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## Performance of farmer producer organizations (FPOs) in Chhattisgarh plain in terms of ownership and management structure

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### Abstract

Farmer producer organization (FPOs) is democratic institution of farmers which is registered as organizations under various legal act like Company Act, Co-operative Society Act, Trust act etc. Efficient marketing and low share in consumer per rupee seems a main problem for small and marginal farmers. FPO gives collective platform to small producer for better backward and forward linkage. In Chhattisgarh state, there were 130 FPOs registered since year 2013 to 2017. Out of them 43.85 percent were promoted by National Bank for Agriculture and Rural Development (NABARD), 36.15 percent were promoted by Directorate of Horticulture and Farm Forestry and 20.00 percent FPOs were promoted by Small Farmers Agri-business Consortium (SFAC). There were total 37 FPOs supported by NABARD in Chhattisgarh Plains. The ownership of FPOs is always with their members, irrespective of number of hold shares the principle of 'one member-one owner vote' has given the base of voting rights. The producer-members who participated actively in decision making have controlled the Producer Organizations. However, the control of ownership is with producer-member and the management which are elected Board of Directors as representative of members. The management of FPOs consist both governing and operational management of organization.

**Keywords:** Farmer producer organization, doubling the farmers' income, Chhattisgarh plains, NABARD, ownership and management

### Introduction

Agricultural marketing system plays an important role in determining the prices received by the farmers and it seems a complex process in India. In absence of collectivization, the small scale of operations significantly reduces bargaining power in input procurement as well as sale of output. Government of India has been promoting a new form of collectives called Farmer Producer Organizations (FPOs) to address the challenges faced by the small and marginal farmers, particularly those to do with enhanced access to investments, technological advancements, and efficient inputs and markets. The Food and Agriculture Organization (FAO, 2007 as cited in FAO, 2013) notes that 'farmers' and rural producers' organizations (FPOs) refer to independent, non-governmental, membership-based rural organizations of part or fulltime self-employed smallholders and family farmers, pastoralists, artisanal fishers, landless people, women, small entrepreneurs and indigenous peoples." The government is promoting the formation of FPOs as a viable alternative to cooperatives. The basic purpose envisioned for the FPOs is to collectivize small farmers for backward linkage for inputs like seeds, fertilizers, credit, insurance, knowledge and extension services; and forward linkages such as collective marketing, processing and market-led agriculture production. (Bikkina, et al., 2015) [2]. FPO offers small farmers to participate in the market more effectively and help to enhance agricultural production, productivity and profitability (Salokhe, 2016). The income of small and marginal farmers can be increased manifold and the mission of doubling the income of the farmers by 2022 can be achieve through collective marketing. It is a method when all small and marginal scale farmers pool their resources and share the machinery. The profit earned is shared and thus each one in the group is benefited. This collective marketing can be done under the umbrella of government of India.

### Methodology

Chhattisgarh state have three agro-climatic zones namely Chhattisgarh Plains, Northern Hill Regions and Bastar Plateau by "Planning Commission of India". There were total 130 FPOs supported by Natinonal Bank of Agricullture and Rural Development (NABARD), Small Farmers Agri-busniess Consortium (SFAC) and Directorate of Horticulture & Farm Forestry, Chhattisgarh state. Multistage sampling method was followed for the present study.

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Chhattisgarh plain was selected purposively due to highest numbers of working Farmer Producer Organisations in this zone. There were 37 FPOs registered in Chhattisgarh plain followed by 13 and 7 in Northern hill region and in Bastar plateau supported by NABARD. The Chhattisgarh plain region had only 24 FPOs are in functional form, out of them 50 percent were selected from Korba, Rajanandgaon, Dhamtari, Raigarh and Dhamtari districts of purposively on the basis of their response, communication, working and performance. By using simple random sampling technique ten members were selected from each of the sampled FPOs randomly, thus a total of 120 farmers' were selected from 12 FPOs. Similarly ten non-members farmers were selected randomly from the same village where members of the FPOs had selected. Therefore, total number of respondents were 240 for the study. The survey method and case study methodologies both are include in study. The data on status and management structure of FPOs were collected through as sample study of FPOs across major localities, commodities and type of promoting institutions. Multiple case studies on FPOs in each category and major districts have been undertaken to find out the operation modalities and constraints faced in better functioning of the FPOs.

