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From Burdensome Expectations to Sustaining Institutions:

The Farmer Producer Organisation Challenge

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As twenty-first century farmers' institutions, farmer producer organisations (FPOs) have generated substantial enthusiasm, hope, and heightened expectations. FPOs, since the fourteen-volume *Doubling Farm Income Report* by the Government of India (GoI) was published, have been seen as the key institution in improving farmer livelihoods (Prasad 2019). Previous State of India's Livelihood (SOIL) reports have highlighted the need for collectivisation, an early assessment of the 'capital and capability' constraints that FPOs face (Mahajan 2014), and a cautious celebration of the rapid growth of FPOs with them acting as intermediaries between banks and their members. A 'clear thinking and strategy on FPO functioning could help them become nimble footed players transforming agricultural livelihoods' (Srinivasan and Srinivasan 2017). More recent reports have pointed to the need for a significant shift from quantity to quality (Govil and Neti 2021) and a deeper dive into engendering women collectives (NAFPO 2023; Srinivasan 2023).

This chapter, building on the understanding and insights of past SOIL reports, begins with an overview of the rationale of producer organisations worldwide and the spread of FPOs in India. Despite indisputable growth in numbers there are few insights on their longer-term sustainability. A recent book, *Farming Futures: Reimagining Producer Organisations in India* (Prasad, Kanitkar, and Dutta 2023) has put together fifteen detailed case studies of FPOs across different commodities including the lesser studied FPO Federations. This chapter explores if these detailed case studies of existing FPOs and their viability, can inform the supply-driven thrust of registering over 10,000 FPOs in India. A closer look at the financial performance of these FPOs underscores the need to look at FPOs as social enterprises or dual-purpose organisations. As inclusive and responsible businesses in the rural areas there is a case for innovative mechanisms that can build on the social capital with communities nurtured by civil society organisations (CSOs) so that they could become empowered negotiators in working with the private sector for enhanced farmer welfare. The chapter reviews recent innovations in the FPO space that could pave the way for a more focused attention on building a resilient institutional architecture for greater sustainability of FPOs beyond their growth in numbers, even as the goal of doubling farm incomes continues to be elusive. As the FPO movement enters a new phase, a few key challenges of growth versus sustainability are highlighted.

6.1. Understanding the Evolution of Producer Organisations in India

Producer Organisations (POs) have been seen as key and innovative actors for integrating small farmers into economic production chains, helping them compete in modern markets through member engagement, and important for democracy and human development (Gouët et al. 2009; Trebbin and Hassler, 2012). Within India, since the 1980s, high dependence and excessive interference by the state produced 'a vast but spineless cooperative movement' (Shah 1995), necessitating reforms that led to producer companies as new generation cooperatives. Farmer producer companies (FPCs) have been the dominant form of farmer organisations in twenty-first-century India. This evolution of FPOs can be seen in four phases – the first from 2003–10 that saw this model being tried out by a few CSOs with most of the pilots in Madhya Pradesh. Following initial success and under the dynamic leadership of the then Managing Director of the Small Farmers Agribusiness Consortium (SFAC) a nation-wide pilot of forming 250 FPOs was undertaken between 2011–12. The larger spread of FPOs in the third phase (2014–17) was possible through formulation of policy guidelines for spread of FPOs in 2013 and the National Bank for Agriculture and Rural Development's (NABARD) active involvement in engaging producer organisations promoting institutions (POPIs) for the creation of over 2000 FPOs that were registered as cooperatives and producer companies.[1] In the fourth phase (2017–20), the FPO model was accepted enthusiastically by many state governments through World Bank and other support that led to an acceleration of FPC formation in states like Maharashtra and Uttar Pradesh (Prasad, Kanitkar, and Dutta 2023).

The ongoing phase, since 2020, is one of rapid acceleration with the central government's thrust for creation of 10,000 FPOs by 2024–25 with a budgetary allocation of ₹ 68.65billion. FPOs are provided financial assistance up to ₹ 1.8 million per FPO for a period of three years. In addition to this, provision has been made for matching equity grant up to ₹ 2,000 per farmer member of FPO with a limit of ₹ 1.5 million per FPO and a credit guarantee facility up to ₹ 20 million project loan per FPO from eligible lending institution to

