted Direct Marketing to enable a more flexible environment. 1064 Direct Marketing Licenses were issued, out of which 400 licenses have been issued to the FPOs.

Maharashtra provides more incentives to FPOs, such as:

- 50% discount on storage charges of agri produce in Maharashtra State Warehousing Corporation (MSWC)
- Free direct market licenses to FPCs given by the Directorate of Marketing.
- Interstate 50% transportation subsidy given to FPCs for agri produce trade. This subsidy is given by the Maharashtra State Agricultural Marketing Board (MSAMB) (<https://www.msamb.com>).
- Priority is given to FPCs to trade market their produce in the weekly market organised by MSAMB.

- Under several agriculture schemes, priority/preference is given to FPCs in crop production, seed production, farm equipment etc.

Maharashtra Agricultural Competitiveness Project (MACP), a World Bank funded project operated by MSAMB, Pune has the following components:

- Intensification and Diversification of Market led Production
- Improving Farmers Access to Markets
- Project Management, Learning & Adjusting
- Agri-business Promotion facility (ABPF) - The ABPF have initiated activities of preparation of business proposals.

The Government of Maharashtra with the funding support of the Asian Development Bank (ADB) is implementing the 'Maharashtra Agribusiness Network Project' (MAGNET). The project target is to support FPOs by improving a network of post-harvest marketing and value chains focusing on the identified horticulture crops. ADB will add value through an integrated approach addressing capacity development, financial support, and infrastructure development. (<https://www.adb.org/projects/53264-001>: Maharashtra Agribusiness Network Project)

The project is aimed at increasing the incomes of small and marginal farmers in Maharashtra in line with the state government's Vision 2030 by providing holistic agribusiness and value chain support in horticulture. The project will enhance (i) the capacities of agribusiness institutions and Farmer Producer Organizations (ii) access to finance of FPOs and value chain operators (VCOs), and (iii) horticulture value chain infrastructure.

## **Meghalaya**

The first FPO (Marang) in West Khasi Hills in Meghalaya was inaugurated in January 2021 enabled by NGO Dawn with NABARD as the sponsoring agency. Marang FPO aims at encouraging farmers in collective action particularly on poultry farming, to take up poultry activity on a bigger scale, help farmers in marketing the products at a premium price, and in due course processing of the products.

Farmers' Collectivization for Upscaling of Production and Marketing Systems (FOCUS) is a flagship initiative of the State Government. It is an innovative welfare programme, whereby the Government ensures that the farmers are able to enhance their productivity as well as avail benefit of credit linkages and strengthen access to markets. Through this programme, the Meghalaya Basin Management Authority (MBMA), the nodal implementing agency identifies production clusters of marketable produce, focuses on Value Chain Analysis of the produce, forming bottom-up small collectives known as Producer Groups (PGs), identifying and training extension service providers known as Service Producers (SPs) and building large collectives in the form of Cooperative Societies and FPOs through bringing together well functioning PGs (<https://mymeg.meghalaya.gov.in/scheme-focus>).

The Meghalaya Farmers' (Empowerment) Commission Act, 2019 provides for the empowerment of the farmers of Meghalaya. The Commission act as a bridge between the farmers and the Government and would, inter alia, study and identify key issues of the farmers in Meghalaya as also suggest remedial measures to make the farming sector more attractive and remunerative for farmers and youth.

To address the various challenges and empower the farmers of the state, the Government of Meghalaya launched an innovative helpline, 1917, which is accessible from all telecom service provider networks of the state and certain telecom circles outside the state. This number is based on the Integrated Technology Enabled Agri Management System, also referred to as 1917-iTEAMS. The goal of the initiative is to provide a platform for the farmers and related stakeholders in the state agricultural sector to network and connect and establish direct lines of communication with markets across the globe (Department of Agriculture, 2018).

## **Odisha**

The Director of Horticulture is identified as the coordinating RI for Odisha, while the concerned line Directorates will be the RI for the FPOs in their relevant fields. Each line department (Agriculture, Horticulture, Fisheries, Animal Husbandry, etc.) will have its own RI & PMU at the Directorate level. These RIs will be responsible for the identification of Producer Organisation Promoting Institutions (POPIs), identification of potential of each GP and development of Business and Development Plan of each FPO.

