

Farmer Producer Organisations in Maharashtra: Prospects and Challenges

महाराष्ट्र में किसान उत्पादक संगठन: संभावनाएँ और चुनौतियाँ

Bagde Rajratna Rashtrapal

PROJECT REPORT

Master of Business Administration

(Agri Business)



उत्तमा वृत्तिस्तु कृषिकमेव

2022

**Institute of Agri Business Management
Swami Keshwanand Rajasthan Agricultural University,
Bikaner – 334006**

Farmer Producer Organisations in Maharashtra: Prospects and Challenges
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PROJECT REPORT

Submitted to the
Swami Keshwanand Rajasthan Agricultural University, Bikaner

In partial fulfillment of the requirement for the degree of
Master of Business Administration
(Agri Business)

By
Bagde Rajratna Rashtrapal
2022

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Date:

This is to certify that **Bagde Rajratna Rashtrapal** had successfully completed the Comprehensive Examination held on **25/04/2022** as required under the regulation for the degree of Master of Business Administration (Agri Business).

DIRECTOR, IABM

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Major Advisor

DIRECTOR, IABM

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(REPORT OF VIVA-VOCE ON PROJECT WORK)

This is to certify that project entitled “**Farmer Producer Organisations in Maharashtra: Prospects and Challenges**” submitted by **Bagde Rajratna Rashtrapal** to the Swami Keshwanand Rajasthan Agricultural University, Bikaner in partial fulfilment of requirement for degree of MBA degree in the subject of ‘Agri Business’ was examined by the constituted committee.

The candidate was examined orally on his project report by the committee with following recommendations:

- (1) The performance of the candidates has been found satisfactory. We recommend the acceptance of the project for the award of the degree.
- (2) The performance of the candidate has been found unsatisfactory. The candidate be asked to reappear in the oral examination.

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Recommended for approval

DIRECTOR, IABM

Approved

Dean, Post Graduate Studies

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This is to certify that **Bagde Rajratna Rashtrapal** of the Institute of Agri Business Management, Bikaner has made all the corrections/modifications in his project report entitled **“Farmer Producer Organisations in Maharashtra: Prospects and Challenges”**, which were suggested by the Advisory Committee in the oral examination held on The final copies of the project report duly bound and corrected were submitted on..... and are enclosed herewith for approval.

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This is to certify that this project report entitled “**Farmer Producer Organisations in Maharashtra: Prospects and Challenges**” submitted by **Bagde Rajratna Rashtrapal** to the Swami Keshwanand Rajasthan Agricultural University, Bikaner in partial fulfilment of requirement for the degree of **MBA (Agri Business)** in the field of **Agri Business** was examined by the constituted committee.

The candidate was examined orally on his project report by the committee with the following recommendations:

- (1) The performance of the candidate in the oral examination on his project report has been found satisfactory. We recommend that the acceptance of the project for the award of the degree.
- (2) The performance of the candidate has been found unsatisfactory. The candidate be asked to reappear in the oral examination.

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Executive Summary

Farmer Producer Organisations (FPOs) are the legal entity formed by the primary producers. The main aim is to ensure better income for the producers through an organization of their own. The concept behind Farmer Producer Organizations is the farmers, who are the producers of agricultural products, can form groups and register themselves under the Indian Companies Act.

The present study was conducted in Ahmednagar, Aurangabad, Jalgaon and Pune districts of Maharashtra. The objectives of the study were; i) to study the present scenario of Farmer Producer Organisations in Maharashtra, ii) to study the impact of government schemes on Farmer Producer Organisations in Maharashtra and iii) to identify challenges faced by Farmer Producer Organisations in Maharashtra. 20 FPO officials were selected from 20 FPOs, 1 from each FPO. 5 farmer members from each FPO were selected for the study.

It was found that, majority of the FPOs selected were engaged in production and marketing of the crops and maximum share of the FPOs were promoted by NABARD Produce Fund and World Bank scheme. As a result, NGOs and other associated organisations must take the initiative to educate rural communities about the benefits of FPOs and promote them. The majority of FPOs member were in range of 101-500. While majority of FPOs were established between 7-8 years.

