

## Farmer Producer Organizations: Concept, Structure and Functioning

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### Abstract

*Farmer Producer Organizations as producer companies are engines of growth for agriculture and rural development in India. It also fits well in the current economic and political milieu of the country. Promoting FPO is one of the important initiatives taken by the Department of Agriculture and Cooperation of the Ministry of Agriculture. Farmer Producer Organization provides a variety of services to its members such as input supply, financial, technical, insurance, procurement, packaging, marketing and networking. The present study was conducted in Udaipur district of Rajasthan state. There are seven FPOs in Udaipur district which are supported by NABARD (National Bank for Agriculture & Rural Development). For the purpose of studying structure and functioning, all these seven Farmer Producer Organizations in Udaipur district were included in the study. It was found that all the selected FPOs were registered in 2016 except Vitthala Farmer Producer Organization, Mavli which was registered in 2018 under Company Act, having same organizational structure and for receiving funds they were linked with NABARD. POPI helped these FPOs in making them self-sustained. Necessary infrastructure facilities were available in all the FPOs. It was found that Vitthala Farmers Producers Organization Mavli was not functional for a long time because of economic crisis.*

**Keywords:** *Farmer Producer Organization, capacity building, linkages.*

### Introduction

In India, the concept of Producer Companies is a very recent development. To mainstream the idea of promoting and strengthening member-based institutions of farmers, the year 2014 was observed as the “Year of Farmer Producer Organizations (FPO)”. Farmer Producer Organizations as producer companies are engines of growth for agriculture and rural development in India<sup>[3]</sup>. It also fits well in the current economic and political milieu of the country. Promoting FPO is one of the important initiatives taken by the Department of Agriculture and Cooperation of the Ministry of Agriculture. Farmer Producer Organization provides a variety of services to its members such as input supply, financial, technical, insurance,

procurement, packaging, marketing and networking. The VAPCOL, Maharashtra transformed into a producer company through the merger of various farmer organizations, including cooperative societies, farmers' associations, and SHG federations. Under hierarchical organization and structure of VAPCOL<sup>[5]</sup>. Maharashtra, groupings are formed at different organizational and spatial scales.. It is noted that FPOs provide end to end services to its members covering almost all aspects of cultivations.

In order to enable the farmers to enhance productivity through efficient, cost-effective and sustainable resource use through collective action, a prosperous and sustainable member-owned producer organizations called as Farmer Producer

Organization were formed with the support of NABARD. Kisaan Beej was registered under Autonomous Cooperative Society Act because of minimum intervention by the state government in the affairs of the organization. The ease of registration (done at the district level) was the greatest advantage for such legal entity. The detailed study about the organizational

### **Material and Methods**

The present study was conducted in Udaipur district of Rajasthan state. There are seven FPOs in Udaipur district which are supported by NABARD (National Bank for Agriculture & Rural Development) viz. Wakal Agro Food Producer Company Limited Oгна, Jhadol, Bhomat Agro Food Producer Company Limited Oгна, Jhadol, Jai Kalyan Agro Producer Company Limited Sarada, Som

### **Results and Discussion**

#### **Background Information of selected Farmer Producer Organizations in Udaipur district**

In order to study the structure and functioning of the FPO, seven FPOs of Udaipur districts viz. Wakal Agro Food producer Company Limited Oгна (Jhadol), Bhomat Agro Food producer Company Limited Oгна (Jhadol), Jai Kalyan Agro Producer Company Limited, Sarada, SomKamla Agro Producer Company Limited Salumber, Jhadol Producer Company Limited Jhadol, Mewar Green Agro producer Company Limited Kolyari and Vitthala Farmers Producer Organization, Mavli were selected for the

#### **1. Wakal Agro Food Producer Company Limited, Oгна (Jhadol)**

Wakal Agro Food Producer Company Limited was made and run by farmers with the support of Producer Organization Promoting Institution (POPI) named Gandhi Manav Kalyan Society, Udaipur and was registered in 2016 under Company Act (Table 1) Gandhi ManavKalyan Society (Producer

structure, capacity building, activities carried out by NABARD, POPI, FPO, available infrastructure, membership, procedure of monitoring, internal controls, promotional strategies, marketing process, annual production and backward forward linkages of the farmer producer companies were observed during the study which have been presented in this section<sup>[4]</sup>.