Odisha's FPO policy (2018) is very comprehensive and progressive and provides for treating PCs at par with co-operatives, which reduces the compliance burden on FPOs. The Single Window Clearance System by the Department of Agriculture and Farmers' Empowerment will be made applicable to FPOs for the issue of licenses for trade in inputs, production and processing. It even aims to provide land for FPOs at a concessional rate for setting up exclusive storage, sorting, grading yards and processing plants ([https://www.agriodisha.nic.in/contents/FPO POLICY](https://www.agriodisha.nic.in/contents/FPO%20POLICY)).

The Government of Odisha will establish an Information and Support Centre for FPOs at the Directorate of Horticulture in association with other Departments. This support will include website management containing information relevant to FPOs. The Information Centre shall maintain databases on FPOs and will have information on the activities undertaken by the FPOs in Odisha.

Producer companies in Odisha are being promoted under many central and state government schemes. FPOs are established under the State government programmes such as Odisha Livelihood Mission, Odisha Millets Mission, Promotion of Agriculture Production Clusters in Tribal Regions of Odisha, etc. Currently, a grant of Rs. 8.00 Lakhs per block is approved under Odisha Millets Mission for 3 years to support the FPOs.

The PCs are promoted in a two-tier model, comprising multiple supplier PCs together with a market-facing company at a block or district level, collectively handling multiple commodities, value addition and marketing. The market-facing company can be a producer company or a private company linked with an agriculture entrepreneurship scheme.

## **Punjab**

NABARD signed the first MOU for promoting an FPO under PRODUCE Fund in Punjab during 2015. Some producer organizations had already been existing in Punjab and had later been federated as FPOs under the PRODUCE Fund. But none of the SFAC promoted FPCs in Punjab entered the stage of business expansion.

The Punjab government has taken a policy decision to cut substantial area under wheat and paddy. As part of the diversification programme, the government has established five Citrus Estates in the State aimed to increase the production of citrus fruits (Kinnows) and

to improve the quality of the crop. The Citrus Estate established by the Government of Punjab through the Department of Horticulture in the kinnow growing area of Hoshiarpur is unique in the state and has received substantial state grants under the state plan (Rs.530 lakh) as also Rashtriya Krishi Vikas Yojana (Rs. 451 lakh). The Citrus Estate thus is a special case of FPO in Punjab. The National Horticulture Research and Development Foundation, New Delhi has studied the value chain strategy of kinnow in Punjab (NHRDF, 2018), which has provided a boost to FPOs involved in the production of kinnows.

Punjab Agri Export Corporation Ltd (PAGREXCO) is identified as the State Nodal Agency (SNA) to function as a catalytic/ facilitating agency to promote agri business activities through FPOs in Punjab. SNA will act as a single window institution to FPOs and to facilitate linkages to investment, technology and the market. This nodal agency would appoint FPO Mittar for helping FPOs on a day to day basis for their operations and for preparing business plans.

A State Level Committee (SLC) is constituted under the Chairmanship of Additional Chief Secretary (Development), Punjab. This committee will review the work of the SNA and approve the proposals of FPOs. The Food processing sector will be the focus area in Punjab and farmers will be linked to the processing units.

The government has initiated the process for customisation of the FPO scheme and set up 'Kheti Kosh' to receive funding from corporates to strengthen the agricultural sector. Punjab Agricultural University (PAU) has been roped in to constitute a committee for formulating a customised FPO policy. A dedicated fund, 'Kheti Kosh', is also being set up to receive funds from corporates wishing to donate under the Corporate Social Responsibility (CSR) (The Tribune, 2018). An amount of Rs 50 crore has been approved for the PAU to set up an incubation facility for young farmers and graduates in agriculture, who form their FPOs.

The policy provides for handholding by the state departments concerned and universities of agriculture as resource institutions, but the challenge is whether these agencies are equipped with the requisite skills to impart training, promote and develop an agricultural entity into a successful business enterprise.

## **Rajasthan**

The proofing of the concept of FPO as a vehicle of doubling farmers' income has been done very well in the first decade of FPO development in Rajasthan. Many FPOs in the state have been able to undertake bulk procurement from member farmers for pulses at MSP/PSS for the public procurement system.

Access Development Services (ADS) is a not-for-profit, section 25 company set up in 2006 funded by the Department for International Development (DFID) and implemented by CARE India. ADS as a part of the consortium implementing the National Agricultural Innovation Project (NAIP) in Southern Rajasthan, has organised four Producer Companies in Rajasthan. ADS has taken the existing microfinance project and adopted a three-pronged strategy to improve livelihoods which involved the organization of producers, aggregation of demand and supply, and linkages with value chains.