## Results

The mobilization, formation and growth of FPOs were actively supported, guided and encouraged by state and central government with their agencies. The trend of formation of FPOs during 2013-2017 shown in Table 1. The highest number of registered FPOs was supported by NABARD followed by Directorate of Horticulture and Farm Forestry Chhattisgarh state and SFAC respectively with 43.85 percent, 36.15 percent and 20.00 percent respectively. In the year 2016 the highest number of mobilized FPOs gone under registration in Chhattisgarh state. A proper roadmap with guidelines for promotion, selection methodology, budget, registration procedures etc. provided to Promotion Institutions (PI) by central government. To promote FPOs the state government of Chhattisgarh also developed its own separate and independent guidelines. In Chhattisgarh state, 75.67 percent of registered FPOs are registered under Co-operative Society Act, rest 24.32 percent FPOs are registered under Companies Act. The highest number of FPOs was registered in Rajnandgaon district with 32.43 percent, followed by Korba, Balod, Mahsamund, Janjgir-Champa, Raigarh, Dhamtari and Kawardha districts with 29.73, 10.81, 10.81, 5.41, 5.41, 2.7 and 2.7 percent respectively. Till 31<sup>st</sup> March 2017, Total 15517 small and marginal farmers were registered as member in a FPO supported by NABARD in Chhattisgarh plains. The ownership of FPOs was always with their members. The Producer Organizations were democratic institutions. Only a producer-member can be owner of a Producer Organization. Irrespective of number of hold shares the principle of 'one member-one owner vote' given the base of voting rights. The producer-members who participated actively in decision making and setting the goals for organizations have controlled the Producer Organizations. However, the control of ownership was with producer-member and the management which are representative of members. The management of FPOs consist both governing and operational management of organization. Study found that there were 11 to 15 Board of Directors in each FPO and

selection of directors was done through direct voting of members and by group representation among themselves. The CEO which was appointed by democratically-elected Board looked after the management of daily affairs as professional. NABARD appointed various NGO in different district of state with tender of earlier three year for mobilization, formation and better development of FPOs. The active duration of earlier three years guidance by supporting agencies NGO had extended for one year more because it was observed that early three years of nutrition by facilitator agency did not seemed sufficient for capacity building, strengthening and managing own affairs. The average authorized capital was observed Rs.5.60 lakhs, the average equity mobilized was Rs. 4.65 lakhs the average share capital amount per member found Rs. 916.67. The FPOs named Banbod Gramin Dharohar Farmer Producer Company Ltd. (BGDFPCL), Jhumarkonha Gramin Dharohar Farmer Producer Company Ltd. (JGDFPCL) and Karela Gramin Dharohar Farmer Producer Company Ltd. (KGDFPCL) in Rajnandgaon district were registered under company act in 2016. All three were promoted by NGO 'Community Advancement and Rural Development Society' (CARDS). The fourth FPO named Maa Bamleshwari Dugdh Utpadak Sahkari Samiti (MBDUSS) was promoted by NGO 'Maa Bamleshwari Janhitkari Samiti' in the direction of Padmshree Smt. Phoolbasan Devi ji. MBDUSS was one and only FPO owned and run by women in Chhattisgarh Plains. The Korba District has second highest number of FPOs with 29.73 percent in Chhattisgarh Plains. The selected FPOs named Hariyali Bahuudeshiya Sahkari Samiti Maryadit (HBSSM), Jai Chandravanshi Bahuudeshiya Sahkari Samiti Maryadit (JCBSSM), Jai Gurudev Bahuudeshiya Sahkari Samiti Maryadit (JGBSSM) and Mahamaya Bahuudeshiya Sahkari Samiti Maryadit (MBSSM) were registered in 2015 promoted by NGO 'Gram Bartori Vikas Shikshan Samiti'. The local farmers were already beneficiaries as part of WADI Project of NABARD. After registered as FPO they access platform for collective marketing with fair prices of their produces. The two sampled FPOs named Ojaswi Krishak Utpadak Company Ltd. (OKUCL) and Shree Rajiv Lochan Agro Invention Producer Company Ltd (SRLAIPCL) from Dhamtari district registered in 2016. Both have registered under company act and supported by NABARD. OKUCL have not promoted by any NGO, while SRLAIPCL had promoted by 'Cohesion Foundation Trust' only in its earlier stage. Now member producer are executing the organization by themselves. Mahasamund district have third highest number of FPOs with 10.81 percent in Chhattisgarh Plains. The FPO named 'Jeevan Amrit Sahkari Samiti' was promoted by NGO 'Nidan Sewa Parishad' has still under registration process in co-operative society act. This FPO was focusing on low cost production techniques for mushroom cultivation and vermin-composting. After mobilization of FPO many poor farmers had introduced with ideas of profitable farming. The Sahyog Green Plus Adiwasi Sahkari Samiti Maryadit Dharamjaigarh (SGPASSMD) was registered in 2016 under Co-operative Society Act. It was a complete tribal owned and run Producer Organization. NGO 'Raigarh Sahyog Samiti' was working as promoting agency with FPO. The tribal farmers were already joined the 'WADI Project' of NABARD five years ago and now the become more strengthen with bulk production and collective marketing to get better prices of their farm produces.

