

Linking Small Holder Farmer Collectives to Market : A Case Study of Maha-FPC

K. K. Tripathy¹
S. K. Wadkar²
D. V. Deshpande³

ABSTRACT

Access to improved market and modern technology are critical drivers of income and productivity in agriculture. There is an urgent need to boost direct investment in agriculture, intensify market access, improve food processing and value addition activities in rural areas. Collective action as an institutional arrangement is often advocated to reduce the twin prime challenges of agriculture - efficient price discovery through market participation and rising cost of technology usage for productivity growth. The paper is focusing on Farmer Producers Organizations (FPOs) to ascertain their role in bringing synergy amongst various stakeholders of Indian agriculture to enhance income and productivity. The study follows a 'case study research design' to examine the evolution, governance, and business operating system of one such State level producers company - Maharashtra State Farmer Producers Company Ltd. (MAHA-FPC). It was observed that MAHA-FPC has created an enabling environment for farmers; established better coordination among FPOs formed in the State; involved in policy dialogue with the State and Central agencies; and facilitated in strengthening backward and forward linkages. The lessons learnt would be useful for other such State Level Federations of FPOs to establish, promote agribusiness activities and inculcate entrepreneurial culture among farmer producers.

Keywords : *Backward and Forward Linkages, Entrepreneurship, Farmer Producers Organizations (FPOs), Collective Action, MAHA-FPC.*

¹OSD to Minister of Cooperation, Government of India, New Delhi and Former Director, VAMNICOM, Pune

²Assistant Professor, Centre for Management Education, Vaikunth Mehta National Institute of Cooperative Management Pune (VAMNICOM), Pune Maharashtra, India

³Former Professor, Centre for Management Development Programme, Vaikunth Mehta National Institute of Cooperative Management Pune (VAMNICOM), Pune Maharashtra, India

1. Introduction

Indian agriculture witnesses multiple challenges ranging from small-sized and fragmented landholdings to availability of quality inputs, marketing and agri-logistics infrastructure. Application of improved agri-technology and productivity enhancement innovative practices remained sub-optimal due to a large section of India's cultivators being marginal and small holder farmers (hereafter smallholders). These smallholders, due to their individualized efforts and inadequate access to timely and quality agri-inputs, have not been able to contribute much to the country's overall agri-value chain. They are subjected to sluggish productivity growth, mounting input prices, inaccurate price discovery and higher competition. The prominent reasons, inter alia, could be viz. rapid changes in the world trade scenario with the emergence and implementation of World Trade Organization (WTO) provisions, greater integration of the domestic market with that of global market, changes in consumer tastes and preferences, etc. Under these circumstances, it is primarily, small holders who are exposed to the high farm risks. These risks are arising from uncertainties around production, inadequate pre and post-harvest infrastructure, poor public service delivery, limited access to credit and insurance, restricted market linkages, and more importantly vulnerability to frequent natural calamities like drought, floods etc. (World Bank, 2007).

India's economic reforms of 1990s laid down policies for liberalization, privatization and globalization. Yet, it could not meet the challenges faced by the small holders. Post-1990 era registered higher degrees of farmer indebtedness, rising unemployment and forced and distressed rural-urban migration (Government of India, 2005; Suri, 2006). Despite these, the economic reform measures opened up new windows of opportunities for agri-logistics and agri-value chain management actors, thereby prompting flow of investments for management of perishable and semi-perishable food products. While the agri-investment scene was open for all, the benefits of the same went only to the medium and/or large farmers who had the resources to make new investments and undertake farming along commercial lines.

In India, ensuring livelihood security is one of the greatest challenges as it is dynamic and sensitive to socio-cultural, economic, political, market and other conditions. Among these, enhancing livelihoods of smallholders has unique challenges. It requires blend of 'capital' and 'capability' with establishment of strong forward and backward linkages to promote and assure sustainable livelihoods.

In such a scenario, government and private organizations as well as donor agencies have often advocated collective action as an institutional arrangement to integrate small holders and to transform their existing subsistence agriculture into a more commercial and value-based agriculture supply chain. This approach has witnessed promotion and emergence of member-driven collective institutions such as Cooperatives since 1900s, Self-help Groups (SHGs) in 1980s, producer associations and other village/ community-based organizations (CBOs). These forms of collectives have succeeded upto a certain level in economizing scale of production, promoting collective action and increasing farmers' bargaining power in farm input and output markets (Singh, 2008; Bernard and Spielman, 2009; Fischer and Qaim, 2012; Desai & Joshi, 2014; Kanitkar, 2016; NABARD, 2018). Since farmers are more aware about their own needs and know the local situations better than other stakeholders, placing them at the centre of development is the need of the hour which has also been endorsed by many research scholars and development practitioners.