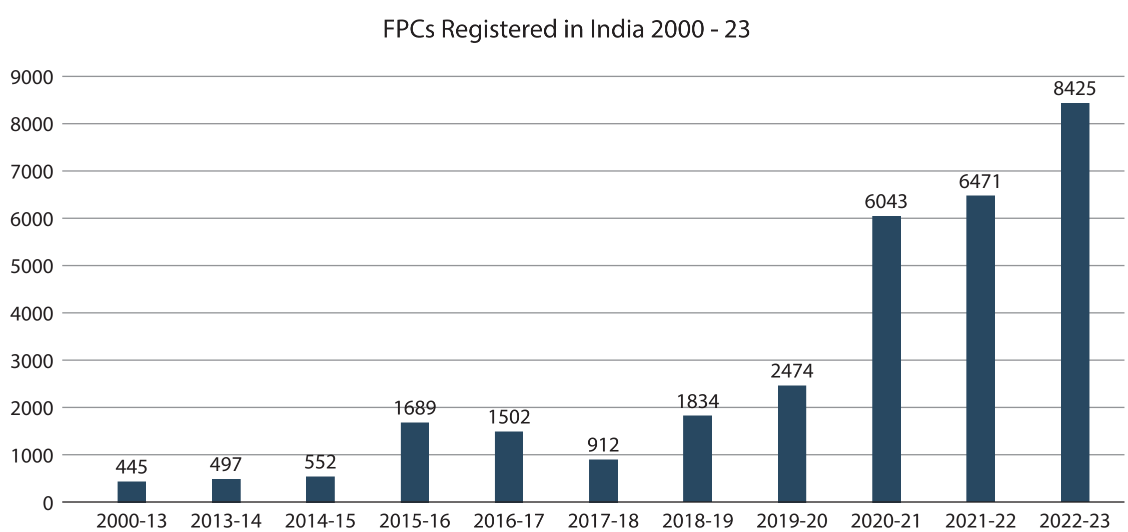

Figure 6.1. FPCs Registered in India 2000–23

Source: Collated from Ministry of Corporate Affairs (MCA) database and national association for farmer producer organisations (NAFPO) 2022 ensure institutional credit accessibility to FPOs. Further, ₹ 2.5 million was given to cluster based business organisations (CBBOs) for hand-holding each FPO over a period of five years.[2] Currently, there are an estimated 30,840 FPOs in India (see Figure 6.1).

The state-wise distribution of FPCs registered is in Figure 6.2. As is clear from the figure, over half the FPCs registered in India have been from the states of Maharashtra, Uttar Pradesh, and Madhya Pradesh.[3]

Despite the popular perception that all FPOs have been central government funded, figures indicate the total number of FPOs promoted by Small Farmers Agribusiness Consortium (SFAC), NABARD, and other agencies are not more than 10,000 or a third of the total.[5] As of 30 June 2023, 10,000 FPOs have been allocated to various implementing agencies (IAs), out of which 6319 FPOs have been registered across the country. SFAC has been allotted 3599 FPOs under the Central Sector Scheme for promotion of 10,000 FPOs of which 2984 were registered until 9 October 2023. Over 44% of those registered are from the states of Uttar Pradesh, Madhya Pradesh, Bihar, and Rajasthan. NABARD has registered over 5600 FPOs until March 2023 in all schemes that seem to be relatively evenly distributed across the country with Maharashtra, Tamil Nadu, and Andhra Pradesh having over 400 FPOs registered. While these two implementing agencies have been promoting FPOs even before the Central Sector Scheme, National Cooperative Development Corporation (NCDC) and National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) are newer implementing agencies that work on registering FPOs as cooperatives. NCDC has registered 610 FPOs in the scheme and 1100 new FPOs have been allotted to it that also includes a mandate of setting up FFPOs or fishery-based FPOs. NAFED indicates presence and operation of over 1200 FPOs and there are also FPOs promoted through the National Rural Livelihood Mission (NRLM) that are conservatively estimated to be about 400.[6] Many FPOs registered as companies for which comprehensive data is available have come through state government projects supported by the World Bank in states like Maharashtra, Rajasthan, Tamil Nadu, Andhra Pradesh, etc.

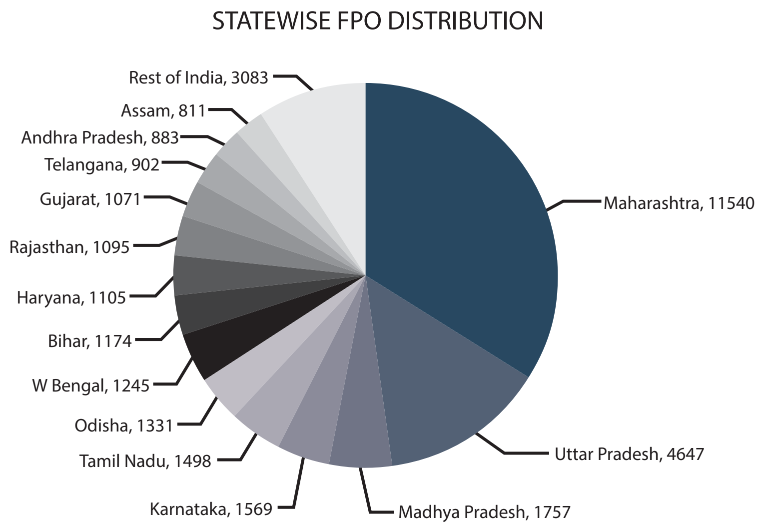

Figure 6.2. State-wise FPO Distribution

Source: Tata-Cornell Institute for Agriculture and Nutrition (TCI) dashboard[4]

6.2. Co-creating New Knowledge on FPOs

The massive expansion of FPOs across India has also revealed structural shifts in the FPO movement with little investment in state capacity, a greater role of consultants and a diminishing role of CSOs, especially at the grassroots, that were at the forefront in embedding the FPO movement in India (Prasad 2021; Singh 2022). This phenomenal growth of FPOs in India has not been matched with sufficient academic engagement. A cursory review of scopus indexed journals indicates a growing contribution of India in the PO literature worldwide with Indian authors or studies on India contributing about 80 of the 595 articles.[7]