Crop production and commercialization were the primary business activities of all FPOs in the research area . Onion, pulses and other vegetable crops made up the majority of the FPOs in the research area. Financial growth was studied by calculating percent

change in annual turnover, which is used by the companies to track and report trends in their revenues or profits. After taking the benefit from the government schemes, changes occurred in the functionality and economy of the FPO. The impact was visible that out of 20 FPOs 18 knew about the Government schemes and policies, 13 got benefited by them.

Inadequate contribution by the member because of poor economy class and inadequate finance on time was the severe problem faced by the Ahmednagar district. Inadequate finance on time to the FPO and inadequate contribution by the member because of poor economy class was the challenge of Aurangabad district. In Jalgaon district the FPO most faced challenge was lack of transport and distance of market from the office. Pune's FPO were lacking of storage facility and having their own office building.

It is suggested that NGOs and other associated organisations must take the initiative to educate rural communities about the benefits of FPOs and promote them. Identifying combination crops that may be grown in both seasons to boost output and lower production costs is advised. The FPO should improve forward and backward connectivity. The identification of essential partners will aid in the elimination of marketing channel intermediaries that claim large margins.

किसान उत्पादक संगठन (एफपीओ) प्राथमिक उत्पादकों द्वारा गठित कानूनी इकाई हैं। मुख्य उद्देश्य उत्पादकों के लिए अपने स्वयं के एक संगठन के माध्यम से बेहतर आय सुनिश्चित करना है। किसान उत्पादक संगठनों के पीछे की अवधारणा यह है कि किसान, जो कृषि उत्पादों के उत्पादक हैं, समूह बना सकते हैं और भारतीय कंपनी अधिनियम के तहत खुद को पंजीकृत कर सकते हैं।

वर्तमान अध्ययन महाराष्ट्र के अहमदनगर, औरंगाबाद, जलगाँव और पुणे जिलों में आयोजित किया गया था। अध्ययन के उद्देश्य थे; i) महाराष्ट्र में किसान उत्पादक संगठनों के वर्तमान परिदृश्य का अध्ययन करने के लिए, ii) महाराष्ट्र में किसान उत्पादक संगठनों पर सरकारी योजनाओं के प्रभाव का अध्ययन करने के लिए और iii) महाराष्ट्र में किसान उत्पादक संगठनों के सामने आने वाली चुनौतियों की पहचान करने के लिए। 20 एफपीओ अधिकारियों को 20 एफपीओ में से चुना गया था, प्रत्येक एफपीओ से 1। अध्ययन के लिए प्रत्येक एफपीओ से 5 किसान सदस्यों का चयन किया गया।

यह पाया गया कि चयनित अधिकांश एफपीओ फसलों के उत्पादन और विपणन में लगे हुए थे और एफपीओ के अधिकतम हिस्से को नाबार्ड उत्पाद कोष और विश्व बैंक योजना द्वारा बढ़ावा दिया गया था। नतीजतन, गैर सरकारी संगठनों और अन्य संबद्ध संगठनों को ग्रामीण समुदायों को एफपीओ के लाभों के बारे में शिक्षित करने और उन्हें बढ़ावा देने के लिए पहल करनी चाहिए। अधिकांश एफपीओ सदस्य 101-500 के दायरे में थे। जबकि अधिकांश एफपीओ 7-8 साल के बीच स्थापित किए गए थे।

फसल उत्पादन और व्यावसायिकरण अनुसंधान क्षेत्र में सभी एफपीओ की प्राथमिक व्यावसायिक गतिविधियाँ थीं। प्याज, दालें और अन्य सब्जियों की

फसलें अनुसंधान क्षेत्र में अधिकांश एफपीओ हैं। वार्षिक कारोबार में प्रतिशत परिवर्तन की गणना करके वित्तीय विकास का अध्ययन किया गया था, जिसका उपयोग कंपनियों द्वारा अपने राजस्व या मुनाफे में रुझानों को ट्रैक करने और रिपोर्ट करने के लिए किया जाता है। सरकारी योजनाओं का लाभ लेने के बाद एफपीओ की कार्यप्रणाली और मितव्ययिता में बदलाव आया। प्रभाव दिखाई दे रहा था कि 20 एफपीओ में से 18 को सरकारी योजनाओं और नीतियों के बारे में पता था, 13 को उनका लाभ मिला।