2. Collectivization Efforts and Emergence of FPOs

Agriculture in India is in a phase of transformation. The “production only” approach of agriculture has changed gradually from subsistence agriculture into a technology-driven and market-oriented economic and/or business activity. Thus, the focus is now not only on “production” but also on its “efficient marketing and processing” to promote value addition and thereby to increase profitability of agriculture and farmers' share in the consumers' rupee. This structural shift in the approach, created many new challenges as well as opportunities in front of the smallholders. In view of this, aggregating farmers in the form of “collectives” has been seen as a “best-fit” model to address these challenges.

India has established a strong network of different types of credit and non-credit cooperatives since 1900s. These grass-root level member-driven, voluntary and democratic business units, however, are subjected to leadership, managerial, legal, economic and operational issues. For example, farmers' producers' cooperatives enable farmers to organize themselves as collectives and move up the value chain by ownership and operation of their own processing units and sometimes extend the chain upto the retail level. The dairy, sugar and fertilizers cooperatives are well known for their presence and performance and have been able to establish a strong country-wide value chain. However, the cooperative movement in India got diluted over a period of time. As these cooperative institutions were largely supported by the State and

Central government and used as an instrument for socio-economic development rather than as an economic enterprise and thereby, have failed to become self-sustainable business entities (Shah, 2016). These democratic and voluntary member-driven entities are not free from critical survival issues viz. political interference, bureaucratization, malpractices, elite capture, and dependence on government funds (Government of India, 2000).

The new prospects in the cooperatives management pushed for the emergence of '*New Generation Cooperatives*'ⁱ (NGCs) (Singh, 2008). NGCs came up with advanced member-friendly profile which, inter alia, included restricted membership, tradable equity shares, flexi-product delivery rights to share holders. Contractual product delivery mechanisms, assured market linkages, distribution of returns, value addition through processing are the few innovative ways which expected these tiny community-owned units. However, NGCs too could not overcome the earlier limitations towards making facilitation of competitive atmosphere in primary market and ensuring optimization from the agri-value chain interventions (Singh, 2008).

Amidst such deficiencies and inadequacies in the cooperative system, the need for new forms of institution emerged and thus 'Farmers Producers Company' (FPC) came in existence on a response to the Reportⁱⁱ of the Committee under the Chairmanship of Dr. Yoginder K. Alagh. Government of India introduced a Bill for amendment (in section 581) of the Companies Act 1956 by introducing part IX-A and thereby paving the way for incorporation of Producer Companies. It mandated framing legislations to enable incorporation of cooperatives and collectives of any form (like Community Business Organizations [CBOs]; Self Help Groups [SHGs]; forest collector groups, and Commodity Interest Groups [CIGs]; farmers clubs etc.) as a Producers Company. It is a hybrid model based on the philosophy and principles of cooperatives and the corporate.

The amendment attempted to preserve the essence of democracy in an institution by awarding primary producers the required flexibility in their social mobilization, organization and their economic activation. These collectives, as sustainable development intermediaries, aimed at protecting small holders from ill-effects of globalization by making them competitive and commercially viable (Trebbin and Hassler, 2012). This intermediation attempted to bring in competitiveness in a primary producer company through (a) ensuring higher legitimacy and credibility in a business space; (b) enhancing possibilities for creating a member-controlled organization; (c) restricting outsiders to exercise management and financial control;

(d) allowing surplus distribution as per participation in the company business (i.e. level of patronage); (e) assuring patronage based participation in governance; (f) rolling out stringent statutory and legal compliance (PRADAN, 2007).

3. Rationale of the Study

Farmer Producer Organizationsⁱⁱⁱ (FPOs) in India are being promoted through Small Farmers Agribusiness Consortium (SFAC) under Ministry of Agriculture and Farmers Welfare, Government of India and National Bank for Agriculture and Rural Development (NABARD) in association with selected empanelled agencies.^{iv} The efforts in this direction were initiated under two sub-schemes of *Rashtriya Krishi Vikas Yojana (RKVY)* viz. 'National Vegetable Initiatives for Urban Clusters' and 'Programmes for Pulses Development for 60,000 Rainfed Villages' during 2011-12.