The need for a new inclusive frame to understand and make sense of the diversity and complexity of FPOs in India was undertaken by the Institute of Rural Management Anand (IRMA), resulting in a unique, detailed volume of fifteen cases on FPOs in India, *Farming Futures: Reimagining Producer Organisations in India* (Prasad, Kanitkar, and Dutta 2023) that includes twelve FPOs and three federations. The collaborative initiatives was a result of several stakeholder dialogues, in the form of national workshops hosted by IRMA since 2015 to co-create knowledge on these complex organisations.[8] With inclusion being an important theme, scoping of cases was predominantly focused on rain-fed areas and those with significant woman or tribal leadership, given their conventional invisibility in policy dialogues.[9] Table 6.1 presents a snapshot of the fifteen FPOs studied pointing to the maturity of the FPOs. Seven of the twelve FPOs (excluding the three FPO federations) were all-women FPOs in rain-fed and mountainous areas, often with a significant tribal population. Jeevika was the only state-supported FPO and most of the FPOs had not accessed state funds for their incubation (the federations received initial support from SFAC).

The case studies included field visits, interviews, and financial analysis covering the

Table 6.1. Snapshot of the Fifteen FPOs as of April 2021

FPO Name	Promoting Institution	State	Date of Registration	No. of shareholders	Commodities (in order of importance)
Krushidhan	Development Support Centre	Gujarat	2013	4409	Potato, groundnut, wheat, paddy, maize, spices, cotton
Jeevika	Jeevika	Bihar	2009	1206	Maize, mango, wheat and mentha oil
Bhangar	ACCESS Development Services	West Bengal	2012	1751	Fruits and Vegetables
Ram Rahim	Samaj Pragati Sahyog	Madhya Pradesh	2012	5062*	Red gram, Bengal gram, wheat, maize, jowar, soybean
Mahanadi	Vrutti	Chattisgarh	2014	613	Custard apple, non-timber forest produce
Umang Mahila	Grassroots	Uttarakhand	2009	1142	Spices, walnuts, pickles, preserves and hand knits
KBS Coop	Professional Assistance For Development Action (PRADAN)	Jharkhand	2003	2680	Horticultural commodities
Hasnabad	Access Livelihoods Consulting India Limited (ALC India)	Telangana	2012	1004	Red gram, groundnut
Pandhana Pashu Palak	Aga Khan Rural Support Programme (AKRSP)	Madhya Pradesh	2016	552	Goats, back-yard poultry chicken
Kazhani	Mysore Resettlement and Development Agency (MYRADA)	Karnataka	2016	1000	Banana, Paddy, millets
Navyug	Bhartiya Samruddhi Investments and Consulting Services Ltd. (BASIX)	Uttar Pradesh	2014	1005	Mangoes, wheat, paddy
Desi Seeds	Sahaja Samrudha	Karnataka	2013	500	Organic seeds – (paddy, horticultural crops, millets)
Maha FPC#	42 FPCs meet	Maharashtra	2014	600+ FPCs	Pulses, soybean, onions
Madhya Bharat #	Rajya Aajeevika Forum	Madhya Pradesh/ Chattisgarh	2014	134 FPCs (11 Coops)	Certified seeds soybean, wheat, pulses, paddy,
Gujpro Consortium#	Sajjata Sangh	Gujarat	2014	30 FPCs	Groundnut, wheat, mango, cumin, coconut

Note: * comprising of 364 SHGs shareholders
FPO federations

Source: Prasad, Kanitkar, and Dutta (2023: 17)

processes of incubation, entrepreneurial quality, capacity building, and ecosystem support (or its absence), decision making, business models, and performance assessments. In the following section, salient findings of the case studies are presented.

6.3. Important Yet Ignored: Social Mobilisation, Member-Centrality and Stability

The cases bring out the importance of pre-incubation and social mobilisation in building strong FPOs (Prasad et al. 2023).[10] Institutions, especially those of small and marginal farmers in rain-fed and mountainous areas, with women and tribal members, require careful nurturing and time for forming and norming before performing. In terms of longer-term success, CSOs with strong grassroots presence and having mobilised communities to build institutions around credit, water user groups, farmers clubs, etc. are often better equipped to play the role of FPO incubators as promoting organisations. However, even they need support for capacity building on the business aspects, as these are newer, niche areas for them as well. Social capital built through earlier projects are the 'hidden costs' that are not reflected in balance sheets but critical for FPO growth. In contrast to this organic mode, a newer and increasingly more dominant pattern of FPO formation is that of the promoting institution, in the new 10000 FPO scheme, CBBO, forming an FPO without any prior experience of intervention in the geography or any prior development efforts with the community. There are not many successful cases of institutional BOLT (build, operate, lease and transfer) in the FPO space. The deselection of many CSOs that have been built FPOs through earlier schemes as their annual turnover is less than ₹ 25 million is an unhealthy institutional feature of the 10K FPO scheme. Table 6.2 provides a snapshot of the selected FPO's and their performance.