The Agriculture Department, Rajasthan shall be the nodal department for all administrative purposes and Rajasthan State Agricultural Marketing Board (RSAMB) shall function as the Nodal Agency and assist the State Level Consultative Committee in all matters pertaining to the formation and support for FPOs in the State.

Many FPOs in Rajasthan are using online market platforms to auction their produce providing a larger landscape to farmers. The Rajasthan State Agricultural Marketing Board has already taken a firm step in this direction by launching Rajasthan Agro-processing, Agri-business and Agri-exports Promotion Policy 2019 and by provisioning of higher leverage to FPOs through financial and procedural measures. The scheme provides many benefits to farmers such as capital investment subsidy, interest subsidy on term loans, electricity tariff/ solar energy subsidy and freight subsidy (<https://agriculture.rajasthan.gov.in/schemes>).

Some of the positive interventions are:

1. The Government of Rajasthan considers and recognises FPOs at par with cooperatives for all benefits and facilities that are extended to member owned institutions from time to time.

2. The state through the nodal department/implementing agency works to develop a single point solution for application and clearance system for various licenses like seed/fertilizer/insecticide retail marketing license, seed production license, mandi license, FSSAI, registration under weights and measures Act, Service tax number, warehousing, etc. required for FPOs. This will aid in "Ease of doing farming".
3. FPOs establish Agri Business Centres "Krishi Vyapar Kendra" for Agri-Input sale, Primary and Secondary value addition units and small warehouse facility for local storage; which can be utilized by member or non-member farmers on a fee-based model.
4. A separate integrated FPO portal is created as a multiple purpose platform for consolidating the database of all FPOs, contact details, crop calendars, production details especially for organic production and also traceability.

## **Sikkim**

Sikkim, the first organic state in India during the first phase of the Organic Mission has set an example for practicing agriculture in an environmentally sustainable way. The Government of Sikkim has launched Sikkim Organic Mission 2.0, which aims to enable better market access, pricing for organic produce to farmers in Sikkim.

Sikkim Organic Farming Development Agency (SOFDA) under the Agriculture department is involved in the promotion of FPOs in the state. A policy roundtable on "Sustainability of FPOs" was held in Gangtok, Sikkim during November 2017, in partnership with Integrated Mountain Initiative and Green Economy Coalition. The initiative was supported by Heinrich Boll Foundation and the European Union. The consultation gathered challenges that small farmers in Sikkim face and the opportunity in FPOs to enable better livelihood security and environmental sustainability of agriculture (Development Alternatives, 2017).

Sikkim has passed Sikkim Well-being of Generations Bill, 2017, which will incentivise development planning of the state in line with the Sustainable Development Goals.

The Livelihood schools in Sikkim organise professional training for FPO staff which can very well form part of these livelihood schools. Focus is given on the capacities of FPO to expand and increase the volume of their business. Sikkim will be the first state in India to

have legislation on the SDGs and will be one of the few states of the country, along with Assam, Madhya Pradesh and Kerala to actively incorporate the SDGs framework into their development planning (Alternative Perspectives, 2017).

There is a conflict of interest regarding support from the Government in Sikkim, which is only oriented toward increasing the yield of commercial production for markets, which includes four main crops - large cardamom, ginger, turmeric and buckwheat. Their main thrust is advancing monocultural organic production for export production in a market, rather than a livelihood-led approach.

### **Tamil Nadu**

Tamil Nadu Small Farmers Agri Business Consortium (TNSFAC) is the nodal agency for the promotion of FPOs having Farmer Interest Groups (FIGs) as its building blocks, utilizing various scheme funds. The Department of Agricultural Marketing and Agri Business has promoted many FPOs, which are not more than five years old and face various challenges. The TN Irrigated Agriculture Modernization (TNIAM) Project also supports the FPOs with a business promotion fund and business expansion grant.

Taking into consideration the growing number of FPOs, the Government of Tamil Nadu formulated the "Farmer Producer Organisation Policy" exclusively for the FPOs. The FPO policy was unveiled in February 2020. The Policy is being formulated to address the issues and challenges faced by FPOs.

Tamil Nadu Consortium of Farmers Producer Company Ltd was established for bringing a 'corporate culture' into the farmer-owned and managed FPOs. The organisation believes in achieving this ideal in all FPOs uniformly and evenly so that such member-owned institutions will become sustainable in managing their business by incorporating value systems and ethics in business. The organisation will ensure adequate paid service to member FPOs to transform production driven agriculture to market driven agriculture.