As on 29th February, 2020, SFAC has promoted 1,249 registered FPOs (910 FPOs by SFAC and 339 by non-SFAC RIs) and 2,149 registered FPOs by NABARD's Producers Organizations Promoting Institutions (POPIs), which are working in different parts of the country. Thus the total number of FPOs promoted by these two organizations is estimated to be 3,398. In addition, FPOs are also being promoted under Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM) Scheme (SFAC, 2020a). As on Feb. 2020, 135 FPOs have been registered across 12 States of the Country (NRLM, 2020). Furthermore, farmers have registered themselves into 63 FPOs across 12 States of the Country (SFAC, 2020b). Thus, as on 29th February, 2020, a total of 3,596 FPOs have been promoted by SFAC, NABARD, NRLM and Self Promoted. Almost equal number of FPOs have promoted by State governments and its enabling agencies across country, which accumulates to 7,000 plus (Netiet al., 2019) FPOs in the country.

Considering the potential benefits of collectives, on 5th July, 2019, the Government of India announced a plan to promote 10,000 additional FPOs over a period of five years (PIB, 2020). These FPOs require substantial support in starting and managing business operations and improving incomes and reducing risks for their members.

These FPOs across the country are engaged in the following four business activities –

- a. Bulk purchase of inputs required by member farmers;
- b. Facilitating to get benefits of Central and State government schemes, in general, and to meet requirements of credit, insurance and agro-advisory services;

- c. Aggregation of produce for collective marketing;
- d. Value-addition by primary, secondary and tertiary processing.

The first two activities are about strengthening backward linkages and next two about forward linkages. However, out of these four areas, most of the FPOs are into 1st (bulk purchase of inputs) business activity and few are in 3rd activity (aggregation of produce for collective marketing). Very few FPOs are venturing into 2nd and 4th business activity. The streamlining forward linkages has always been a challenge for different forms of collectives (whether it is cooperative, SHGs and FPOs) (Tripathy et al., 2020).

Therefore, to strengthen FPOs functioning and business performance, SFAC has introduced the concept of State Level Federations of FPOs - called as SLPCs to create conducive ecosystem for FPOs of the State. The objective is to streamline backward and forward linkages of FPOs, technology integration and linking them with relevant business stakeholders. Thus, as on February 2020, eight (8) of such SLPCs in the States of Gujarat, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, and West Bengal are working and providing different services (SFAC, 2020c).

In this paper, the first among such SLPCs i.e. 'Maharashtra Farmer Producers Company (MAHA-FPC)' was selected purposively to study its genesis, governance, business operating systems. The study follows a 'case study research design'.

4. MAHA FPC

4.1 Genesis of MAHA-FPC

Incorporation and Organizational Structure :

MAHA-FPC Pvt. Ltd. is a federation of FPOs registered under Indian Companies Act 1956 (as amended in 2002 and 2013, Section No. 581-B). It is established in September, 2014 in Pune district of Maharashtra State. The registration details are presented in Table 1.

Being a producer company, MAHA-FPC is supported by SFAC. It is formed with the help of member FPOs and promoted by identified external agencies in Maharashtra. The company started its operation with 11 member FPOs (list in Table 2) and impressively expanded due to decent business gain it registered in the initial years of its inception and the positive responses it received from the Central and State Governments. Its presence has now reached to 247 member FPOs (North Maharashtra: 11; Western Maharashtra: 45;

Marathwada: 119; and Vidarbha: 72) covering 24 districts of the State by March 2019 (MAHA-FPC Annual Report, 2019).

Table 1: Registration Details of MAHA-FPC

1	Name of Organization	MAHA Farmers Producer Company Ltd.
2	Registration No.	U01407PN2014PTC152422 (Registration under companies act 2013)
3	Date of Registration	3 rd September 2014
4	Registered Office Address	C/o -Vegetable Growers Association of India Icon Building, Opp. Nidan Hospital, Narayangaon, Tal- Junnar, Dist. – Pune, Pin – 410 504 (MH)
5	Authorized Share Capital at the time of Registration	INR 10,00,000/- (Ten Lakh only)