Table 6.2. Performance Summary of FPOs in Financial Year 2020–21

Name of FPO	Equity / Share Capital in ₹	Revenue in Million ₹	Net Profit/ Loss in ₹	Reserves and Surplus (R&S) in ₹	Total Equity (Share Capital + R&S) ₹
Krushidhan	4,408,500	85,045,944	16,641	425,756	4,834,256
Jeevika	375,600	15,884,230	(1,448,248)	9,480,436	9,856,036
Bhangar	1,486,600	134,036,052	891,276	3,055,567	4,542,167
Ram Rahim	7,055,740	85,347,394	3,293,074	2,007,133	9,062,873
Mahanadi	110,000	6,839,649	12,196	150,264	260,264
Mahila Umanag	215,880	14,030,936	82,310	3,951,025	4,166,905
KBS Coop	245,400	16,716,037	1,283,834	6,187,725	6,433,125
Hasnabad	1,457,000	34,612	(1,349,450)	(5,603,682)	(4,146,682)
Pandhana	300,950	2,995,488	787,335	356,705	657,655
Kazhani	1,987,000	13,494,000	34,000	6,817,000	8,804,000
Navyug	1,313,000	5,359,636	38,089	(104,145)	1,208,855
Desi Seeds	346,850	5,595,000	652,194	1,091,617	1,438,467
Maha FPC	3,860,000	510,646,801	88,639,097	91,155,526	95,015,526
Madhya Bharat	4,997,380	299,966,471	544,585	2,003,815	7,001,195
GUJPRO	840,000	49,031,651	(2,569,512)	18,359,705	19,199,705

Source: Prasad, Kanitkar, and Dutta (2023: 279)

As is evident from the above table, their financial performance in terms of profitability or net profit margin is significantly lower than what is considered healthy for investor-owned firms. Even as these FPOs struggle to increase their profitability, a closer look indicates these institutions are member central and value their purpose of being inclusive beyond mere tokenism. There are interesting lessons from these 'pioneering' FPOs that were set up with an underdeveloped ecosystem with little access to capital or even grants. A good indicator of FPO vitality or member centrality is their ability to increase equity over the years. On average, the twelve FPOs have increased their member equity every three years, with some like Krushidhan, Ram Rahim, and Navyug, this increase is almost every year. The recent revision of minimal membership in the 10K FPO scheme has rightly been reduced from 1000 to 300. Hasnabad's business model suffered in part due to a hurry to mobilise 1000 members to access equity grant without building a strong business case.

A closer look at longer-term trends, so critical for sustainability of FPOs, is available in Figure 6.3 that shows the fluctuations of five FPOs over the years with a turnover of over ₹ 20 million. While FPO ecosystems, including access to capital and market linkage, have improved in recent times, the time taken for an FPO to reach revenues of ₹ 10 million on a consistent basis without active government support, that some livelihood missions are able to provide, can take four to five years or even more.[11] The dominant 'roller coaster' trend of revenues in the journey of FPOs is one of the significant findings of the study. Some of the huge spikes, as seen in Krushidhan, are due to minimum support price (MSP) procurement in a particular year. While MSP is usually good for farmers and their incomes, the inconsistency of procurement processes across years, unlike in rice and wheat, means that FPO business models can be significantly impacted in the long run if there is an overdependence.

There is no direct correlation between the size of the FPO and profitability, and a lot depends on their business plans, business acumen, and the commodity. The chief executive officer's (CEO) salary, in most cases, continues to come from the promoting institution, and not all FPOs are able to generate enough surpluses to keep a CEO for a longer period from their own finances.

A significant challenge in FPO growth is the management and governance of these institutions and increased ownership of activities of the FPO. Most FPOs (7 of 12) have federated structures with members organised into informal, often unregistered, farmer interest groups (FIGs) and self-help groups (SHGs), and then federated them further to form village-level structures (such as village organisations or producer organisations), or clusters of SHGs/FIGs, that are finally federated at the level of FPO. Good practices

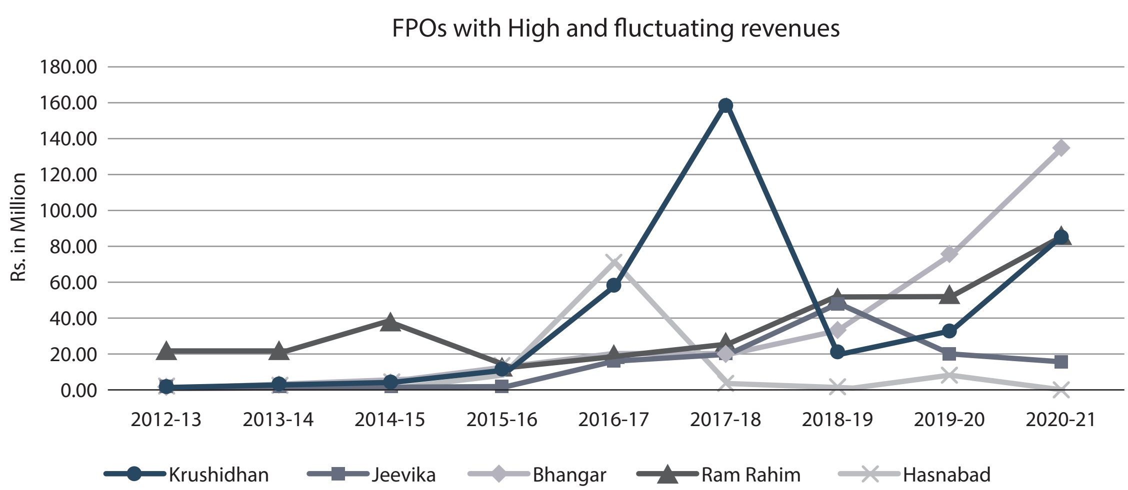

Figure 6.3. FPOs with High and Fluctuating Revenues

Source: Prasad, Kanitkar, and Dutta (2023: 281)

observed include decentralised decision-making with a view to identify and empower leaders at all levels, frequent meetings of the Board beyond the statutory considerations every quarter, Board members being actively engaged, and leading procurement operations.