गरीब अर्थव्यवस्था वर्ग और समय पर अपर्याप्त वित्त के कारण सदस्य द्वारा अपर्याप्त योगदान अहमदनगर जिले की गंभीर समस्या थी। एफपीओ को समय पर अपर्याप्त वित्त और गरीब अर्थव्यवस्था वर्ग के कारण सदस्य द्वारा अपर्याप्त योगदान औरंगाबाद जिले की चुनौती थी। जलगांव जिले में एफपीओ को सबसे अधिक चुनौती परिवहन की कमी और कार्यालय से बाजार की दूरी की थी। पुणे के एफपीओ में भंडारण की सुविधा का अभाव था और उनका अपना कार्यालय भवन था।

यह सुझाव दिया जाता है कि गैर सरकारी संगठनों और अन्य संबद्ध संगठनों को ग्रामीण समुदायों को एफपीओ के लाभों के बारे में शिक्षित करने और उन्हें बढ़ावा देने के लिए पहल करनी चाहिए। उत्पादन और कम उत्पादन लागत को बढ़ावा देने के लिए दोनों मौसमों में उगाई जाने वाली संयोजन फसलों की पहचान करने की सलाह दी जाती है। एफपीओ को फॉरवर्ड और बैकवर्ड कनेक्टिविटी में सुधार करना चाहिए। आवश्यक साझेदारों की पहचान से मार्केटिंग चैनल बिचौलियों को खत्म करने में मदद मिलेगी जो बड़े मार्जिन का दावा करते हैं।

1.INTRODUCTION

1.1 Background

After 1990s, the state shows withdrawal policy from productive and economic functions soon after the adoption of liberalization and privatization in Indian agriculture. It created a significant gap in farmers' well-being, which was quickly filled by the private agribusiness sector. Although India's agriculture is said to be rich, small and medium farmers are still poor. Small and marginal farmer, in Indian agriculture, marginal farmers make up the majority of cultivators. Approximately 85% the majority of operational properties are less than or equal to two hectares, and among these 66% of the holdings are smaller than one hectare (Singh, 2012).

In 2010-11, the world operated by small farmers and marginal farmers increased from 19% to 44%. The small land-owning character of Indian agriculture is much more prominent today than it was previously. The rising number of agricultural suicide attempts among small and marginal farmers is an indication that these farmers are struggling to survive.(National Crime Records Bureau, 2011) Whereas liability is usually reported as the immediate cause of distress, deeper issues are associated with agricultural production's vulnerability to risks. (Satish, 2007).

Under the NITI Aayog, India's Prime Minister, Shri. Narendra Modi, has emphasised doubling farmer income by 2022. In a paper published in 2015, the NITI Aayog stated that five issues must be addressed in order to improve farmers' livelihoods. Increased productivity, remunerative prices for farmers, a focus on land leasing and land titles, risk adaptation and mitigation, and a geographic focus on the eastern region are among these goals. (Chandrasekhar and Mehrotra, 2016).

1.2 Producer Organisation

A producer organisation is a formal rural institution whose members have gathered together with the goal of increasing farm profit through better production, marketing, and local processing (Rondot and Collion, 2011). Producer Organizations deal with policies relating to pricing, export and import of agricultural products, agricultural production practises, access to inputs and services, along with credit to agriculture, agricultural marketing, and local processing and marketing of agricultural production.

A producer organisation is a group, society, cooperative, union, federation, or even a corporation formed to promote the interests of farmers. (Bijman and Wollni 2008). The producer organization's main goal was to provide services that aided farmers in their farming activities, including farm product marketing.

Producer companies, according to Shylendra (2009), are a new way to address the social needs of aggregating small and marginal farmers, strengthening their leverage through collective means, and integrating their livelihoods into remunerative markets, while also correcting the shortcomings of cooperatives.

1.3 Legal Forms of Producer Organizations

A Producer Organisation can be organised in different forms. The possible forms may be

- i) A Co-operative society
- ii) A Producer company
- iii) A Non-profit society
- iv) A Trust
- v) A Section 8 company.

1.3.1 Producer Organisation as a cooperative society

A co-operative is an autonomous group of people who have come together voluntarily to meet their economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled business (Committee for the Promotion and Advancement of Cooperatives, COPAC 1999). Cooperative societies are viewed as significant vehicles for community development because they organize resources into a critical mass and their forms allow them to be more community-oriented (Fairbairn *et al.* , 1991; Wilkinson and Quarter, 1996).