Tamil Nadu is the first state in the country to provide a comprehensive scheme to finance FPOs. The scheme consists of three components:

1. Mezzanine Capital Assistance (MCA) - MCA will be a margin fund corpus constituted with a lending agency that will invest in the capital of FPCs.

2. Credit Guarantee Scheme (CGS) to access credit - CGS will encourage and provide comfort to the institutional lenders to lend to the FPCs through Credit Guarantee by providing 50 per cent guarantee cover for loans not exceeding Rs.1 crore.
3. Revolving Fund Support (RFS) to avail concessional credit - By blending cost free funds from the Government and market borrowed funds from NABKISAN, the scheme will reduce the lending rate for the FPCs to about 8-9 per cent (<https://www.nabkisan.org>).

FPOs in Tamil Nadu have a good convergence with Tamil Nadu Organic Certification Department (TNOCD), TN Food Processing Policy 2018 and Tamil Nadu Protected Agricultural Zone Development Act 2020 and Supply Chain Management Project (TNSCM), a flagship project in Agricultural Marketing. TNSCM is funded under the Warehouse Infrastructure Fund (WIF) of NABARD for creating state of the art infrastructure facilities for primary processing and creating market linkages to handle fruits, vegetables and other perishable commodities in the select districts of Tamil Nadu (<https://tnscm.co.in>).

## **Telangana**

The policy of Telangana is that FPOs must evolve into a movement of autonomous farmer-owned business organisations providing much needed services to their members. The Director, Dept of Agriculture Marketing, Telangana is identified as the Nodal Officer and the Agriculture Marketing Dept as the Nodal Department for FPOs in the state. Agriculture Marketing Department will have a competent team of professionals (FPO Cell) drawn from important departments of Govt of Telangana to support the development of FPOs as business entities. In Telangana, approximately 400 FPOs have been promoted by various agencies such as SFAC, NABARD, SERP, State Govt. departments and NGOs.

Sahaja Aharam Producer Company (SAPCO) is a federation of 23 organic FPOs in Andhra Pradesh, Telangana and Maharashtra established by the Centre for Sustainable Agriculture (CSA). The company owns an end-to-end supply chain sourced from 100% certified organic farms and processed at exclusive certified Organic Processing facilities. Over 200 products are sold under the brand name Sahaja Aharam (<https://sahajaaharam.com>). As a resource organisation, CSA has facilitated the formation of

over 200 FPOs in Telangana with the support of NABARD and is now acting as a resource organisation for over 200 FPOs in AP and Telangana. eKrishi FPO hub is an ERP system for FPOs developed by CSA. Digitising FPOs helps in efficient management and transparency.

A State Level Producer Company is proposed to be established in Telangana as a membership based organization and consisting of FPOs as members and shareholders in line with Rythu Farmers Producer Company incorporated during December 2014, promoted by five producer companies from Mahbubnagar and Medak districts. The Board of Directors (BODs) will be supported by the Advisory Committee (AC) at strategic level. The Advisory Committee consists of empanelled representatives of Indian Grameen Services, other Resource Institutions, banks and other experts. The State Level Steering Committee on FPOs will be constituted with appropriate sub-committees on themes like bank linkages, food processing, collective marketing etc. The members of the State Level Steering Committee will be drawn from relevant govt. departments, resource NGOs, banks, private sector players and training institutions.

Kamareddy Progressive Farmers Producer Company Ltd (KPFPCCL) is an FPO promoted by Reliance Foundation (RF) under its rural transformation initiative 'Bharat-India-Jodo' (BIJ) in 140 villages in the district. The FPO has become a game changer and serves as a single window for produce aggregation, marketing, input supply, financial services, value addition and linkages with other stakeholders for bringing economic freedom to the member households (Press Trust of India, 2019).

## **Uttar Pradesh**

Uttar Pradesh came out with a new policy on forming and incentivizing FPOs (2020) of the two crore small and medium farmers in the state so they can get a better price for their produce. The new FPOs will be linked to various government departments under convergence mode, which is seen as an attempt to help the FPOs get direct benefits from the various government schemes. The mission is to encourage the agricultural sector as an organised business and eliminate the uncertainties associated with the farming business. The FPOs will be made atmanirbhar in terms of working, by making them strong financially and technically (Aman Sharma, 2020).

The FPOs can operate at the district, state and national level for the product identified as per their requirement of processing, branding and marketing. One district, one product policy adopted by the Government of UP to identify one unique product from each of the 75 districts and create a product-specific brand will get a thrust under this initiative.