Given their significantly smaller size, with few exceptions like Sahyadri, or state-supported FPOs through the livelihood mission that have reached scale, attracting professionals is a serious challenge. Instead, grooming local talent to become CEOs and involving Board of Directors (BODs) in operations is increasingly the norm. Further, a critical element of FPO management and governance is the role of the promoting institution as an incubator in the initial stages and as a steward after the project period in building the FPO ecosystem with stakeholders.[12] Unlike strict rules to prevent non-members from participating, FPOs like Krushidhan actually encourage non-members and even larger farmers to be part of the FPO enterprise, indicating the complex trade-offs that often happen at the ground level. Agricultural extension is the unspoken corporate social responsibility (CSR) activity of FPOs, and ones that are smart use these to benefit non-members too, thereby building the FPO ecosystem.

Provisioning of input services is often the easiest route for FPOs, but in the longer term, they face two issues relating to sustainability. First, margins are often low and second FPOs tend to become last mile delivery agents of agro-chemical input companies that might go against the grain of promoting institutions keen on rooting sustainable agricultural practices. The managerial capacities required to handle MSP procurement is higher and FPOs often engage with these activities even with lower margins because it enables better farmer connect (an estimation in the Krushidhan FPO indicated that for every rupee that the FPO earns through MSP, the farmers earn ₹ 22) and importantly builds FPO management capacity. MahaFPC sees itself transiting from business to government (B2G) to business to company (B2C) with greater business expansion and an opportunity to serve more farmers.

The cases present a sobering note of caution suggesting that in the absence of significant managerial capacity and access to capital, FPOs are ill-advised to look at engagement of an end-to-end value chain, aka Amul. The 10K FPO policy that links milestones with the actual execution of the business plan is ill-advised and against the flexibility that is required of entrepreneurs.

6.4. Reimagining FPOs as Social Enterprises or Startups

It is evident from the financial analysis that the true story of an FPO is beyond the numbers. Are FPOs the new collective institutions of the twenty-first century? The case studies encourage us to go beyond the restrictive framework of conventional cooperative literature and seek to engage with newer frames of FPOs as social enterprises (Kaushik 2022) within the social and solidarity economy (Utting 2016). Future public policies need to recognise FPOs as start-ups, if only to be more open to failures, and acknowledge the significant social learning in building alternative business models.

Public policy in India has unfortunately viewed FPOs as a single-stop solution and the institution that could resolve multiple issues plaguing the farm sector. It is important to recognise that many issues that FPOs face are beyond the ambit and capabilities of members, BODs or CEOs and relate to the larger ecosystem that determines their access to credit and addressing capability issues.

Public policy needs to shift from being prescriptive with quantitative targets to working with partners and stakeholders in creating a supportive and enabling ecosystem. Features of this ecosystem support should recognise and build on the following ideas that cover their design, finance, governance, and management:

a. Social capital is critical to resilient FPOs and business success.
b. Designing FPOs to be inclusive and purposeful is critical in seeking performance efficiency.
c. Diversification is a key part of mitigating risks and FPOs have shown how engaging

with multiple commodities, while complex, is a better route than aiming to capture value in a single-commodity value chain. Newer prescriptive policies such as the 'One District One Product' run counter to the rationale of member-owned institutions and farmers being more actively involved in decision-making.[13]

d. In managing post-incubation growth there is a need to explore blended finance (comprising of grants, investments, debt at low costs, and commercial capital at a later stage) in a more pro-active manner that is suited to the life cycle of the FPO.[14]
e. Capacity-building support to nurture managerial and governance capacities within the organisation is currently low and is significantly under-invested in comparison to schemes like the National Rural Livelihood Mission (NRLM). While there are many service providers in this space, the content and pedagogy of their capacity-building efforts needs a greater focus on skilling new entrepreneurs in rural areas.
f. As the number of FPOs grows, the demand for such apex federations that negotiate and lobby on behalf of member FPOs will increase. Currently, FPO federations have received only the initial grant from SFAC of ₹ 1 million in 2014 and face working capital challenges. The evidence from the three federations indicate that they need significant support, and the current policy architecture provides none.[15]
g. FPOs are to be seen as public goods, and state support is essential for their survival and growth. Excessive compliance requirements that treat these fledgling institutions on par with bigger and well-resourced corporations in the producer company format does not create a level-playing field for FPOs.
h. There is a need for FPO incubators beyond the current CBBO system that tends to favour a few big non-governmental organisations (NGOs) and private foundations instead of encouraging a startup culture.
i. Markets can be enabling, but with greater emphasis on making agriculture more sustainable, FPOs can play an important role in managing sustainable transitions and need to envision themselves as sustainable transition intermediaries. Transition is not a binary between pure organic and chemical but a spectrum of possibilities.[16]
j. A substantive role of women in the governance and functioning of FPOs can help steer these organisations towards sustainable agriculture and equitable livelihoods. By design, FPOs offer an effective vehicle for strengthening women's competencies through financial independence and social empowerment. However, their involvement requires active social and financial investment, beyond provisioning of representation on paper. Policy planners thus need to prioritise the meaningful participation of women in FPOs to address socio-ecological and economic concerns effectively.[17]