The co-operative form of organisation has been perceived and seen as a means to achieving reduction in poverty and increase in well-being of local people (Birchall, 2003) in the presence of other structural constraints like small holdings, lack of bargaining power of small sellers of produce or services and competition from other forms of organizations. But, co-operatives across the developing world have been more of a failure than success and are alleged to have led to exclusion of really poor, elite capture of such bodies, promoting differentiation instead of equity in rural communities like in the case of sugar co-operatives in Gujarat (Ebrahim, 2000).

Producer Organizations can be formed as a cooperative society under certain Acts, such as the Individual State Cooperative Societies Act or the Autonomous Cooperative Societies Act, which appears to exist in many States, or the Multi State Cooperative Societies Act. If certain criteria are met, such as the formation of a cooperative society with at least 10 members over the age of 18. It is not necessary to have a minimum of 10 members or to live in the same town / village, etc. Unless the Registrar directs otherwise, if a registered society is a member of another society and the object of the society is to create funds to be lent to its members, all members must reside in the same town, village, or group of villages or be

of the same tribe, class, caste, or occupation. If the society is registered with limited liability, the last word in the name should be 'Limited.' The Registrar has the authority to determine whether a person is an agriculturist or not, or whether she or he is a resident of the same town/ village, and his decision is final.

1.3.2 Producer Organisation as a producer company

The concept of producer companies was introduced in 2002 by implementing Part IX A into the Companies Act, based on the recommendations of an expert committee led by noted economist Sh. Y. K. Alagh, which was tasked with framing legislation that would enable the incorporation of cooperatives as companies and the conversion of existing cooperatives into companies while maintaining the unique elements of cooperative business with a regulatory framework similar to that of corporations. A 'Producer Company' can only be owned by those who operate in the primary product industry. Members are expected to be "primary producers." A minimum of 5 and a max of 15 directors are required for each producing firm. The board members will choose a full-time CEO. He will function as a former director with no rotation and will be given extensive management powers as approved by the board. Members/shareholders, the Board of Directors, and the office members run/ govern the company (Goyal, 2020).

Producer companies' objects must include one or more of the eleven items listed in the Act, the most important of which are: (a) production, harvesting, procurement, grading, pooling, handling, marketing, selling, export of primary produce of members, or import of goods or services for their benefit; and (b) Preserving, drying, distilling, brewing, venting, canning, and packaging of its members' produce; and (c) Manufacturing, selling, or supplying machinery, equipment, or consumables, primarily to its members. Other objectives include providing technical or expert advice, insurance,

power generation, transmission, and distribution, insurance, power generation and land and water resource revitalization; promoting mutuality and mutual assistance techniques; welfare measures and mutual assistance education.

1.3.3 Producer Organisation as a non-profit organisation

A non-profit organisation is one that is prohibited from distributing its financial surplus to those who regulate the use of the organization's assets, either by external regulation or by its own governance structure (Hansmann, 1980). Non-profit boards have some ownership rights, which are direct use resources, but not others, such as the right to profit from those resources and sell those rights to others for a profit (Ben-Ner and Jones, 1995).

A non-profit society can be defined as a group of people (usually unincorporated) who have come together by mutual consent to deliberate, decide, and act together for a common goal. Such common purposes are also known as eligible purpose. The society can be registered for any of the following qualified purposes: a) Giving grant for charitable assistance, b) establishment of a military orphan fund, c) promoting literature, science, and fine arts, etc., d) welfare and other purposes in some states, such as Delhi and Gujarat are eligible purpose. A person with age of 21 can be the member of such Producer Organization formed as a non-profit organisation and has to pay the membership fee as prescribed in the Society's By-laws and is not insolvent or of unsound mind.

1.3.4 Producer Organisation as trust

Transfer of property by the owner to another for the benefit of the third person with or without the owner is called as trust. Trusts are of two types, Public and private. Private trusts are not intended for commercial activities; they are mainly for charitable and religious purposes. Benefiting public at large or some considerable portion of public is known as public charitable trust. When it comes to benefits, private trusts are very specific.