**Table 1:** Distribution of FPOs by year of registration in Chhattisgarh State till 31.03.2017

S.N.	Promoting Agencies	2013	2014	2015	2016	2017	Total
1	National Bank for Agriculture and Rural Development	0	3	25	27	2	57 (43.85)
2	Directorate of Horticulture and Farm Forestry Chhattisgarh state	0	2	0	45	0	47 (36.15)
3	Small Farmer Agri Business Consortium	5	0	5	10	6	26 (20.00)
4	Total	5 (3.85)	5 (3.85)	30 (23.08)	82 (63.07)	8 (6.15)	130 (100.00)

**Table 2:** District-wise information of registered FPOs supported by NABARD

S.N.	District	No. of FPOs	Act registered under		No. of registered farmers
			Cooperative Society act	Company act	
1	Rajnandgaon	12 (32.43)	5	7	4749 (30.61)
2	Balod	4 (10.81)	3	1	888 (5.72)
3	Korba	11 (29.73)	11	0	5257 (33.87)
4	Janjgir-Champa	2 (5.41)	2	0	1157 (7.46)
5	Mahasamund	4 (10.81)	4	0	1145 (7.37)
6	Kawardha	1 (2.70)	1	0	450 (2.90)
7	Raigarh	2 (5.41)	2	0	1293 (8.33)
8	Dhamtari	1 (2.7)	0	1	578 (3.73)
	Total	37 (100)	28 (75.67)	9 (24.32)	15517 (100.00)

**Table 3:** Basic profile of Selected 12 FPOs in Chhattisgarh Plain (Year 2017-18)

S.N.	Particulars	Average size in CG plain
1	Number of Members	492.75
2	Male	387.91 (78.72)
3	Female	104.83 (21.28)
4	ST	307.92 (62.49)
5	SC	14.5 (2.94)
6	OBC	165.25 (33.54)
7	General	5.08 (1.03)
8	Authorised capital (Rs.) in lakhs	5.6
9	Equity Mobilized(Rs.)in lakhs	4.65
10	Share Amoun Per Member(Rs.)	916.67
11	No. of BODs	11
12	Major Business Activity	Input supply shop, Production and marketing of WADI produce, pulses, Aggregation and Marketing of NTFP, Production, processing and marketing of mushroom, soil testing lab,Dairy vermicomposting,,

