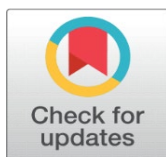
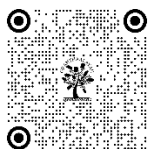


PERFORMANCE EVALUATION OF FARMER PRODUCER COMPANIES IN MANIPUR– A CASE STUDY

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ABSTRACT

Agriculture comprises the primary source of livelihood for about 50% of India's population. Yet its contribution to the GDP has declined to only 17% of the GDP at current prices. There are more than 570 million farms run by smallholder farmers operating in 12 % of the total agricultural land. These small farmers have no access to right inputs, lack of knowledge on modern farming techniques and lack direct market access. These farmers carried on farming activities only for their subsistence and not as a business opportunity, thus depriving them of earning a better livelihood. Given the support and direction, smallholder farmers would even transform the entire food and agriculture sector. The farmer producer organisation came to existence to empower the farmers by leveraging their strengths to enhance crop productivity and thereby realising profitable markets. The goal of farmer producer organisation is to increase farmer's advantage in emerging market opportunities and their competitiveness.

Keywords: Farmer-Producers Companies, Empower, Market Opportunities, Competition

1. INTRODUCTION

The farming system has come a long way since the green revolution, and various developments in technology and agriculture-aided infrastructure have been implemented across the country. India has not only adopted better farming methods but also sought to develop quality seeds, irrigation methods, technological interventions, logistics management, warehousing and many more. There are more than 570 million farms run by smallholder farmers operating in 12 % of the total agricultural land. These small farmers have no access to right inputs, lack of knowledge on modern farming techniques and lack direct market access. These farmers carried on farming activities only for their subsistence and not as a business opportunity, thus depriving them of earning a better livelihood. Given the support and direction, smallholder farmers would even transform the entire food and agriculture sector. The farmer producer organisation came to existence to empower the farmers by leveraging their strengths to enhance crop productivity and thereby realising profitable markets.

A farmer producer organisations(FPOs) also known as farmer producer companies(FPCs) are legal entities formed by primary producers namely., agriculture and allied products, milk producers, fishermen, weavers, rural artisans,

craftsmen etc. They are collective entities formed by farmers to address common challenges and improve their overall socio-economic conditions. These organisations function as co-operatives or associations and are aimed at enhancing the livelihoods of small and marginal farmers.

Farmers voluntarily come together to create FPOs. The primary purpose is to empower smallholders by pooling resources, knowledge, and skills. FPOs strive to achieve economies of scale, access better markets, and gain bargaining power in the agricultural value chain. Capacity building in the form of training, information sharing and technical assistance to members, facilitating easier access to credit, insurance and schemes and risk mitigation through sustainable farm practices.

FPOs can be registered under any of the following legal provisions:

- 1) Cooperative Societies Act/ Autonomous or Mutually Aided Cooperative Societies Act of the respective states
- 2) Multi-State Cooperative Societies Act, 2002
- 3) Producers Company under Section 581© of Indian Companies Act, 1956, as amended in 2013;
- 4) Section 25 Company of Companies Act, 1956 as amended as Section 8 in 2013,
- 5) Societies registered under Society Registration Act, 1860 and
- 6) Public Trusts registered under Indian Trusts Act 1882.

Institutions registered as Cooperative Societies and Producer Companies have legal provisions for sharing profits earned by the way of dividends. Other legal forms do not explicitly provide for profit sharing. However, the member producers of the FPOs can function such that they promote common interests such as offering better prices for their products and procuring to sell to members with lower margin. Surplus generated by such POs cannot be divided among members by way of dividend but can be re-invested to grow the business.

Need for Farmer Producer organisation: Smallholders face tremendous hardships which include the following:-

- Small size of landholding. Nearly 86% of farmers are small and marginalised with average landholdings in the country being less than 1.1 hectares
- Good quality seeds are out of reach of the small and marginalised farmers mainly due to exorbitant prices of better seeds.
- Depletion and exhaustion of soil leading to low productivity demand good fertilisers, manure, biocides etc
- Lack of proper irrigation facilities
- Less or no accessibility to large scale mechanisation of agriculture
- Challenges in marketing their products due to lack of economic strength and networking
- Scarcity of capital for agricultural activity forces farmers to borrow money for stimulating production.

