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## Management status of farmer producer organizations (FPOS) in Chhattisgarh plains

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### Abstract

Present study aims to examine the performance of Farmer Producer Organizations (FPOs) in Chhattisgarh Plains. In Chhattisgarh Plain 10 FPOs were selected randomly for the present study. The study includes both the survey and case study methodologies. Multiple case studies of FPOs in each category and major district have been undertaken to understand the operation modalities and challenges in the functioning of the FPOs. In Chhattisgarh Plains 86 FPOs registered in which 37, 36, and 13 FPOs were registered under NABARD, horticulture and NGOs respectively. The major business of FPOs were production and marketing of fruits and vegetable collectively, input supply, dealership in input and bulk buying of inputs and their sales to members, milk production, mushroom and its value added products, vermi-compost and NTFPs etc. The authorized capital ranged from Rs. 2.3 lakh to 10 lakh, and mobilized share capital was Rs. 2.3 to Rs. 13.54 lakh. The annual turnover was in the range of Rs. 2 to 62 lakh and all the FPOs were ruined in profits (2016-17). The major constraint were Poor Skill of Professional of the Producer companies, lack of vision and direction from board of directors, operational problems like low equity based to low share value. They should be considered eligible for investment and working capital grants for processing and marketing infrastructure creation. The PC practicing organic farming can be designated as certifying agencies for third parties and individual growers by the union government agencies like APEDA. Cold storage facilities should be provided to each and every FPO dealing with perishable commodities.

**Keywords:** farmer producer organizations (FPOs), turnover, Chhattisgarh plains

### Introduction

The social and community organizations such as NGOs, Farmer Producer Organizations (FPOs) etc. can be roped in for achieving agricultural development in a sustainable manner. FPOs are the institutions that can be geared towards protecting small farmers from ill – effects of liberalization and to incentivize them to participate in modern competitive markets. Producer Company (PC) is a legal entity, enacted in 2003 as per section IX A of the Indian Companies Act 1956 (Trebbin & Hassler, 2012) [1]. Since the above enactment, the PC has been hailed as the organizational form that will empower and improve the bargaining power, net incomes, and quality of life of small and marginal farmers/producers in India. While each member in a PC can have only one vote, he/she can contribute different amounts of share capital to the PC. The shares of the PC members cannot be transferred outside the membership. A PC should have a minimum of 10 members or two producer entities or a combination thereof can form a PC. By virtue of assigning equal voting rights to each member, the issues of management control by small and marginal producers has been resolved in the design of PC. In spirit, the current PC design also takes into account the efficiency of the community of producers rather than the efficiency of shareholders/financiers of a profit seeking company (Singh and Singh 2013) [6].

### Methodology

Considering the emerging importance of FPOs the Present study was conducted in Plain region of Chhattisgarh State. The study includes both the survey and the case study methodologies. Multiple case studies of FPOs in each category and major districts have been undertaken to understand the operation modalities and challenges in the functioning of the FPOs. About 86 FPOs were supported by National Bank for Agriculture and Rural development (NABARD), Non – Governmental Organizations (NGOs) and Horticulture department. In Chhattisgarh plain, the FPOs under NABARD, NGOs and Horticulture department were in no. 37, 13 and 36 respectively. In Chhattisgarh plain 40 FPOs were registered under cooperative act and remaining 46 FPOs were registered under company act. The major business of FPOs are production and marketing of fruits and vegetable collectively, input supply, dealership in input

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and bulk buying of inputs and their sales to members, milk production, mushroom and its value added products, vermi-compost and Non-Timber Forest Products (NTFPs) etc.

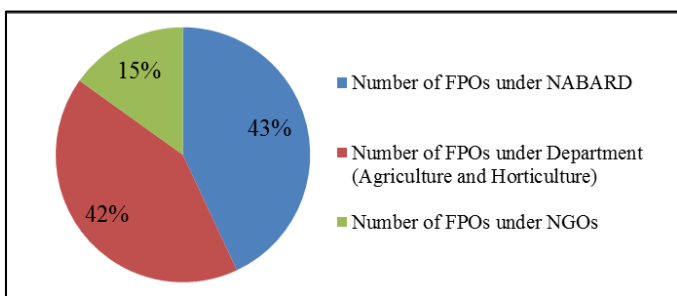
**Results and Discussion**

**1. General characteristics of selected farmer producer organizations (FPOs) in Chhattisgarh plains**

In Chhattisgarh Plains eighty-six Farmer Producer Organizations (FPOs) were registered, in which they were promoted under National Bank for Agriculture and Rural Development (NABARD), horticulture department and Non-Governmental Organizations (NGOs) i.e. 37, 36 and 13 respectively. Most of the FPOs were registered in 2013-14 in Chhattisgarh Plains. Out of this total only 30 FPOs were functional. About 33 % functional FPOs were selected from the selected districts of Chhattisgarh Plains for the present study. In Chhattisgarh Plains 40 FPOs were registered under cooperative act and remaining 46 FPOs were registered under company act (table 1). The major business of FPOs were production and marketing of fruits and vegetable collectively, input supply, dealership in input and bulk buying of inputs and their sales to members, milk production, mushroom and its value added products vermi-compost and Non-Tiber Forest Products (table 2).