Kamla Agro Producer Company Limited, Salumber, Jhadol Producer Company Limited, Jhadol, Mewar Green Agro Producer Company Limited, Kolyari, Jhadol and Vitthala Farmers Producer Organization, Mavli. For the purpose of studying structure and functioning all these seven Farmer Producer Organizations in Udaipur district were included in the study.

present study. During the study it was found that Vitthala Farmers Producer Organization, Mavli did not carry any commercial and capacity building activities after registration and fund received from NABARD because of lack of cooperation among group and financial problems. Therefore, detailed activities of this FPO are not covered in this section. The background information of the selected FPOs was gathered from primary sources such as Board members of the selected FPOs, Producer Organization Promoting Institution POPI and NABARD and presented in Table 1.

Organization Promoting Institution) was providing hand holding support to this FPO. It is located in Oгна village of Jhadol Tehsil of Udaipur Districts in Rajasthan. There were 210 farmers and ten members of Board acting as the members in the organization. All the members were from the villages like Galdar, Sarkakheda,

Kantharia, Jambua, Dadmiya, Atatiya, Sankhla, Pilak, Gezvi etc. The share of each member was Rs.1000. This FPO was facilitated by resource support agency namely NABARD. For Promotion of FPO, NABARD provided Rs.5.06 lakhs for registration, office building, electricity,

## **2. Bhomat Agro Food Producer Company Limited, Ojna (Jhadol)**

Bhomat Agro Food Producer Company Limited was formulated by farmers with the support of Producer Organization Promoting Institution (POPI) named Gandhi ManavKalyan Society, Udaipur and was registered in 2016 under Company Act. It is located in Ojna village of Jhadol Tehsil of Udaipur Districts in Rajasthan. There were 230 farmers and ten members of Board acting as the members in the organization. All the members were from the villages like Tepakibor, Amri, Bhura, Dhopa, Kolar, Kundal, Galdar,

## **3. Jai Kalyan Agro Producer Company Limited, Sarada**

Jai Kalyan Agro Producer Company Limited, Sarada was made and run by farmers with the support of Producer Organization Promoting Institution (POPI) named GayatriSevaSansthan, Udaipur and it was registered in 2016 under Company Act. It is located in Sarada Tehsil of Udaipur Districts in Rajasthan. There were 300 farmers and ten Board of Directors acting as the members in the organization. All the members were from the villages like Padrada, Gangapur, Shyampur,

## **4. SomKamla Agro Producer Company Limited Salumber**

SomKamla Agro Producer Company Limited was made and run by farmers with the support of Producer Organization Promoting Institution (POPI) named GayatriSevaSansthan, Udaipur and it was registered in 2016 under Company Act. It is located in Salumber Tehsil of Udaipur Districts in Rajasthan. There were 315 farmers and 11 Board of Directors acting as the members in the organization.

etc. and Rs.4 lakhs for revenue generation, paying the fees of hired experts and also for capacity building programme. This was involved in production, processing and marketing of soybean, cotton, maize and alovera.

Kukrokhedi, Jambua, Dadmiya etc. The share of each member was Rs.1000. This FPO was facilitated by resource support agency namely NABARD. For Promotion of FPO, NABARD provided Rs.5.06 lakh for registration, office building, electricity, etc. and Rs.4 lakh for revenue generation, paying the fees of hired experts and also for capacity building Programme. This was involved in production, processing and marketing of agriculture, horticulture crops and medicinal plants i.e. soybean, maize, fennel, cotton, alovera. (Table 1)

Mautalapahadi, Gomtifalla, Sarada etc. The share of each member was Rs.900. This FPO was facilitated by resource support agency namely NABARD. For Promotion of FPO, NABARD provided Rs.5.06 lakh for registration, office building, electricity, etc. and Rs. 4 lakh for revenue generation, paying the fees of hired experts and also for capacity building Programme. This was involved in production, processing and marketing of horticulture crops (Table 1).