This company was incorporated in two phases - *preparatory and legal*. In the preparatory phase, various meetings, group discussions, workshops and awareness rallies were organized amongst members' at village up to district level along with the representatives of the SFAC. In those meetings, concepts of producer companies and advantages of farmer federations were explained to them. Initially, a few FPO members perceived it as competitive organization. However, it was clarified later about the objective of incorporation of such a collective organization with FPO members and mutual trusts established among the farmer members, in general, and members of respective FPOs, in particular. An enthusiastic person from each potential village and/or FPOs was selected as the promoter of the company. Several farmer members of FPOs of the State came forward to become the member of this SLPC. The preparatory phase took 6-7 months and guided the member farmers the way to start legal processes for the establishment of a Producer Company. Under the *legal phase*, the company has to submit various legal documents like Digital Signature Certificate (DSC) and Director Identification Number (DIN) for Board of Directors (BoDs), the name of the Producer Company and Memorandum of Association (MoA) and Article of Association (AoA) of the company. The legal phase process completed in 3-4 months and there by within 10 months duration the process of incorporation got completed. Each member

share holder was allotted with a maximum of 'ten' shares at the cost of Rs. 1,000 per share and Rs. 1,000/- additional as a membership fee.

Table 2: Shareholders of MAHA-FPC at the time of Registration

Sl. No.	Name of FPO	Location	Number of Shares Allotted	Share Amount	Entry Fee
1	Junnar Taluka Farmers Producer Co. Ltd	Pune	10	10,000/-	1,000
2	Vikasit Farmers Producer Co. Ltd	Latur	10	10,000/-	1,000
3	Real Orgo Farmers Producer Co. Ltd	Ahmednagar	10	10,000/-	1,000
4	Amarsinh Agro Producer Co. Ltd	Ahmednagar	10	10,000/-	1,000
5	Subji Agro Indian Farmers Producer Co. Ltd	Pune	10	10,000/-	1,000
6	PG Farmsys Agrovet Producer Co. Ltd	Ahmednagar	10	10,000/-	1,000
7	Devnadi Vally Agricultural Producer Co. Ltd	Nashik	10	10,000/-	1,000
8	Phinix Farmers Producer Co. Ltd	Latur	10	10,000/-	1,000
9	Sant Gaganan Krushi Vikas Farmers Producer Co. Ltd	Buldhana	10	10,000/-	1,000
10	Jai Laxmi Farmers Producer Co. Ltd	Osmanabad	10	10,000/-	1,000
11	Jeevan Sangini Krushi Vikas Women Farmers Producer Co. Ltd	Buldhana	10	10,000/-	1,000

At present, the company has 247 share holders with the paid up share capital of Rs. 20 lakhs in comparison to Rs. 1.10 Lakhs at the time of registration and the authorized capital of the company rose to Rs. 20 lakhs from Rs. 10 lakh during registration.

MAHA-FPC conducted the first general meeting of the share holders with in the stipulated 90 days of registration and complied all necessary formalities with the provisions as outlined by Registrar of Companies' (RoC), Pune office.

The company has 11 Board of Directors now who are managing the affairs for the last 5 years. The company is connected to 17 other companies through its directors. It conducts Annual General Meeting (AGM), quarterly BODs meetings and advisory committee meetings on need basis for the welfare of the company at the stipulated and regular intervals.

The working team of the company includes a Chairman–cum–Managing Director (CMD), a CEO, a consultant (expert professional in agricultural marketing), a procurement head and two field assistants. The company’s accounts officer handles and maintains all the books of accounts, professionally. Tax consultants are hired from the market to deal with complex tax issues of the company. The staff strength of the company is meager but their recruitment followed a flexible approach wherein human resources were outsourced for various need-based operations. The company has a hired business office at Market Yard in Pune of Maharashtra.

MAHA-FPC has following objectives :

- Carrying out procurement, marketing, selling, storage, processing, packaging, distribution, and trading of all agriculture and other produce.
- Addressing value chain management in–food–crops, and other farm produce.
- Strengthen backward and forward linkages to induce market driven agriculture with primary producers.

4.2 Governance

Structure and Linkages :

MAHA-FPC is a federation of FPOs at the State level. It is linked to the member FPOs located at the district/ block level and through them they are networked with the farmer members of 247 FPOs. The total farmer members with whom the Company is connected is approximately 40,000 at present. This structure is presented in Figure 1.

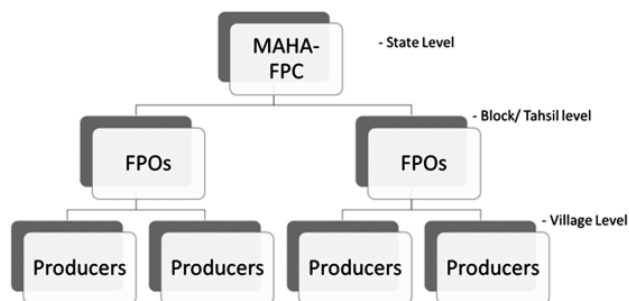


Figure 1: Structure and Linkages of MAHA-FPC with FPOs and farmer Members

Organisational Structure :

As of now, it is a simple structure with Chairman-cum-Managing Director (CMD) who heads the organization. The present CMD –Mr. Yogesh Thorat works on honorary basis as he is devoted for the cause of farmers’ development. A Chief Executive Officer (CEO) is responsible for day-to-day management who, in turn, is assisted by a full time consultant, the accounts department and procurement department. The organizational structure is simple and lean at present and is expected to evolve as the business of the company grows. The governance structure of MAHA-FPC is presented in Figure 2.