**Table 1:** Basic information of selected FPOs’ in Chhattisgarh Plains

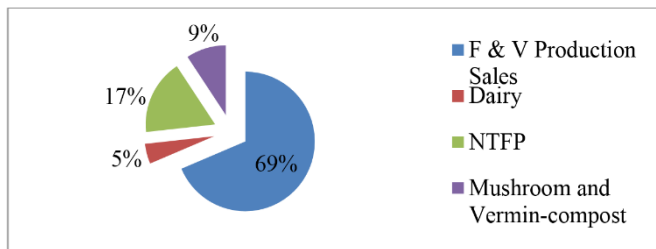
Particulars	Chhattisgarh Plains
Number of FPOs under NABARD	37
Number of FPOs under Department (Agriculture and Horticulture)	36
Number of FPOs under NGOs	13
Number of functional FPOs	30
Selected FPOs (no.)	10
Total members	9481
Category of Registration	
Cooperative	40(46.51 %)
Company ltd.	46 (53.49 %)



**Fig 1:** Basic information of selected FPOs’ in Chhattisgarh Plains

**Table 2:** Activities performed by selected FPOs

Particulars	Chhattisgarh Plains	Percentage
a. Fruits and vegetables Production Sales and Marketing	59	68.60
b. Dairy	4	4.65
c. NTFP	15	17.44
d. Mushroom and vermin-compost	8	9.30
Total	86	100



**Fig 2:** Percentage of selected FPOs regarding to activities performed

**2. Basic profile of selected FPOs in Chhattisgarh plains**

The average authorized capital of selected FPOs was 7.15 Lakh and average mobilized share capital was ₹ 6.08 Lakh. The average total number of employees was found 2 in selected FPOs. Non-member business percentage was only 25. FPOs have average number of farmer was 948 members each with average share of ₹ 1110. The average size of holding of members of selected FPOs was 0.74 hectare (Table 3).

**Table 3:** Basic profile of selected FPOs in Chhattisgarh Plains

Producer Company Parameters	Chhattisgarh Plains
Authorised capital (₹ Lakh)	7.15
Share capital (₹ Lakh)	6.08
Shareholding Pattern	
- Initial	53
- Present	876
Shares per member	1110
No. of directors	11
No. of Prof. Managers	1
Total no. of employees	2
Total no. of non-member	185
% of total business from non-members	25
Avg. Size of holding of member in Ha.	0.74
Main business	Krishi Kendra, vegetable, mushroom and vermin-compost production and marketing

**3. Business performance and profile of selected FPOs in Chhattisgarh plains**

The annual turnover and profit is presented below. It reveals that the average annual turnover was observed in ₹ 15.14 lakh and all the FPOs were ruined in profits (2016-17). It was also observed that over the year’s annual turnover and profits of the FPOs were slightly increased. Out of ten FPOs only five FPOs has information about turnover and profit. Information collected from five FPOs were averaged given in table 4.

**4. Farmer awareness and perception of the selected FPOs in Chhattisgarh plains**

Farmer awareness and perception of the FPOs is presented in table 5. It was observed that the most of farmers were aware of the company business and rate its working are more than 51.66% satisfactory. More than 50 Percent FPO members of the Chhattisgarh Plains purchased seed from the FPOs shops and few members of the FPOs were purchase other inputs from the FPO shops. Most of the FPO farmers are satisfied with input supplied by the FPO shops.

**Table 4:** Business performance of FPOs in Chhattisgarh Plains

Producer Company Parameters	Chhattisgarh Plains
<b>Year (2015-16)</b>	
Turnover (₹ Lakh)	14
Profit (loss) in ₹	281666.67
<b>Year (2016-17)</b>	
Turnover (₹ Lakh)	15.14
Profit (loss) in Rs	326000

**Table 5:** Farmer awareness and perception of the selected FPOs

Producer Company Parameters	Chhattisgarh Plains
Total no. of farmer	948
Aware of company business (%)	66
Rate it satisfactory (%)	51.66
Avg. farmer sale of seed (%)	29.29
Input purchase by FPOs (% of total used)	
Seed	35
Fertilizer/feed	27.14
Pesticides	30
Satisfaction with various (%)	
Input	57.14
Output	59.28
Management of PC	58.12

### Conclusions

The average authorized capital was Rs. 7.15 lakh and mobilized share capital was Rs. 6.08 lakh. The average total no. of employees was 2 members. The average non-member business percentage was only 25. FPOs have members each with average share of Rs. 1110 each. The average size of holding of members was 0.74 hectares. The average annual turnover was found Rs. 15.14 lakh and all the FPOs were ruined in profits (2016-17). Government support in the form of grants during the early stage the PCs should be made available. Exemption from corporate tax at least for initial few years and the inclusion of financing agency on the board of PCs can also help. In Mandi yards/regulated markets, separate shops should be provided to FPOs at concessional rate.

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