The objectives of producer companies shall include items specified in the Act;

- 1) Production, harvesting, procurement, grading, pooling, handling, marketing, selling, export of primary produce of members or import of goods or services for their benefit;
- 2) Processing including preserving, drying, distilling, brewing, venting, canning and packaging of produce of its member;
- 3) Rendering technical services, consulting services, training, promotion of the interest of its members,
- 4) Generation, transmission, and distribution of power, revitalization of relatable to primary produce;
- 5) Manufacture, sale or supply of machinery, equipment or consumables mainly to its members.
- 6) Promoting techniques of mutuality and mutual assistance.
- 7) Providing education on the mutual assistance principles, to its members and others.
- 8) Insurance of producers or their primary produce.
- 9) Welfare measures or facilities for the benefit of members as may be decided by the Board.

10) Any other activities, ancillary or incidental to any of the activities referred to in clauses (a) to (j) which exclude extending of credit facilities or any other financial services to its members.

GOVERNMENT'S SUPPORT TO FPO: The government has launched a new dedicated Central Sector Scheme titled "Formation and Promotion of Farmer Producer Organizations (FPO)" with a clear strategy and committed resources to form and promote 10,000 new FPOs to ensure economies of scale for farmers over the next five years. Support for each FPO is continued for 5 years from its year of inception.

Initially, there will be three implementing agencies to form and promote FPOs, namely

- Small Farmer Agri-business Consortium (SFAC)
- National Corporative Development Corporation (NCDC)
- National Bank for Agriculture and Rural Development (NABARD)
- States may also if so desire, nominate their Implementing Agency in consultation with DAC & FW

Department of Agriculture, Cooperation & Farmers Welfare (DAC & FW) will allocate cluster/states to Implementing Agencies which in turn will form the Cluster Based Business Organization in the states.

2. REVIEW OF LITERATURE:

Keeping in view of objectives of the study, an attempt has been made to include the review of related studies.

Desai and Joshi (2014) in their study defined farmers group as Informal, voluntary and self – governing association of farmer or farm women, formed at the local level (Village level), for the purpose of economic Corporation aimed at improving and sustaining the resource base (economic, social and natural).

For the successful promotion of interest of member of farmer organization (FO) an enabling legal, regulatory and policy environment was required. This required changing mind-set of policymakers and staff in government departments, private companies and donor agencies about the role of FOs (FAC Policy Brief 032, 2009) Millns & Juhasz (2006), The Farmers' Producer Organization and Producer Companies are very much beneficial to improve the value chain of agricultural produce and thereby proved to be useful in getting good prices for their produce. Voluntarily member – owned, financed and controlled producer groups and farmer cooperatives have a central role to play in enabling their members, and the wider rural community, to take an active part in their own development.

Sawairam (2014), the success of producer companies, however, depends on the farmers' commitment to the company. The integrity and quality of the leadership, its acceptance to the community, as well as the market environment are the most crucial factors for a successful production company. PRADHAN (2007) in a work shop on "linking small farmers to markets" concluded that the producer companies actually had a distinct advantage since it allowed professionals to take part in governance as Directors which helped bridge the information asymmetry between the producer Directors and professional managers.

Ragasa and Golan (2012) concluded that membership commitment was highly and positively correlated with the performance of rural producer organizations and in order to sustain financial contributions from members and operations of rural producer organization, support should be focus on the economic viability and increasing incomes for the members. Marketing training and extension approaches, including training on value chain approaches, is the important strategy for supporting rural producer organizations.

Sawairam (2014) highlighted the benefits for the participating farmers to market their excess production through the company as the company was providing appropriate knowledge to generate excess production from within the community in order to maintain linkages to the target markets. After economic reforms with thrust on liberation, privatization and globalization (LPG) policy, the small and marginal farmers faced several constraints which included the inability to create scale of economies, low bargaining power because of low qualities of marketable surplus, scarcity of capital, lack of market access, lack of knowledge and information, market imperfections, and poor infrastructure and communications. The farmers' organization provided a wide range of services to their members related to marketing, finance, technology, production and welfare.

A study by ICRISAT (2017) observed that there was lack of convergence of government agencies in delineating their jurisdiction for either going solo or hand – in – hand with other sister – agencies to set up the PC/FPO in any district. The

need for identifying right kind of support agencies with appropriate technical experts on the ground with workable and scalable business plan and management team is a key for success of any producer company.

Singh & Singh (2013)¹⁶, in their comprehensive documentation and analysis of 24 producer companies (PCs) across India examines the rationale, processes, practices and performances of PCs and suggests for greater group dynamics, appropriate policy and actions for making the robust and comprehensive business entities.