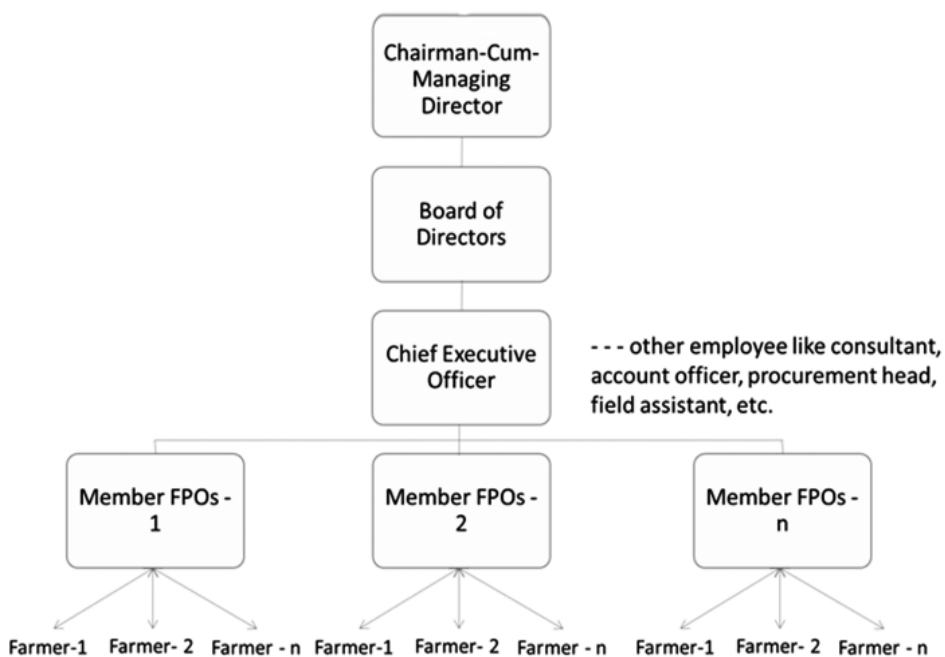


Figure 2: Governance Structure of MAHA-FPC

4.3 Business Operating System**Core business of the Company :**

The Company is focusing on “commodity specific value chain development approach” (both backward and forward linkages) for the farmers through their member FPOs. The company has identified and mapped region specific cropping pattern and commodity-wise FPOs to work systematically in developing a sustainable value chain.

Forward Linkages :

In order to help the farmer members of FPOs in getting better price for their produce, procurement (purchase) of selected commodities are carried out on behalf of State Agencies like National Agricultural Cooperative Marketing Federation of India Ltd (NAFED), Maharashtra State Agricultural Marketing Board (MSAMB), etc.

To begin with, the company successfully procured 'Onion' under the Government of India sponsored Price Stabilization Fund (PSF). The efforts undertaken by the MAHA-FPC were recognized and appreciated by the Government of Maharashtra. It was accorded the status of State Level Agency (SLA) for procurement of Pulses, Oilseeds under Price Support Scheme (PSS). Subsequently, Company procured 332,269.89 quintals of 'Tur' (Red Gram) from 149 centres across 18 districts of the State.

During the initial years of Company's establishment, getting SLA status, which is equivalent to the State Level Cooperative Marketing Federation is a remarkable achievement. As of now, company has procured varieties of Pulses (Tur- Red Gram/ Arhar; urad - Black Gram; Moong - Green Gram), Chana (Gram/ Bengal gram), Maize, Soybean and Onion on pilot basis and proposes to do so in collaboration with NAFED and MSAMB, in future.

The MAHA-FPC has neither intervened with any business activity of member FPOs and non-member FPOs nor did any FPO establish linkages with any third party, like wholesaler and/or retailer. Further, MAHA-FPC doesn't take any commission from member and non-member FPOs. The Company gets Rs. 0.5 to 1/- per kg directly from NAFED.