All the members were from the villages like Roba, Kherad, RathodokaGudha, Chibora, Gamdopal, Salumber etc. The share of each member was Rs.900. This FPO was facilitated by resource support agency namely NABARD. For Promotion of FPO, NABARD provided Rs.5.06 lakh for registration, office building, electricity, etc. and Rs.4 lakh for revenue generation, paying the fees of hired experts and also

**Table 1 Background Information of selected Farmer Producer Organizations in Udaipur districts**

S. No.	Name of the FPO	Registration Year	Location	Major work	No. of members		Farmer's category	Amount of Share (Rs.)	POPI	Resource Support Agency
1	Wakal Agro Food Producer Company Limited, Ogna	2016	Ogna, Jhadol	Agri., Horti. & medicinal plants	210 farmers (45 Male & 165 Female)	10 Board members	small and marginal	1000	Gandhi ManavKalyan Society Udaipur	NABARD
2	Bhomat Agro Food Producer Company Limited, Ogna	2016	Ogna, Jhadol	Agri., Horti. and medicinal plants	230 farmers (180Male & 50 Female)	10 Board members	small and marginal	1000	Gandhi ManavKalyan Society Udaipur	NABARD
3	Jai Kalyan Agro Producer Company Limited, Sarada	2016	Sarada	Agri. & Horti	300 farmers	10 Board members	small and marginal	900	GaytriSevaSansthan Udaipur	NABARD
4	Somkamla Agro Producer Company Limited, Salumber	2016	Salumber	Agri. & Horti	315 farmers	11 Board members	small and marginal	900	GaytriSevaSansthan Udaipur	NABARD
5	Jhadol Producer Company Limited, Jhadol	2016	Jhadol	Horti.	300 farmers (225 Male & 75 Female)	10 Board members	small and marginal	900	Rajasthan BalKalyanSamiti Udaipur	NABARD
6	Mewar Green Agro Producer Company Limited, Kolyari	2016	Kolyari	Agri.	300 farmers (125 Male & 175 Female)	10 Board members	small and marginal	500	Mahan SevaSansthan Udaipur	NABARD
7	Vithala Farmer Producer Organization, Mavli	2018	Mavli	Dairy	500 farm women	10	small and marginal	NIL	SamidhaSevaSansthan	NABARD

for capacity building programme. This was involved in production, processing and

### 5. Jhadol producer Company Limited Jhadol

Jhadol producer Company Limited, Jhadol was made and run by farmers with the support of Producer Organization Promoting Institution (POPI) namely Rajasthan Bal Kalyan Samiti, Udaipur and it was registered in 2016 under company Act. It is located in Jhadol Tehsil of Udaipur District in Rajasthan. There were 350 farmers and 10 members of Board acting as the members in the organization. All the members were from the villages like Kantharia, Parevi, NalaBada, Adkalia, Khardia etc. The share of each member

### 6. Mewar Green Agro Producer Company Limited Kolyari

Mewar Green Agro Producer Company Limited, Kolyari was made and run by farmers with the support of Producer Organization Promoting Institution (POPI) namely Mahan Seva Santhan, Udaipur and it was registered in 2016 under Company Act. It is located in Kolyari village of Jhadol Tehsil of

marketing of agriculture and horticulture crops (Table 1).

was Rs.900. This FPO was facilitated by resource support agency namely NABARD (National Bank for Agriculture and Rural Development). For Promotion of FPO, NABARD provided Rs.5.06 lakh for registration, office building, electricity, etc. and Rs.4 lakh for revenue generation, paying the fees of hired experts and also for capacity building programme. This was involved in production, processing and marketing of horticulture crops like taro roots, yam, ginger, turmeric (Table1).

Udaipur Districts in Rajasthan. There were 300 farmers and 10 members of Board acting as the members in the organization. All the members were from the villages like vanshibada, Dhakawada, Luniyara, Flasia, Turgadh, Jethavada, Rohimala etc. The share of each member was Rs.500. This FPO was facilitated by

resource support agency namely NABARD. For Promotion of FPO, NABARD provided Rs.5.06 lakh for registration, office building, electricity, etc. and Rs.4 lakh for revenue generation, paying the fees of hired experts and also