Trebbin & Hassler, (2011) in their paper observed as elsewhere in the developing world, in India, small farmers' livelihoods are being threatened due to the liberalization and privatization of Indian agriculture and the increasing interest of private capital in the agribusiness sector. The withdrawal of the state from productive and economic functions, and changes in the organization of marketing channels, present new challenges for small – scale farmers. In this environment of greater instability and competition, organization and collective action can help to enhance farmers' competitiveness and increase their advantage in emerging market opportunities. We build on the ideas of value-chain governance and collective – action literature and introduce the functions and organizational structure procedure companies in India within this context. On the basis of a case study of a specific producer company in Maharashtra, which produces and markets mango and cashew nuts, we discuss the potential benefits for rural communities and the re – empowering effect of this form of farmer organization.

3. OBJECTIVE OF THE STUDY

The major objective of the study is to examine the functioning of FPOs and analyses various issues and to suggest alternative strategies for policy analysis. Objectives in detail include

- Asses the FPOs through critical examination of their performance
- Examine FPOs, as organizations, their governance and management practices and constraints in growth of FPOs;
- Analyse various issues, including issues for financing of FPOs and
- Suggest strategies and approaches for future policy analysis

4. SAMPLE DESIGN

- Selection of the State and Districts: The state of Manipur was selected for conducting the study, reason being no study was conducted till today to find out how the FPO in Manipur was functioning and data was not available to analyse the issues and the impact it has on the farmer. Six district of Manipur was taken into consideration for the study.
- Selection of FPOs/FPCs: The selection of FPOs was based on different criteria like commodities/crops, activity and services they offer, age profile, nature of promoting institutions (PIs), etc. accordingly, 39 FPCs/FPOs were randomly selected for study as detailed in Table 1. The study covered a variety of FPCs in terms of the nature of promoting agencies to capture the differences in formation and functioning of FPCs. Also, it was attempted to cover mostly those FPCs which were at least one year old so as to get audited data base to assess the performance. But many of those contacted were not that old or had been only registered but not operationalized during the same year.

Table 1 Sample FPOs/FPCs

Sl. No	District	Name of FPC/FPO/APC	Date of Registration (MMDDYY)	Crops under FPC
1	Thoubal	Loumigi Thouna Farmer Producer Co. Ltd.	04-03-2022	Agri & allied
2	Thoubal	Kaoren Phaba Farmer Producer Co. Ltd.	30-03-2022	Agri & allied

3	Ukhrul	Zaora Farmers Producer Co. Ltd.	21-09-2021	Agri & allied
4	Kakching	Khanachaoba Farmer Producer Co.Ltd.	25-02-2022	Piggery
5	Tamenglong	Jiri - Barak Farmer Producer Co. Ltd.	25-05-2020	Hill broom value addition and areca leaf dispo plate making
6	Imphal West	Mangjil Agro Farmer Producer Co. Ltd.	02-05-2020	Poultry
7	Imphal West	Yumbi Agro Farmer Producer Co. Ltd.	13-01-2020	Piggery
8	Imphal West	Langei Farmer Producer Co. Ltd.	08-07-2013	Piggery
9	Bishnupur	Fidam Farmer Producer Co. Ltd.	03-03-2016	Fishery
10	Senapati	Senapati Producers Organization	02-05-2018	Organic Kiwi
11	Imphal west	Houbee Ching Organic Producer Company Ltd.	21-03-2016	Agri and animal husbandary
12	Imphal West	Kaorel Agro Farmer Producer Company Ltd.	27-01-2020	Growing crops, market gardening, horticulture
13	Imphal West	Chakhao Poireiton Organic Producer Company Ltd.	24-07-2017	Agri, maket, cereals & other crops & Veg textile Fibres & Hurticulture
14	Senapati	Shepoumramth Farmer Producer Company Ltd.	26-03-2011	vegetables
15	Bishnupur	Bishnupur Vegetable Farmers Co-operation Society	01-10-2012	Vegetables
16	Imphal East	Kangleipak Farmer Producer Company Ltd.	02-02-2015	Agri& Animal husbandary