6.5. Exploring Initiatives and Innovations in the FPO Space

The FPO ecosystem has seen several developments beyond the supply push of the government with different actors beginning to engage and innovate. A few of them are listed here:

6.5.1. Marketing Innovations

There have been several initiatives as FPOs seek to market their produce and get more into output marketing. These range from bigger FPOs like Sahyadri or Ram Rahim doing contract manufacturing for Unilever's Kisan or at a much smaller scale with social enterprises like Safe Harvest. Corporations like ITC have begun mentioning FPOs in their annual reports with the Chairman, Sanjiv Puri, indicating that through their digital ecosystem ITC is working with 1150 FPOs in 9 states.[18] A significant initiative is the lead taken by SFAC recently in enabling FPOs to sell directly through the Open Network for Digital Commerce (ONDC) platform and Mystore. 930 FPOs were onboarded by March 2023, and there were over 600 orders from 180 cities in May 2023. SFAC has been promoting FPOs under its 'Buy Pure- Buy from FPO farmers' campaign that has provided an opportunity for FPOs to build their brand and identity, with the government playing a facilitating role.[19] 180 FPOs were also onboarded on the Government e Marketplace (GeM) portal and were reported to have transacted ₹ 36.6 million through 1909 orders.[20] These are early days for such initiatives, and a key parameter would be the extent of repeat orders, business growth and profitability for the FPOs and farmers through these mechanisms.

6.5.2. Innovations in Access to Finance

While NBFCs like Samunnati, NABKISAN and FWWB continue to lead FPO financing with an estimated total of ₹ 6.85 billion to 2683 FPOs in 2022–23 (NAFPO 2023: 59), there is increasing evidence of both national public and private sector banks taking leads in reaching out to FPOs. Andhra Pradesh Mahila Abhivruddhi Society (APMAS), in collaboration with the State Bank of India (SBI), organised five FPO *melas* where FPOs were encouraged to participate through promoting institutions, interact with SBI officials, and process their applications too.[21] HDFC, Axis, and other banks have undertaken training of their officers on FPOs in different locations and are actively exploring supporting FPOs. The Tamil Nadu Vaazhndu Kaatuvom Project (TNVKP), a project of the State Rural Livelihood Mission (SRLM), recognising the need for performance-based grants to build assets has provided its FPOs between ₹ 1-5 million for graded funding that includes an establishment grant (for setting up office, CEO, and accountant salary), a business expansion viability grant (working capital and expanding business) and an additional optional Green Fund.

6.5.3. Newer Financial Mechanisms

With FPOs having institutional constraints in attracting equity capital, newer models are emerging to overcome difficulties. The most talked about one being the Sahyadri Farms Post-Harvest Care Limited, a subsidiary of Sahyadri FPO that has received regulatory clearance to hive off its post-harvest wing with ownership by the FPO not to be less than 51%. If successful, this could pave the way for similar entities by FPOs and their federations.[22] Ploughman Agro Private Limited (PAPL) is another private company that was incorporated in 2020 with FPOs investing in the enterprise, and this market-facing enterprise serves 50 FPOs that deal with private companies such as Arvind Mills, ITC, etc. to process and value-add primary products and enable the sale of niche organic or non-pesticide produce of small and tribal farmers. According to its sustainability report of 2022, PAPL has provided 10–22% additional income (conventional produce of its farmers leads to 7–10% increase) to the 21,000 farmers associated with the 20 FPOs through processing and sale of organic cotton.[23] Joshi and Prasad (2023) discuss the need to envision two distinct categories of FPOs (Type 1 and 2) to account for the diverse functions, constraints and contexts in different geographical areas. Type 1 FPOs could consist of smaller FPOs to deal with the production or wholesale procurement of seeds and other inputs, providing agri equipment on rent, extension activities for various agriculture operations for relevant crops, and promotion of individual or group enterprises for activities like bioresource input production. Potentially, these Type 2 organisations could be larger FPOs, Federations or social enterprises. Currently the Government has not envisaged any support for such innovations and could provide risk capital that would enable FPOs to go to scale and negotiate better with the market. In the absence of such institutional innovations and collective bargaining with greater voice of farmers, there is a danger that FPOs might come under the big sway of corporates and can dilute their purpose (Shagun 2023). Some of the FPOs and federations have crossed the 5 billion turnover mark (Sahyadri, MahaFPC, etc.) and are looking at contributing to building the FPO ecosystem through their foundations and CSR activities too.[24]