### **7. Vitthala Farmers Producer Organization, Mavli**

Vitthala Farmers Producers Organization was made and run by farmers with the support of Producer Organization Promoting Institution (POPI) namely Samidha Seva Santhan, Udaipur and it was registered in 2018 under Company Act. SamidhaSevaSanthan (Producer Organization Promoting Institution) was providing hand holding support to this FPO. It is located in Mavli Tehsil of Udaipur Districts in Rajasthan. There were 500 farm women and 10 members of Board acting as the members in the organization. The number of villages covered was Nai Ka Dhana, mavli,

#### **Organizational Structure of Farmer Producer Organization**

Farmer Producer Organization provides the variety of services like input supply, financial, technical, insurance, procurement, packaging, marketing and networking. FPO has its own organizational structure and according to hierarchy there are different responsibilities of everybody. General organizational structure of FPOs comprised farmer shareholders, Farmers Affinity Groups (FAGs), Representative General Body (RGB), leaders and Board of Directors (BoD). It was a four tier structure with farmer shareholders at the bottom level. During the discussion on

#### **General Body :**

The General Body conducts an annual general meeting(AGM) once in a year in which all the members of executive body, board members and FPO members are involved and discuss about the new activities initiated and its purpose, future plans, problems faced by the members,

for capacity building Programme. This was involved in production, processing and marketing of forest Produce, vegetables, tuber crops, safedmusli, spices and pulses (Table 1).

Marterdi, Kala Khet, Phalechida, Phalechida Khedi, Sakroda, Vadiyar, Gardiyas, salerakhurd. This FPO was facilitated by resource support agency namely NABARD. For Promotion of FPO, NABARD sanctioned Rs.11.06 lakh for registration, office building, electricity, revenue generation, paying the fees of hired experts and also for capacity building Programme, cattle purchase, cattle shed. After its formation, due to economic problem this FPO was not fulfilling the purpose of getting the fund from NABARD. This was found as defunct FPO (Table 1).

organizational structure, it was found that all the farmers were eligible for becoming the members of FPO. Membership was not restricted to particular sex, caste or religion. Any member could join or leave the organization according to his own will. Farmers of the FPO elect the member of management committee. There was fair representation of election process in every FPOs. All the selected FPO has same Organizational Structure which is shown in Fig.1. It was seen that management of FPO was comprised of General body, Board of Directors, Executive Body and FPO members.

changes in legal aspects etc. Any new proposal is passed in AGM meeting with the voting of all present members.

#### **Executive Body:**

The executive body comprises secretary, chairman and treasurer and also responsible for appointment of The Chief

Executive Officer (CEO) who is the chief functionary of a Producer Organization.

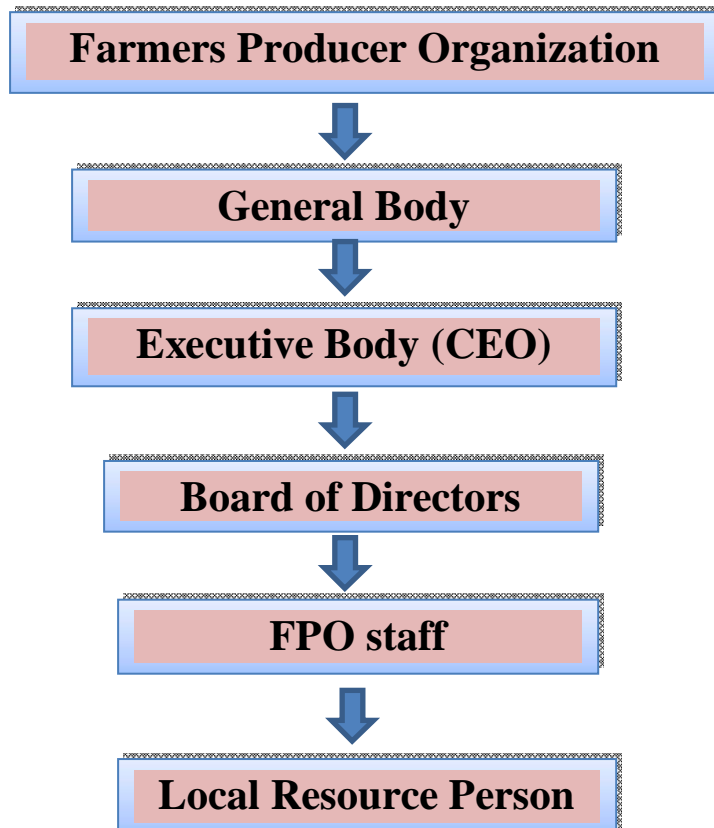
**Board of Directors:**

FPOs are directed and controlled by a governing body commonly called Board of Directors. There should be a minimum of 5 Directors and there can be a maximum of 15 Directors designated. The board had a legal, moral, and fiduciary

responsibility for the organization. Almost ten Board of Directors were present in every FPO.