Further, based on business operations analysis of the earlier pilots, MAHA-FPC identified and established a system for collection, aggregation and storage of produce like at the FPOs level 100+ Farmer Common Facility Centres for collection, aggregation and primary processing of commodities, 30+ Pulses processing units with FPOs and 150+ small scale farm level warehouses (MAHA-FPC Annual Report, 2018-19).

Thus, company's business transactions involve Business to Government (B2G), business facilitator for procurement under the government sponsored procurement operations, Business to Business (B2B).

Backward Linkages :

The company is also diversifying its business operations from the core forward linkages to strengthening backward linkages as well. The company

has entered into 'Agri-Input business' as a 'State Level Dealer and Distributor of Fertilizers of the Indian Farmers Fertilizers Cooperative Limited (IFFCO) so that FPOs can directly work like dealers and provide timely and adequate quality and cost-effective inputs to the member farmers. This business activity will increase engagement with farmers and help to enhance the production and productivity through appropriate technology dissemination and guidance. In Financial Year 2018-19, 2,064 bags of fertilizers worth of Rs. 19,00,271/- were supplied to member FPOs (MAHA-FPC Annual Report, 2018-19).

In addition, as an additional business activity, the MAHA-FPC has been acting as "State Level Dealer and Distributor" of NAFED tea. NAFED has tea factory in Assam State. Quality tea retailing is being done through MAHA-FPC and member FPOs.

The Company has entered MoUs with various organization like Indian Farmers Fertilizer Cooperative Limited (IFFCO), NAFED, National Commodity & Derivatives Exchange Limited (NCDEX), Maharashtra State Warehousing Corporation (MSWC), "ADM" (a private company procuring Soyabean) etc. for strengthening various backward and forward linkages of the member FPOs in the State.

During interaction with member farmers of a few FPOs, it was observed that before joining FPOs, they used to avail all these inputs and output services from local markets at the retail price and they were getting poor quality seeds and adulterated fertilizers due to which productivity of crops go thampere and farmers suffered heavy losses over the years. However, from the past few years, since their association with their respective FPOs, they have not faced any of such problems. Availability, accessibility and affordability of required agri-services have been ensured.

Business Model of the Company :

MAHA-FPC is following a very simple and effective business model encompassing backward and forward linkages. The main policy of the company is to enhance and expand the forward linkages for the FPOs across the State, primarily to the member FPOs and non-member FPOs as well.

As of now in the State, most of the FPOs have established themselves in strengthening backward linkages for farmer member of their respective FPOs. Therefore, without disturbing their business, MAHA-FPC have tied-up with IFFCO for bulk purchase of fertilizers and selling it to the needy member FPOs. The Company conductsttimely meetings to assess the need of farmers

and demand of the market. The Company has fulfilled all statutory and legal obligations required for doing agricultural businesses like procurement, dealership of fertilizers, etc. The Company has its own mechanism for distribution of fertilizers to member FPOs at reasonable price and ensures the best quality as well.

Performance of MAHA-FPC :

The company has been able to register significant growth in net profit from Rs. 228.00 (2014-15) to Rs. 106.2 Million (2018-19), where their earning per equity shares (EPS) is also increasing from Rs. 0.23 to Rs. 17.63 during the same period.

The key performance parameters of the company are presented in Table 3. It may be observed, therefore, that within a short period of 4 years it has reached a turnover of Rs. 106.2 Million. The company has earned excepted net profit during 2016-17, which was primarily because the procurement activities carried during 2016-17 competed in April 2017 and fund received in the next financial year 2017-18.

Table 3 : Performance of MAHA-FPC

Sl. No.	Year	Profit (Rs.)	Turnover (Rs.)	Earning per equity shares (Rs.)	Membership (Numbers)
1	2014-15	228	—	0.23	11
2	2015-16	274,435	4,270,674	189.64	11
3	2016-17	(-) 705,074	2,000,811	(-) 708.91	11
4	2017-18	1941,436	42,849,626	126.89	157
5	2018-19	352,659	1,062,089,270	17.63	247

Source : Data provided by the MAHA-FPC and as reported in the audited balance sheet.