6.5.4. Collaborations and Institutional Innovations

An area where there have been significant developments is in collaborations between actors and trying to provide an enabling ecosystem beyond the specific FPOs they are working with. A key parameter for FPO success is good capacity building of FPO Board members and CEOs. Even as there are several standardised training modules organised as part of the 10000 FPO scheme, there have been several interesting collaborations in capacity building. Some of them are:

a. Skillgreen, a social enterprise that emerged out of the need for capacity building of FPOs, has, in collaboration with partners organised training-of-trainers (ToTs) and trained nearly 450 trainers on participatory methods who become observers in facilitating FPO workshops across the country using the manual in nine Indian languages.
b. Mentoring existing FPOs for growth and scale needs to be done sensitively. Reliance Foundation in partnership with Skillgreen and other FPO partners is investing in a longer-term program for CEO (FPOs) leadership and development program (CLAP) that would provide on-job capacity building for CBBO FPOs.
c. Vazhndhu Kattuvom Project (TNVKP) invested in a joint training at IRMA with Skillgreen for all its enterprise staff and CEOs. In what might be a first in the sector, the workshop resulted in FPO CEOs and young professionals pitching a vision of their FPOs in the vernacular.[25] Unlike other FPO trainings, TNVKP invested in a training need assessment before the training and enabled flexibility of training modules depending on the roles and responsibilities.
d. Bhoomika, a new project of Welthungerhilfe and the European Union (EU) is focused on co-creating clean, green and fair food systems through a rigorous selection of FPOs and producer groups who will be mentored over two years with capacity building, market and financial linkages, improving supply chain processes, upgrading small infrastructure, etc.
e. With the government and bilateral agencies looking to promoting natural and regenerative farming and building climate resilience of farmers through FPOs, there is a need for specialised incubators built in collaboration. Some examples include World Wide Fund for Nature (WWF) supported regenerative production landscape cluster (RPLC) in Madhya Pradesh, the Promotion and Stabilisation of Farmer Producer Organisations (PSFPO) by Tanager in Odisha, the World Bank supported Bihar Kosi Basin Development Project (BKBDP) and the Holistic Agriculture Development Programme (HADP) in Jammu and Kashmir that are exploring deeper farmer connect through FIGs after registering several FPOs. All these state-level initiatives show states are seeking to innovate through collaborations with established actors in the FPO ecosystem.
f. Digitising FPO services: There are several agri-startups that are providing digital services to FPOs. The actual use of these services by FPOs and their ability to pay for services need more investigation. Samunnati, with its FPO next initiative, digitally connects over 5500 FPOs. Samudra Network offers VarunaStar Agri- Value- Digitisation Platform, used by FPOs in several states and Dvara e-registry offers Doordrishti platform, which has reached 200+ FPOs.[26] There are also agri-business management solutions like FarmERP and Gramworkx,[27] which are used by FPOs. Several startups like Arthagri are developing new solutions, in close consultation with FPOs.

6.6. Towards Viable Institutions

There has undoubtedly been enormous growth in FPOs in the two decades since the first FPO was registered. The growth and maturity in the ecosystem with newer innovations and collaborations augurs well for building healthy and viable FPOs. There are today many more FPOs with a turnover of over ₹ 10 million and are able to reach this much faster than some of the pioneers. Yet, there is also a lurking fear that a large number of FPOs are unlikely to survive beyond the project period and support. Policy support has been inconsistent too with cooperatives today, including the primary agricultural credit societies (PACS) getting a new lease of life from the Ministry of Cooperation and producer companies today are not seen as part of the draft cooperative policy nor as part of aggregated market facing entities like the new National Cooperative Organics Limited. There is a case for a reality check on the financial health of the large number of FPOs that have been promoted and create conditions for sustained growth of those that have been resilient. Despite the rhetoric of having a stronger business orientation through CBBOs, the survival of FPOs beyond the project period of three or five years is under question. FPOs continue to be capital starved and despite their promise of providing a more inclusive face of agricultural market reform they still lack support at the state level, where FPOs in many states are yet to have a level playing field for ease of doing business. Creating a national cadre of young professionals who could drive growth of FPOs as business entities is one way of attracting much needed talent in the sector.

There are no quick fixes either to double farm income or to make FPOs an integral part of the farm revival story. The sector needs a greater focus on consolidation of lessons learned and steer clear of a growth in numbers accompanied with burdensome expectations. FPOs have empowered farmers and have been more inclusive than erstwhile cooperatives and as twenty-first century institutions are also in need of newer imaginations and metrics that could assess their performance. Even as standard metrics are proving to be inadequate in appreciating their contribution to empowering farmers, newer mechanisms like the Social Stock Exchange might need to look at these institutions afresh and CSR foundations too need to explore enabling greater investments in these institutions. FPOs, like the successful cooperatives earlier, are autonomous business organisations that are part of the social solidarity economy that present credible alternatives beyond the state and the market. The next decade of the FPO movement will need to establish these on much firmer grounds and work towards attracting greater investments that they truly deserve. To stay true to the vision of FPOs as being foremost farmer-oriented and farmer-owned institutions for their wellbeing, growth, and sustainability can't be pitched against each other. As worsening ecological crises amplify questions of food security, these institutions can be expected to play a more crucial role in enabling innovative and sustainable agriculture.

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Notes

1 NABARD is currently the biggest player in the FPO ecosystem with an estimated 55% of all FPOs registered in the country (Suryakumar 2022). 5606 FPOs were registered with NABARD support as on 31 March 2023.