**FPO staff:**

Members of FPO are the FPO staffs who are responsible for performing all the suggested work on a field level with the help of local resource person.



**Fig.1: Organizational Structure of Farmer Producer Organization**

**Board of Directors**

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**FPO staff**

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**Activities of the Farmers Producer Organization**

FPOs provide various types of services to the members such as input supply procurement and packaging,

board had a legal, moral, and fiduciary responsibility for the organization. Almost ten Board of Directors were present in every FPO.

all the suggested work on a field level with the help of local resource person.

marketing, custom hiring service center, insurance facility, technical & networking services. There were some enlisted

activities of FPO like timely input, extension support, tie-up with the Agriculture University, farm publication, regular audit, well-built storage, transport facilities, quick payment, grading and packaging which were decided by the board members. During the discussion with board members, it was found that all the selected FPOs except Vitthala Farmers Producer Organization carried out most of these activities. All the six FPO supplied inputs like good quality seed, fertilizers, pesticides and improved tools timely to the members at a minimum cost. The collective procurement of the group made the availability of inputs to a minimum cost. They were having good extension

### **Infrastructure Facilities in Farmer Producer Organizations**

Infrastructure facilities are an essential part of any organization which helps in its proper functioning and create smooth environment for working. Regarding infrastructure facilities in FPOs, one unit of each infrastructure facilities like office space, grading and processing facilities, drying platform, vehicle for field visit and transportation (bike and loading

### **Capacity building programmes of FPO Members**

#### **a. Awareness Programmes**

For the capacity building of the farmers, all the selected FPOs conducted awareness and training programme with the support of line departments, State Agriculture University and KVK Badgaon (Udaipur). The awareness programme on FPO's functioning, role of POPI, registration process, documentation process etc. were conducted for the members of the FPOs. Wakal Agro Food producer Company Limited, Ojna (Jhadol) had more target of awareness programme than other FPOs i.e. 45 and conducted 25 awareness programme in the year 2017 to

support and tie up with the agriculture universities for conducting exposure visit, trainings, advisory services, demonstration etc. Publications on commercial vegetable production, value addition, soil health card, seed treatment process etc. were made available by these FPOs. They did not delay in the payments to the farmers. They were also helping them in grading and packaging of the produce. Further it was also seen that there were no well-built storage structure and well equipped transport facilities in all the FPOs. For audit of the FPO, quarterly return file was submitted by the Charter Accountant to the registration office of Company Act.

vehicle), computer for data compilation and record keeping were available in all the selected FPOs with the help of POPI. It was found that cold storage facilities were not available in any of the FPO and Vitthala Farmers Producers Organization was not having drying platform also as it was a dairy based organization, did not require such facilities.

2020 whereas Bhomat Agro Food producer Company Limited, Ojna (Jhadol) had conducted 29 awareness programme from its total target of 40. The other FPO that is Jai Kalyan Agro Producer Company Limited, Sarada had least target of awareness programme i.e. 16 and conducted 17 awareness programme. In case of Jhadol producer Company Limited, Jhadol and Mewar Green Agro producer Company Limited, Kolyari, they had also good achievements of awareness programme. It can also be seen from the table that in the year 2020 the number of

awareness programme reduced due to

### **b. Training Programme**

Various training programmes on commercial vegetable production, value addition and its marketing, improved farming practices, marketing of the produce etc. were organized by FPO for increasing knowledge of the members in the year 2017 to 2020. Jhadol Producer Company Limited, Jhadol had organized 14 training programmes out of its target of 27 training programmes which is found to be more than all the rest FPOs