5. Outcome of the Interventions

MAHA-FPC has created an enabling environment for farmers, in general, and specifically, established an efficient system of coordination among FPOs registered in the State. It has played crucial role of policy advocacy in terms of raising issues and challenges of the FPOs to the State and Central agencies. Further, as intended, they have facilitated in strengthening the backward and forward linkages of member FPOs. More specifically,

- FPOs of the State got a platform for sharing their issues and challenges and finding out solutions thereof;
- Consolidation and coordination in the efforts of FPOs in terms of marketing agro-produce;
- Provision of a network for backward and forward linkages to the FPO members;
- Ensuring efficiency and effectiveness in all business operations using technology and there by maintaining transparency and accountability;
- Assuring better prices for the farmers and/or reducing farm cost – both input and marketing costs.

6. Current and Future Issues

At present, the Company is addressing three broader issues (a) sustenance of business activities, (b) ease of doing business and (c) making FPCs smart, competitive and sustainable’.

- (a) *‘Sustenance of Business Activities’* - the company has successfully proven in terms of enhancing and expanding the forward linkages of member FPOs in the State. However, it needs to work more on establishing strong “Backward Linkages” including extending services like quality seeds, extension and agro advisory services, accessibility to cheaper credits, technology usage etc. so that cost of production will be minimized. Further, company needs to have their own collection, aggregation and storage centres for efficient business functioning.
- (b) *‘Ease of Doing Businesses’* - the company members’ journey from being ‘producers/ farmers’ to ‘member of producers-owned business entity’ is significant and noteworthy. However, there is a need of both Central and State government support in terms of creating conducive environment for FPOs to carry out agri business activities smoothly and easily. For instance, since inception, the Company is discussing with the Ministry of Agriculture and Farmers Welfare for inclusion of the FPOs across India on the e-NAM portal. In 2016, after obtaining a green signal, the Company registered all its member FPOs on e-NAM portal and in 2018 facilitated two successful transactions, one for ‘turmeric’ through Surya FPC and ‘Soyabean’ through Katpur FPC. However, as per State marketing provisions, the FPOs had to take this stock to their respective Agricultural Produce Market Committees (APMC) market

yards and had to pay 1.05 per cent of the value of the traded produce as the mandi fees, where the MAHA-FPC and member FPOs have been demanding that FPOs should be allowed to do marketing from their collection centres. Therefore, the Central and State govt. provisions should be in sync with the requirements of FPOs across country so that this will increase the ease of doing business for FPOs and thereby would help in achieving the target of doubling the income of the farmers.

- (c) *‘Preparedness for and Making FPCs Smart, Competitive & Sustainable’* - efforts need to be extended more on generating awareness about rights, responsibilities and entitlements as a member and board of directors of an FPO, role clarity, role rotation and on capacity building of members for strengthening their business activities. During interactions with farmers, it is observed that the capacity building on different aspects of FPOs across country has remained a major concern.

7. Conclusion :

Lack of suitable synergy between diverse stakeholders viz. farmers, input and technology providers, public policy implementers, etc. has impacted forward and backward linkage benefits in agriculture and has restricted small holder farmers’ participation in the access to markets and technology. Collective action as an institutional arrangement is often advocated to reduce the twin prime challenges of agriculture – efficient price discovery through market participation and rising cost of technology usage for productivity growth. The prominent amongst these are the ‘Cooperatives’, ‘Self-Help Groups’ and ‘Farmer Producers Company’. Recent focus is on promoting and strengthening FPOs to ensure farming as remunerative and to make it an acceptable business proposition. The idea is to promote member-driven autonomous collective institution to address common economic, social, cultural and aspirational needs. The MAHA FPC, as an institutional mechanism for collective action, has emerged as a second-tier -State Level Farmer Producers Company to address key issues of FPOs across State. Strengthening of forward linkages was a key challenge of most of the FPOs across country. The paper has found that this operational level gap has been identified and bridged by the MAHA-FPC within the framework of a legally registered business entity. It facilitated in enhancing and expanding the forward and backward linkages for member FPOs in the State. The status of the State level agency for Procurement has established decent beginning for the company and thereby for the FPOs of the State. In the case of backward

linkages, the company has achieved partial success though. As of now, they could not develop an efficient eco system of services for ensuring provision of quality agri-inputs including credit, technology and agro advisory services. This may provide lessons to other SLPCs for implementing such ideas in their respective States. Further, the Company has played policy advocacy role, which yielded positive results in guiding, steering and nurturing the member FPOs in right direction. While there needs to be a proper sync between the Central and State governments while implementing their respective support mechanisms, a synchronized policy provision coupled with appropriate capacity building and orientation to FPOs and their federations are the need of the hour.