A Producer Organization can be registered as a Trust for one or more of the following purposes: relief from poverty or distress education, youth development, medical relief, provision of facilities for recreation or even other spare time occupation in the interest of social welfare and public benefit, and/or progression of any other object for general public utility, except from religious teaching or worship. Trusts, like non-profit organisations, can fundraise through donations, gifts, grants, and/or loans. If it is formed for charitable purposes, the income of a PO registered as a trust is exempt from income tax.

1.3.5 Producer Organisation formed as section 8 company

Companies that are formed solely for the purpose of promoting commerce, art, science, religion, charity, or any other useful object are known as Section 8 Companies. The PO must meet the following requirements in order to register as a Section 8 company: a) Minimum 2 shareholders (for a private limited company) and 7 shareholders (for a public limited company); b) Minimum 2 directors (for a private limited company) and 3 directors (for a public limited company); c) Every director must obtain a DIN (Director Identification Number); d) At least one director of the PO must obtain a Digital Signature; e) Memorandum of Association and f) Article of Association.

Uniform law across the country, preference in foreign funding over others due to stringent disclosure norms and regulatory provisions under

the Companies Act, 1956 and the Foreign Contribution Regulation Act, recognition of Section 8 Companies by the Central and State Governments in various Schemes implemented by them, wide range of activities, exemption from using the words Private Limited or Limited, members/owners easily transfer ownership in shares and interests, and exemption from using the words Private Limited or Limited.

1.4 Mechanism of Doubling the Farmers Income through Farmer Producer Organisation

Farmer Producer Organizations are based on the idea that farmers who produce agricultural products can form groups and register under the Indian Companies Act. The Department of Agriculture and Cooperation, Ministry of Agriculture, Government of India, has mandated the Small Farmers' Agribusiness Consortium (SFAC) to assist state governments in the formation of Farmer Producer Organizations (FPOs).

The goal is to improve farmers' competitiveness and give them a leg up on new market opportunities. The year 2014 was designated as the "Year of Farmer Producer Organizations," and the concept is slowly but steadily gaining speed. Seed, fertiliser, and machinery are among the FPO's main operations, as are market linkages, training, networking, and financial and technical advice.

In response to the difficulties faced by marginal and small farmers, a variety of initiatives have arisen. The first approach is assisting marginal and small farmers in taking collective action. Agricultural cooperatives, which were established by the Co-operative Credit Societies Act of 1904, have long been the most common type of farmer collective; yet, cooperatives have too many limitations that restrict effective collective action.

1.5 Benefits of FPOs for the Members

A. Better farm income

By first determining demand and then purchasing in bulk, an FPO can ensure a higher farm income for its producer members. Furthermore, by transporting in bulk, transportation costs can be controlled, lowering the overall cost of production. Similarly, the FPO may pool all members' produce and sell it in bulk, resulting in a higher price per unit of produce.

B. Provision of market information

Information about the market the FPO can also provide market information to producers, allowing them to keep their produce until market prices improve. All of these interventions will increase primary producers' income. Many FPOs provide information to their members in the form of workshops, conferences, field days, and focus group sessions, among other things. Information can also be found in printed materials such as newsletters, brochures, and websites.

C. Economies of scale

Organizations with a large membership base can also benefit from collective ordering and purchasing, allowing them to provide certain common items to their members at a lower cost. Ordering costs, transportation costs and economies in large-scale purchases of agricultural inputs such as seed, fertilisers, pesticides, agricultural equipment and so on behalf of their members are all part of the cost savings and because of scale of economies, smallholder agriculture had the least ability to meet high food safety and quality standards. The inability of smallholder-dominated production systems to meet the food safety and quality requirements of rich-country markets was the most important reason. While there are some examples of successful collective action in both the spice and fishery export

industries in India, it has been lacking in many other sectors, notably in horticulture (Deininger and Sur, 2006).

D. Enable vertical integration

Producer-owned organisations were good examples of vertical integration based on horizontal coordination of farmers as initiators because they demonstrated that by cooperating, farmers in the upper part of the food chain could significantly improve their countervailing power and establish ownership if they could secure strict quality requirements, solid financing, loyalty, and trust in their organisations (Gábor and Szabó, 2009).