**Table 4:** Basic Profile of Sampled FPOs in Rajnandgaon District

S.N.	Particulars	BGDFPCL	JGDFPCL	KGDFPCL	MBMDUSS	Average
1	Full Name of FPO	Banbod Gramin Dharohar Farmer Prducer Company Ltd.	Jhumarkonha Gramin Dharohar Farmer Producer Company Ltd.	Karela Gramin Dharohar Farmer ProducerCompany Ltd.	Maa Bamleshwaari Mahila Dughd Utpadak Sahakari Samiti	
2	Adress	Rajnandgaon	Chhuikhadan,Rajnandgaon	Karela, Rajnandgaon	Sandi,Rajnandaon	
3	Status of Registration	Registered	Registered	Registered	Registered	
4	Registration No./CIN No.	U01100CT2016PTC007415	U01100CT2016PT007633	U01100CT2016PTC007384	661	
5	Legal Act	Company act	Company act	Company act	Co-operative society act	
6	Number of Members	521	514	524	53	403
7	Male	486	469	524	0	369.7(91.75)
8	Female	35	45	0	53	33.25(8.25)
9	ST	180	177	189	0	136.5(33.87)
10	SC	29	22	35	10	24(5.96)
11	OBC	312	315	285	37	237.25(58.87)
12	GENERAL	0	0	15	6	5.25(1.30)
13	Equity Mobilized(Rs.)	500000	500000	500000	50000	387500
14	Share Amount Per Member	1000	1000	1000	1000	1000
15	No. of BODs	11	11	11	9	10.5
16	Supporting Agency	Community Advancement & Rural Development Society 'CARDS'	Community Advancement & Rural Development Society 'CARDS'	Community Advancement & Rural Development Society 'CARDS'	Maa Bamleshwaari Janhitkari Samiti	
17	Business Activities	Input supply center, Aggregation and marketing of Wadi products, pulses and vegetables, Production, processing and marketing of mushroom	Input supply center, Aggregation and marketing of Wadi products, pulses and vegetables, Production, processing and marketing of mushroom	Input supply center, Aggregation and marketing of Wadi products, pulses and vegetables, Production, processing and marketing of mushroom	Dairy	

**Table 5:** Basic Profile of Sampled FPOs in Korba District

S.N.	Particulars	HBSSM	JCVBSSM	JGBSSM	MBSSM	Average
1	Full Name of FPO	Hariyali Bahudeshiya Sahkari Samiti Maryadit	Jai Chandra Vanshi Bahudeshiya Sahkari Samiti Maryadit	Jai Gurudev Bahudeshiya Sahkari Samiti Maryadit	Mahamaya Bahudeshiya Sahkari Samiti Maryadit	
2	Address	Koi, Korba	Kerakachhar, Korba	Taraimar, Korba	Navapara, Korba	
3	Status of Registration	Registered	Registered	Registered	Registered	
4	Registration No./CIN No.	193/28/09/2015	188/27/06/2015	190/21/07/2015	193/28/09/2015	
5	Legal Act	Cooperative societies act	Cooperative societies act	Cooperative societies act	Cooperative societies act	
6	Members	510	500	501	830	585.25
7	Male	257	125	364	784	382.5(65.36)
8	Female	253	375	137	46	202.75(34.64)
9	ST	484	490	472	807	563.25(96.24)
10	SC	2	0	6	1	2.25(0.38)
11	OBC	24	10	23	22	19.75(3.38)
12	GENERAL	0	0	0	0	0(0.00)
13	Equity Mobilized (Rs.)	255000	170000	230000	290000	236250
14	Share Amount Per Member	500	500	500	500	200
15	No. of BODs	11	11	11	11	11
16	Supporting Agency	Gram Bartori Vikas Shikshan Samiti	Gram Bartori Vikas Shikshan Samiti	Gram Bartori Vikas Shikshan Samiti	Gram Bartori Vikas Shikshan Samiti	
17	Business Activities	Production and marketing of WADI products, Aggregation and marketing of NTFP, Input supply shop, Organic fertilizer, Input supply shop	Production and marketing of WADI products, Aggregation and marketing of NTFP, Input supply shop, Organic fertilizer, Input supply shop	Production and marketing of WADI products, Aggregation and marketing of NTFP, Input supply shop, Organic fertilizer, Input supply shop	Production and marketing of WADI products, Aggregation and marketing of NTFP, Input supply shop, Organic fertilizer, Input supply shop	