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17	Tamenglong	Tamenglong Farmers Producers Company Ltd.	01-02-2020	Crops, market gardening; horticulture
18	Churachandpur	Thingtanpa Farmer Producer Company Ltd.	01-08-2019	-do-
19	Thoubal	The Farmer Producer's Oriental co-operative Society Ltd.	17-12-2012	-do -
20	Thoubal	Ireima Agro Producer Company Ltd.	06-08-2015	Strawberry
21	Imphal West Awang Sekmai	Yumbi Agro Farmer Producer Company Ltd.	30-06-2022	Crops; market gardening; horticulture
22	Kangpokpi - Sadar Hill and Thoubal	Thayong Organic Producer Company Ltd.	22/08/2015	Pineapple, Tamenglong Orange, Ginger, Turmeric
23	Bishnupur	Phou-Oibee Organic Producer Company Ltd.	28/06/2016	Chakhao (Black Aromatic Rice), HYV paddy, Agri and allied bussiness
24	Imphal West	Chak-Hao Poireiton Organic Producer Company Ltd.	24/06/2017	Chakhao (Black Aromatic Rice), HYV paddy, Agri & allied
25	Ukhrul	Rinrumlan Organic Producer Company Ltd.	22/11/2018	Kachai lemon, Ginger, Turmeric, King Chilli, Agri & animal husbandary
26	Awangkhul, Noney Tamenglong	Reangluang Organic Farmers Producer Company Ltd.	01/01/2018	Tamenglong Orange, king chilli, Turmeric
27	Ukhrul - Kamjong	Oriental Organic Producer Company Ltd.	30/09/2021	Turmeric, king Chilli
28	Senapati	Curcuma Green Hills Organic Farmer Producer Company Ltd.	29-06-2021	Turmeric
29	Churachandpur	Fruit Hill Organic Farmer Producer Company Ltd.	02-11-2021	Passion Fruit
30	Pherzwal	Gilgal Organic Farmer Producer Company Ltd.	10-09-2021	Ginger
31	Pherzwal	Green Hills Organic Farmer Producer Company Ltd.	13-01-2022	Turmeric and Ginger
32	Tengnoupal	Rumril Organic Farmer Producer Company Ltd.	12-11-2021	Turmeric and Ginger

33	Ukhrul	Haoram Farmer Producer Company Ltd.	14-01-2022	Turmeric and Kiwi fruit
34	Kamjong	Ihao Organic Farmer Producer Company Ltd.	08-02-2022	Turmeric and Ginger
35	Noney	Taosuam Organic Farmer Producer Company Ltd.	09-04-2022	Turmeric
36	Noney	Dilung Organic Farmer Producer Company Ltd.	13-04-2022	Turmeric and Ginger
37	Imphal East	Yelhoumee Organic Farmer Producer Company Ltd.	18-02-2022	Pineapple
38	Chandel	CMMM Organic Farmer Producer Company Ltd.	24-02-2022	Turmeric and Ginger
39	Kangpokpi	Saikul Organic Producer Company Ltd.	09-02-2021	Maize

5. STUDY OBSERVATIONS

In recent years the state has witnessed an impressive spurt in the registration of FPOs/FPCs. The main observations made has been discussed under three sections viz.,

Formation, reach and coverage

Governance, Board of Directors and General Body of the FPOs.

Capability and sustainability of FPOs

Table showing date of formation

Sl.No.	Year of registration	No. of FPOs
1.	Before 2015	3
2.	2015	3
3.	2016	3
4.	2017	1
5.	2018	3
6.	2019	1
7.	2020	4
8.	2021	7
9.	2022	14

It can be observed that out of 39 FPOs, 14 were registered in 2022, 7 in 2021, 4 in 2020, 3 each in the 4 years and 1 each in the two years. The number of FPOs registered shows an increasing trend.

The number of primary members ranges from 100 to 700 members approximately across the different FPOs. Majority of the FPOs have around 500 primary members.

It is observed that activities carried out by the FPOs range from agro based and dairy farming.

6. GOVERNANCE

Board of Directors: Constitution

Board of Directors are the key decision-making bodies in FPOs. It is the lynchpin for proper corporate governance in such institutions. In all the FPOs, it is observed that one or two women are included as BODs. It can be observed from the table that most FPOs have between 6 to 13 members (CEO is inclusive).

The major observations made are as follows:

All the CEOs were graduates and above and had some degree of professional training

As Board members come through a process of election starting at the base(village) level, the level among the shareholders and FIGs regarding governance of the FPOs were quite high.

The problem of CEO receiving undue favours from the Board was not observed in any of the FPOs under study.

In general, Board members need to significant time and energy for the FPOs. Consequently, only the more influential and resourceful shareholders in the FPOs can realistically be part of the Board

It can be observed that 5.FPOs have less than 5 directors, 18 have 5 to 7 directors, 10 have 8 to10 directors, and 3 have more than 10 directors.