### **Linkages developed by Farmer Producer Organizations**

#### **a. Backward linkages of FPOs**

For better survival of the FPO, it is necessary to have good linkages with the other related agencies like line departments, State Agricultural University, input agencies, banks, Krishi Vigyan Kendra, insurance agencies etc. Backward linkages are the channels through which information; materials and money flow between a firm and its suppliers and create a network of economic independence. For getting inputs like seeds and fertilizers at a minimum price, all the selected FPOs were contacting input agencies (Shri Ram fertilizer, Khetan fertilizer and Mandi), and for getting extension services

#### **b. Forward linkages developed by the FPOs**

Forward linkages can be defined as a distribution chain connecting a producer and or supplier to its customer. Regarding forward linkages developed by the FPOs, the Wakal Agro Food producer Company Limited Ojna (Jhadol) and Bhomat Agro Food producer Company Limited Ojna (Jhadol) contacted Maharana Pratap University of Agriculture and Technology, Udaipur for the processing and value addition of alovera

corona pandemic.

achievements whereas Mewar Green Agro producer Company Limited, Kolyari had fulfilled all the targets of number of trainings to be organized. It can also be seen from the table that Jai Kalyan Agro Producer Company Limited, Sarada had least number of target of organizing trainings i.e. 4 and achieved all training targets. It is also found that number of trainings was reduced because of pandemic situation<sup>[1]</sup>.

(trainings, demonstration) all the FPOs established linkages with the line department and MPUAT, Udaipur except Jai Kalyan Agro Producer Company Limited, Sarada and Somkamla Agro Producer Company Limited Salumber had linkages with only Agriculture Department. For technical guidance, all the FPOs were contacting University scientist of MPUAT Udaipur, Agriculture Departments and KVK (Badgaon) scientist about improved package of farming practices for processing and preparation of products.

and Patanjali Manufacturers for its marketing. It was found that Jai Kalyan Agro Producer Company Limited, Sarada and Somkamla Agro Producer Company Limited Salumber established linkages with Big Bazar, Reliance fresh for marketing of vegetables.

Another FPO i.e. Jhadol Producer Company Limited, Jhadol was linked with the Maharana Pratap University of Agriculture and Technology, Udaipur for



the processing and value addition of turmeric and also with APMC(Agricultural Produce Market Committee) Udaipur and Hans Organization, New Delhi for marketing of the tuber crops. Mewar Green Agro producer Company Limited, Kolyari developed forward linkages with the Maharana Pratap University of Agriculture

### Conclusion

It can be concluded that all the selected FPOs were registered in 2016 except Vitthala Farmer Producer Organization, Mavli which was registered in 2018 under Company Act, having same organizational structure and for receiving funds they were linked with NABARD. POPI helped these FPOs in making them self-sustained. Necessary infrastructure facilities were available in all the FPOs. It was found that Vitthala Farmers Producers Organization Mavli was not functional for a long time because of economic crisis. Regarding backward and forward linkages they were contacted MPUAT Udaipur, KVK Badgaon and line Departments for good extension and technical support. Inputs like seeds were procured from input agencies like Shri Ram fertilizers, Khetan Fertilizers and line departments. These selected FPOs were involved in cultivation of agriculture and horticulture produce like maize, Soybean, vegetables, tuber crops, pigeon pea, turmeric and ginger, safedmusli etc. Most of them were selling

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and Technology, Udaipur for processing and value addition of turmeric and safedmusli and also with the Saheli organization for the marketing of the produce to get better price. Member of FPO had developed backward and forward linkages with both private and public sectors that can lead to their overall economic development<sup>[2]</sup>.

their produce in mandi Udaipur whereas Wakal and Bhomat Agro Food Producer Company Limited, Ogha Jhadol were contacting Patanjali manufacturers for alovera marketing, Jai Kalyan Agro Producer Company Limited Sarada and SomKamla Agro Producer Company Limited Salumber were selling their vegetables to Big Bazar, Reliance Fresh Udaipur, Jhadol Producer Company Limited Jhadol had contact with Hans Organization, New Delhi, and Mewar Green Agro Producer Company Limited Kolyari were having linkage with Saheli Organization for marketing of their produce. For smooth conduct of different activities, FPOs were having control mechanism through conducting annual general body meeting, board management meeting, and formulation of committee, audit and guarantee of quality produce. Attendance of members in such meeting was compulsory. These FPOs were at initial stage and were engaged in making their farmers self-sustained.

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