**Table 6:** Basic Profile of Sampled FPOs in Dhamtari District

S.N.	Particulars	OKUCL	SRLAIPCL	Average
1	Full Name of FPO	Ojaswi Krishak Utpadak Company Ltd.	Shree Rajiv Lochan Agro Invention Producer Company Ltd.	
2	Address	Kurud, Dhamtari	Megha, Dhamtari	
3	Status of Registration	Registered	Registered	
4	Registration No./CIN No.	U01100CT2016PTC00768	U01403CT2016PTC002162	
5	Legal Act	Company act	Company act	
6	Membership Size	396	597	496.5
7	Equity Mobilized (Rs.)	846000	1354000	1100000
8	Share Amount Per Member	2000	1000	1500
9	No. of BODs	11	15	13
10	Supporting Agency	Nil	Nil	
11	Business Activities	Input supply shop, Processing unit Organic farming of paddy and vegetables	Input supply shop, Production and marketing of Mushroom, spawns and its processed items and spices, Vermicomposting, Kiosk center	

**Table 7:** Basic Profile of Sampled FPOs in Raigarh District

S.N.	Particulars	SGPASSMD	Average
1	Full Name of FPO	Sahyog Green Plus Adiwasi Sahkari Samiti Maryadit, Dharamjaigarh	
2	Address	Dharamjaigarh, Raigarh	
3	Status of Registration	Registered	
4	Registration No./CIN No.	1188	
5	Legal Act	Cooperative societies act	
6	Number of Members	782	782
7	Male	648	648(82.86)
8	Female	134	134(17.14)
9	ST	777	777(99.37)
10	SC	0	0
11	OBC	5	(5)0.64
12	GENERAL	0	0
13	Equity Mobilized (Rs.)	464200	464200
14	Share Amount Per Member	1000	1000
15	No. of BODs	11	11
16	Supporting Agency	Raigarh Sahyog Samiti	
17	Business Activities	Input supply shop aggregation, value addition and marketing of WADI produce(mango, cashew, NTFP and vegetables)	

**Table 8:** Basic Profile of Sampled FPOs in Mahasamud District

S.N.	Particulars	JASS	Average
1	Full Name of FPO	Jeevan Amrit Sahkari Samiti	
2	Address	Mahasamund	
3	Status of Registration	Not Registered	
4	Registration No./CIN No.	Not Registered	
5	Legal Act	Cooperative societies act	
6	Membership Size	185	185
7	Equity Mobilized(Rs.)	425000	425000
8	Share Amount Per Member	1000	1000
9	No. of BODs	11	11
10	Supporting Agency	Nidan sewa parishad	
11	Business Activities	vermicomposting, mushroom, Lac cultivation	

### Conclusion

The Department of Agriculture Cooperation and Farmers Welfare had declared the year 2014 as “Year of Farmers Producers Organisation”. In the union budget for year 2018-19, the union finance minister announced two major announcement that 100 percent tax deduction for next five year for Farmer Producer Organisations with annual turnover of upto Rs. 100 crore and launch of “Operation Green” for tomato, onion, potato on the lines of “Operation Flood” by promoting Farmers Producer Organisations agri-logistics, processing facilities and professional management. The average number of members of selected FPOs in Chhattisgarh Plains was 492.75. Out of them ST farmers had participated highly with 62.49 percent followed by OBC, SC and General Category farmers with 33.54, 2.94 and 1.03 percent respectively. 78.72 percent ownership possessed by male followed by female members with 21.28 percent of total. The poor professional management, shortage of working capital, inability to access loan from banks, unawareness of producer-members, insufficient directions and visions from Board of Directors and poor infrastructure facilities were major hurdles in performance of Producer Organisations. Study Suggested that for better performance of FPOs there should be timely grants and funds from Government in early stage, mobilization of more equity, better planning of activity portfolio, certification of organic farming by Agricultural and Processed Foods Products Export Development Authority, proper guidelines for value added products by state, formation of central agency to grants and awareness, improve infrastructure facilities and training of directors to take strategic decisions are needed.

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