Board of Directors, Roles and Responsibilities: The Board of FPOS are meant to keep an oversight of the function of the FPOs. The study revealed that the board meetings, the topics that come up for discussion include various issues related to monthly business transactions, annual seasonal planning, long-term business planning, membership expansion, fund mobilisation and other general and miscellaneous matters. Further, in most of the FPOs studied, it was found that the Board members were involved in day-to-day activities such as input demand generation, distribution, stock maintenance etc. It was found that few FPOs employed professional staff.

Most FPO Boards were found to meet once each month. 12 FPOs met twice and 8 FPOs met once in two months and 4 met quarterly. The impact of weak oversight by the Board was reflected in poor business performance of some FPOs. Worryingly, important Board-level decisions pertaining to appointment, reappointment or termination of a Board member were being taken by a handful of active Board members, leading to questionable governance practices.

Annual General Body Meetings: It was found that AGMs were being conducted once a year for all the FPOs after preparation of the annual report. However, it appears that AGMs were held just for the sake of compliance. This is evidenced by the low turn-up of the shareholders in these meetings.

Evidence is that many shareholders reported that they could not participate in the AGMs because they were informed just a day before such AGMs. Most AGMs were one-sided affairs, with the CEO/PI presenting the audited financial statements and the auditor's report.

Compliance: It was observed that the annual financial audit was being conducted regularly in all FPOs.

Capability and sustainability

Mismatch between Shareholding and membership: In most cases, not all the FIG members in an FPO had become the latter's shareholders. The reason for this could not be systematically analysed. Broadly, two hypotheses emerged: (i) low level of awareness or interest among FIG members (not becoming a shareholder did not prevent a member from availing FPO services); and (ii) prevailing social and political divides.

Vision and mission

All the FPOs under study had well formulated vision and mission. Most of them has well defined long-term and short term gaols.

CEO, Board of Directors and other staff

In most FPOs it was observed that the CEO were appointed professionals with graduate degrees and above. They also had some training in the fields. Board of Directors were observed to be carrying out the day to day activities. Only a few FPOs were having employed staff. Most FPOs were having 5 to 10 Directors.

7. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

The present study is an attempt to understand the current status of functioning of FPOs, analyze their governance and management practices and examine their performance and constraints in future growth. The State of Manipur was purposively selected for conducting the study.

Major Findings:

The findings of the study are as detailed in following paragraphs.

1. Governance and Group Dynamics

The study observed that the group dynamics and the governance aspects of sample FPCs were quite encouraging. In all sample FPCs, farmers were mobilized at the primary village level coming together as members of farmers' interest

groups (FIGs) of different kinds with an average of 25 to 30 members per FIG. Rigorous meetings by the PIs in each FIG were done before formation of FPOs.

The study also observed that the constitution of Board in all FPOs was in the range of 5-12. The level of trust among shareholders and FIGs regarding governance of the FPCs was found to be quite high. Board Meetings were monthly and regular. Annual general body meetings (AGMs) in majority of FPOs were conducted once a year, mostly after annual audit and accounts reports are prepared. However, mostly, AGMs were reportedly held for the sake of compliance. Low participation of the shareholders in the annual general body meetings was also observed.

It was observed that for all FPCs, the annual financial audit was observed to be regular and systematic. The board of directors and CEO received training and exposure visit once in a year being organized and sponsored by the promoting institute.

2. Business Mix and Turnover

The business processes initiated by sample FPOs were quite inspiring. Majority of the FPOs are in the process to availed licenses for procuring and distributing (selling) of fertilizers to its members. It was also observed that farmers were getting inputs like fertilizer, seeds, small agricultural implements like pump sets, drip irrigation sets, mulching papers, tarpaulins, etc. at a reduced price (ranging from a 4.0 % to 20.0 %) as compared to actual market price.

Majority of FPOs were performing the role of an aggregator and were collecting the produce from farmers for providing direct market linkage. However, a few FPOs had installed facilities for primary processing.

Most of the FPOs had received grant and handholding support during the early stages. Majority of sample FPOs were Promoted/ formed by NABARD, a project by Central Government. Most of the FPCs had utilized the grant support for developing different types of primary processing facilities and other related infrastructure. A few sample FPCs had availed grant support from PRODUCE Fund implemented by NABARD.

The study observed that FPCs which were promoted by Government agencies with Government grants had better convergence with the Government schemes. Government schemes were tapped for creation of infrastructure facilities like sheds and storage structures, pick-up vans, primary processing facilities, etc.