2 Unstarred question number 871 in Lok Sabha on 'Strengthening of FPOs', answered by the Minister of Agriculture and Farmers Welfare, Shri Narendra Tomar on the 25 July 2023.

3 Also see https://tci.cornell.edu/? blog= maharashtra-leads-the-way-in-fpo-promotion.

4 Accessed from https://fpo.tci.cornell.edu/dashboard. There is a discrepancy between the numbers of FPOs in the TCI database and the NAFPO and our analysis of the MCA data. This does not change the overall trend as per states, though.

5 There is still no consolidated database for the cooperatives registered in India in the farm sector in the last twenty years, as cooperatives are largely registered at the state level. The overall FPOs in India thus will be more than the total of 30,000 that are FPCs.

6 Data accessed from SFAC and NABARD websites and https://pib.gov.in/PressReleasePage.aspx?PRID=1942484 and https://pib.gov.in/PressReleasePage.aspx?PRID=1945051.

7 An annotated bibliography covering the period between 2003 and 2019 looking at the literature on FPOs in India found a preponderance of cases on Western India and limited work on the inclusive participation of marginalised sections and women in producer organisations (Prasad and Prateek 2019). The Scopus search using keywords of 'producer organisation' and 'farmer' conducted in May 2023 indicated 50 of the 80 articles emerging in the last three years, suggesting a revived interest in FPO research.

8 For more details, see https://www.smallfarmincomes.in/fpojourney, as well as the deliberations of the various national FPO conferences on the website.

9 Some of the contributors were part of 'Farming Futures', a similar collaborative volume of fifteen cases on agri-based social enterprises (Kanitkar and Prasad 2019).

10 This section draws a lot from the concluding and synthesis chapter of the Farming Futures book (Prasad, Kanitkar, and Dutta 2023: 266–93.

11 A closer look at the figures indicates that four of the twelve FPOs are yet to reach 10 million in revenue, the KBS Coop took 16 years and Krushidhan three years. The idea of FPO as a unicorn was shared by the Prime Minister at the Post-Budget Webinar on economic empowerment of women on 10 March 2023.

12 For more on the emerging use of stakeholder theory in managing FPOs see a recent case study of Prakriti Foundation, available at https://www.iveypublishing.ca/s/product/prakariti-foundation-exit-or-loyalty/01t5c00000CBt3SAAT and https://www.smallfarmincomes.in/post/engage-stakeholders-early-and-often-how-prakriti-foundation-created-an-enabling-fpo-ecosystem.

13 See https://www.smallfarmincomes.in/post/creating-and-evaluating-portfolio-of-products-in-mul-

ti-commodity-fpos for a case for diversification and avoiding the one district one product (ODOP) strategy.

[14] See https://www.sattva.co.in/ski/harnessing-social-stock-exchange-for-farmer-producer-organisations/ for recent insights on this.

[15] For an analysis of FPO federations performance, see Prasad, Kanitkar, and Dutta 2023: 282-84.

[16] For more information see Prasad, Kanitkar, and Dutta 2023: 270-71.

[17] See Prasad, Kanitkar, and Dutta 2023: 268-70 as well as Srinivasan, G. 2023.

[18] https://timesofindia.indiatimes.com/business/india-business/india-emerges-as-beacon-of-growth-to-remain-fastest-growing-major-economy-itc-chairman-sanjiv-puri/articleshow/102641788.cms?from=mdr

[19] There was a mention of 1600 FPOs too but as is increasingly found in government pronouncements their targets are often reported as achievements. See https://government.economictimes.indiatimes.com/news/governance/modi-launches-onboarding-of-1600-farmer-organisations-on-ondc-inaugurates-medical-colleges-calls-for-modern-infra/102165336.

[20] Extracted from presentation made by Maninder Kaur, MD, SFAC at the National workshop on FPOs under Central Sector Scheme on 12 July 2023. See https://pib.gov.in/PressReleasePage.aspx?PRID=1938992.

[21] In five such FPO melas held between August to October 2023 in Hyderabad, Tirupati, Patna, Madurai, and Bhopal, 332 FPOs registered, 245 attended, and provisional sanction letters were given to 197 FPOs with full sanction for 10 and many being processed.

[22] See https://www.financialexpress.com/business/industry-sahyadri-fpcs-corporate-structure-move-to-set-a-trend-for-others-2708769/.

[23] See https://ploughmanagro.com/PAPL%20Sustainability%20Report%202022.pdf.

[24] https://www.thehindubusinessline.com/economy/agri-business/how-a-farmer-produce-company-yielded-1000-cr-turnover/article67402782.ece.

[25] The 78 pitches are available for https://www.youtube.com/playlist?list=PLDJCO7wNwKuWy5r-F2OkFFoAhRY7Yyd5- and https://www.youtube.com/playlist?list=PLDJCO7wNwKuVfByG8F3uHiRgl1BfFotyg.

[26] See https://fponext.com/ and https://samudranetworkcom.files.wordpress.com/2023/10/sn-oct-2023-brochure.pdf and https://www.dvaraeregistry.com/solutions/fpos-and-farmers/.

[27] See https://www.farmerp.com/about and https://gramworkx.com/#/products.