Uttar Pradesh is planning to create a dedicated body, on the lines of Udyog Bandhu, to assist the enterprising FPOs in investing in projects for post-harvest infrastructure management and community farming assets with the help of the Agriculture Infrastructure Fund (AIF) of the Central government. Udyog Bandhu is an organization of the State Government of Uttar Pradesh dedicated to facilitating investment in Industrial and Service Sectors, besides solving various problems of existing and upcoming industries as well, related to different Government departments.

The Uttar Pradesh government has opened the state's first private marketplace for farmers in Agra. The market, operated by a group of 600 farmers, could improve agribusinesses in Agra and its adjoining districts. Divya Bhoomi AgriCrop Producer Company has also proposed to build a private market on the Agra-Gwalior Highway. It will be the first FPO market of Uttar Pradesh.

Uttar Pradesh launched the UP FPO Shakti Portal as part of the Kisan Kalyan Mission during March 2021. The portal, the first of its kind in the country, has been developed by the Department of Agriculture with the support of the Bill and Melinda Gates Foundation and is aimed at benefitting the farmers at the grassroots level (<http://www.upfposhakti.com>)

## **Uttarakhand**

The Government of Uttarakhand has launched several new schemes viz. Apple Mission for cultivation of Ultra High Density Apple, Walnut Mission, Small Nurseries, Production of off-season vegetables, Vermicompost units etc. The Centre of Excellence on temperate fruits for Rs. 5.00 core is being setup under Horticulture Mission for North East and Himalayan States (HMNEH) by Uttarakhand University of Horticulture and Forestry (UUHF), Bharsar.

Uttarakhand Krishi Utpadan Mandi Parishad (UKUMP) is the nodal agency responsible for agricultural marketing in the state. A separate Horticulture Marketing Board has been set up to promote marketing of horticulture produce and to ensure a better price of the

produce to farmers (<http://www.ukapmb.org>). The state has also placed itself at the first position among the Himalayan states category, by ensuring the presence of basic export facilities and infrastructure, a conducive business and export environment and export performance, according to Export Preparedness Index (EPI) 2020 report released by NITI Aayog, Government of India in August 2020 (<http://www.niti.gov.in>>social-sector-indices).

Uttarakhand is one of the leading fruit cultivating states in India. The State has vast export potential for fruits and agricultural products such as honey, mushroom, rice, maize cereals, etc., spices, horticulture and floriculture. HMNEH States encourage aggregation of farmers into farmer groups like FIGs/FPOs and FPCs to bring economy of scale and scope.

## **West Bengal**

Connect FPO Confederation is an association of FPOs and Farmer Producer Companies promoted in West Bengal under various schemes of the Government of India and the Government of West Bengal. Connect FPO e-marketplace was launched in August 2021 to ensure fair trade practices and better price for farmers in West Bengal (<https://www.connectfpo.com>).

With a view to eliminate middlemen and enhance coordination between farming and the food processing industry, the West Bengal government has set up 17 FPOs across the state. These FPOs will act as mediators and quality controllers between the food processing company and farmers.

Ambuja Cements Federation (ACF) acts as a catalyst and supports in organising farmers and establishing their own FPO. ACF plays a critical role in supporting the governance of these organisations to ensure their long term sustainability. ACF helps each FPO in the joint bulk procurement of a variety of inputs for farms, including fertilisers, and organic insecticides.

West Bengal Essential Commodities Supply Corporation (WBECSC) Limited was incorporated by the Government of West Bengal with an objective of supplying essential commodities in the state with a view to stabilize the market price as well as to ensure the availability of such commodities to the people of the state. Food and Supplies Department has included FPOs for paddy procurement at MSP through its Custom Milled Rice Agency

(CMRA). At present, WBECSC is acting as CMRA to engage FPOs to procure paddy (<https://wbecscegovernance.com>).

## Conclusion

Sharma (2021) has indicated survival challenges and hurdles that could derail FPOs as lack of distinctiveness, audience diversity, ambiguous market category, multiple thresholds for success, limiting procurement only from farmers, etc. The overview of FPOs operating in various States in India related to policy and supporting initiatives presented in this article has reinforced the need for addressing the challenges through appropriate policy measures, convergence efforts and innovative governance mechanisms. The review of FPOs across states in India revealed that FPOs should go for valuation, branding, state of the art packaging and also comply with quality standards. There is a need for more research studies on the impact of convergence and support measures adopted by various state governments on the performance of FPOs.

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