It was reportedly observed that FPOs which were primarily dealing with high value commodity (like poultry, piggery and vegetables) as their major commodities had attained high turnover in lesser time as compared to FPOs dealing only with input procurement and selling.

Another major observation of the study was that older FPOs performed better as compared to young ones. The ability of CEO /Board Members to take correct strategic decisions, quick and smart strategies, appropriate pricing/sales policy were few critical factors contributed to the growth in business turnover of sample FPOs.

The study also observed that when the FPCs, along with procuring inputs, diversified its activity to aggregation of produce, provided a market linkage to the produce aggregated, it achieved high turnover in shorter span of time leading to breakeven. The earlier the FPO diversified its member-centric services from input procurement and distribution to aggregation of produce and linking to market, the sooner it achieved break even with high turnover.

3. Agri-value Chain Systems

The major objective of integrating farmers into FPOs is to make agriculture profitable by involving farmers along the entire agricultural value chain. All of the FPOs had involved in procurement of inputs for members. However, only a few FPOs had sales outlets.

Aggregation and outright purchase from shareholders and sold in local mundi or to wholesaler thus minimizing or completely wiping out middleman is a significant market linkage service provided by sample FPOs. All of them had direct marketing licenses from appropriate authorities.

4. Capital and Access to Bank Finance

The study observed that equity capital @Rs.1000/- was contributed by each farmer shareholder in some FPOs and in some FPOs equity capital @Rs.2000 was contributed. FPOs with low equity base are struggling to establish themselves for fulfilling the needs of their shareholders on time.

Most of the sample FPOs had applied for credit. While some FPOs received kisan credit card, term loan given by Manipur State Co-operative Bank, Manipur rural Bank., Some sample FPOs did not apply for any loan, reason being that vegetable was the major commodity. Because of the perishable nature of the commodity, these FPOs were able to generate enough working capital and did not feel the necessity of applying for a loan.

Policy Recommendations:

Governmental support in the form of grants during the early stages of the FPOs makes them stand out and need to be strengthened both by State and Central Govt. A significant step announced by Govt. is exemption of FPO/FPC from corporate tax for five years and need to be continued as during initial years it will facilitate FPOs to strengthen their internal resources.

The PCs suffer from lack of finance in the formative years. Many State Govts, like Maharashtra, Manipur have their own support mechanism for FPOs. The PODF/PRODUCE Fund of NABARD need to be further strengthened to cover more FPOs. SHGs play a big role as Village level institutions for strengthening FPOs. Fund will further enhance the business plan-based loans and capacity building grants to promoting agencies.

The Annual General Body meeting of the company is more of compliance. It, though, conducted on regular basis are not attended by all the farmers. Even though the nomination to Board of Directors is done by any election process, the influence of the POPI and influential, politically, socially influence the decisions without involving the majority of the farmer members, which damage the confidence of the investors (farmers). Hence, the active participation of the farmers needs to be ensured for sustainability of these organizations.

The members who had participated in the activities of the company were not aware of the role of the organization in its entirety. Their perception is limited as they viewed the organization similar to that SHG/JLG. To realize the full potential of FPO as a business enterprise with full legal protection, the awareness among the farmers should be increased about the role of FPOs and the benefits that they can reap from it.

It is argued that effective farmer producer organizations need to have clarity of mission, sound governance, strong responsive and accountable leadership, social inclusion, have high technical and managerial capacity and effective engagement government agencies, private corporate. But even this needs to be supplemented by supportive and enabling legal, regulatory and policy environment that guarantees autonomy and level playing field so there is a need for a central agency to promote PCs with grants and disseminate awareness about the concept and practices of FPOs among farmer producers and other stakeholders. The FPOs need to choose their activity portfolio carefully keeping in mind the member centrality. However, they need to diversify fast, adopt business-cum-activity-mix, to increase turnover and farmer profits. It is possible to identify new activities in local areas which are valuable for

small farmers e.g., custom hiring of farm machinery and equipment which they can't afford to buy but can rent in. The FPOs practicing organic farming can be designated as certifying agencies for third parties and individual growers by the union government agencies. The promotional and non-governmental organizations supporting these FPOs should be given project-based grants by the state/union government.

Both the state and the union governments in India should recognize FPOs as producer cooperatives and extend all support as extended to traditional cooperatives in terms of credit, licenses for inputs and output sale and purchase. They should be considered eligible for investment and working capital grants for processing and marketing infrastructure creation.

CONFLICT OF INTERESTS

None.

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None.

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