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ⁱThe past 70 years have brought major changes in agriculture. Globally, as well as in the India, agriculture sector and farmers have faced greater competition, particularly Post 1990s due to structural reforms India. It has also been reflected in shifting agenda of agricultural development i.e. ‘production to marketing & income’, ‘food to nutritional security’, ‘deficit to surplus management like value-addition & processing’, and ‘input-intensive to organic model’.

ⁱⁱAlagh Committee Report, 2000. Report of high power committee for formation and conversion of cooperative business into companies, Dept. of Company Affairs, Ministry of Law, Justice and Company Affairs, Government of India.

ⁱⁱⁱFPO is an informal aggregation of producers/ farmers. It can be registered as ‘for-profit’ legal entity under respective State cooperative society act and Producer

Company under Section 581(c) of Indian Companies Act 1956 amended in 2002 & 2013; and as 'non-for-profit' under the Section 8 of Indian Companies Act 1956 amended in 2013.

^{iv} During 12th Five year plan 2012-17, SFAC empanelled 183 agencies and subsequently for 2017-18, around 92 agencies. Similarly NABARD empanelled more than 300 agencies to promote FPOs across country.

^v The Ministry of Rural Development, Government of India launched Aajeevika – National Rural Livelihood Mission (NRLM) in June 2011 and renamed as DAY-NRLM in November 2015. The mission aimed to cover 7 crore rural poor households in through country through collectives' movement such as self-help groups, their federated institutions, producers groups, farmer producers company, etc. for their sustainable livelihood enhancement and improved access to financial services.

^{vi} Registrar of Companies (RoC), Ministry of Corporate Affairs, Government of India, appointed under section 609 of the Indian Companies Act 1956 covering the various States and Union Territories, are vested with the registration of companies. These offices function as registry of records, relating to companies registered with them, which are available for inspection by members of public on payment of the prescribed fee. The central government exercises the administrative control over these offices through the respective regional directors. As on date, 25 regional offices placed across India.

^{vii} The Price Stabilization Fund (PSF) was set up in 2014-15 under the Department of Agriculture, Cooperation & Farmers Welfare (DAC&FW) to help regulate the price volatility of important agri-horticultural commodities like onion, potatoes and pulses were also added subsequently. The PSF scheme was transferred from DAC&FW to the Department of Consumer Affairs (DOCA) w.e.f. 1st April, 2016.

Source: <https://pib.gov.in/newsite/PrintRelease.aspx?relid=160050> (accessed on 10 April 2020)

^{viii} In Price Support Scheme (PSS), physical procurement of pulses, oilseeds and Copra will be done by Central Nodal Agencies with proactive role of State governments. It is also decided that in addition to NAFED, Food Cooperation of India (FCI) will take up PSS operations in states/ districts. The procurement expenditure and losses due to procurement will be borne by Central Government as per norms.

Source : <https://pib.gov.in/PressReleasePage.aspx?PRID=1545775> (accessed on 10 April 2020)

^{ix} Before the concept of FPOs, the State level Cooperative Marketing Federation was entrusted for undertaking marketing and procurement activities at the State level through District level marketing union and village level – Primary cooperative marketing societies.

^x National level cooperative marketing federation for procurement at the MSP price across country.

^{xi} The Government has launched National Agriculture Market (e-NAM) Scheme on 14th April, 2016 with the objective of creating online transparent competitive bidding system to facilitate farmers with remunerative prices for their produce. So far, 585 wholesale regulated markets of 16 States and 02 Union Territories (UTs) have been integrated with e-NAM platform. Till 25.06.2019, a total of 1,64,47,924 farmers have been registered under this scheme.

Source: <https://pib.gov.in/newsite/PrintRelease.aspx?relid=191122> (Accessed on 10 April 2020)

^{xii} APMC established by the State government for regulating the marketing of different kinds of agriculture and allied sector produce.

^{xiii} Mandi fees means the fee being levied and paid under the 'section 39A of Maharashtra Agricultural Produce Marketing (Development & Regulation) Act. 1963. This varies state to state, between 0.5 per cent and 2 per cent of the value of the traded produce. Against this, the MAHA-FPC, raised concerns and continual follow-ups with the E-NAM coordinator, SFAC and Secretary, Central Marketing Department for allowing business activities on e-NAM portal through respective FPOs collection centres. On 27th March 2020, in view of the Covid-19 Pandemics and lockdown across globe including India, 'as a solution' to avoid peoples gathering in the APMC marketyard, FPOs are allowed to do marketing through e-NAM from farmgate. However, despite, Central government's green signal, problem exists as the agri-produce marketing is a State subjects and it is the prerogative of the State to decide and identify designated places for the agri-marketing.