E. Ensure market access

Market access is ensured through the purchase of members' produce, and transportation is equivalent to the manufacturing organization's inbound logistics activity. The purchasing activity also includes quality control and pricing of raw materials. The FPO's typical value-adding operations are covered by consolidation and processing. While consolidation is concerned with bulking and storing the produce in order to sell it at a later date for a profit, processing is concerned with increasing the value of a product by altering its form and/or structure. In the vegetable sector, which has high transaction costs, the benefits of farmer organisation for market access were more apparent. As the transaction costs associated with market access were relatively low, farmers producing an undifferentiated commodity like maize had less incentive to organise. Despite the fact that farmer organisations do not offer clear benefits in terms of accessing undifferentiated commodity markets, they can still benefit their members by providing other services (Hellin et al., 2009).

F. Develop market and buyer relation

To be a reliable market partner it is necessary to make strong and long-term relation with buyers of various sector. It also require strong contractual arrangements and agreement with them. Market information is critical for

FPOs to make commercial decisions, as well as for transferring market signals to members to influence production decisions and define FPO supply conditions. Small producers were able to make strategic investments through producer organisations to get exposure to agro industrial markets where their output was more profitable by forming more sophisticated contractual relationships with potential purchasers. assess the distributional consequences of reducing transaction costs in order to provide small farmers with better market access. They discovered that when new marketing opportunities appear, individuals with more acreage, higher education, and better organisation are better equipped to deal with the complexities of the new contractual arrangements. (Mbeche and Dorward, 2014).

1.6 Status of Farmer Producer Organizations (FPOs) in India

The Government has started the Central Sector Scheme "Formation and Promotion of 10,000 FPOs" with a sanctioned budget lay of Rs. Six thousand eight hundred and sixty-five crores to form and promote 10,000 new FPOs until 2027-28. The scheme uses a Produce Cluster Area approach to form and promote FPOs. The formation of FPOs will be focused on "One District One Product" for the growth of product specialisation while using a cluster-based approach. Each block is given one FPO at first. So far, Implementing Organisations have been assigned a total of 4609 fresh FPOs produce clusters for the formation of FPOs, with a total of 632 FPOs registered.

Table 1: Detail of Producer Companies for the year 2020, state wise

State	Number of Producer Companies
Andhra Pradesh	147
Arunachal Pradesh	15
Assam	87
Bihar	221
Chandigarh	1

Chhattisgarh	32
Delhi	7
Gujarat	108
Haryana	257
Himachal Pradesh	7
Jammu & Kashmir	10
Jharkhand	70
Karnataka	195
Kerala	53
Madhya Pradesh	237
Maharashtra	1950
Manipur	26
Meghalaya	1
Mizoram	4
Nagaland	6
Orissa	177
Puducherry	1
Punjab	13
Rajasthan	114
Tamil Nadu	241
Telangana	119
Tripura	8
Uttar Pradesh	654
Uttarakhand	14
West Bengal	184
Grand Total	4959

Source : <https://pib.gov.in/PressReleasePage.aspx?PRID=1739593>

In India as of March 31, 2020, the country's total number of FPOs was around 4959. There are FPOs in the country that are not yet registered, as well as FPOs that are in the process of becoming registered. The Small Farmers Agribusiness Consortium (SFAC) promotes all FPOs in the country, and these FPOs are financed by the National Bank for Agriculture and Rural Development (NABARD). The technical support of the FPOs is provided by Producer Organization Promoting Institutions (POPIs) for the first year, after which the management of the system is handed over to the

respective FPOs' management committees. Maharashtra has the highest number of FPO which is 1950. Which one sided comprises of 25% of the whole FPO present in India . The total no of FPO present in Maharashtra is 1950. Which consist of FPOs promoted by NABARD, Nabkisan pvt. Ltd. SFAC, MSAMB, World bank, Japan poverty reduction fund and self-promoted FPO, Followed by Uttar Pradesh (654 FPOS) Haryana (257 FPOs) and Tamil Nadu (241 FPOs). As shown in the table 1.

1.7 Status of FPOs in Maharashtra

There are 1950 Farmer Producer Organisations in Maharashtra. Their main duties comprises of, identification of crop to be raised based on market demand, arranging transportation facilities, bulk procurement of inputs and distribution among members, for produces of member farmers in order to ensure economies of scale and elimination of middlemen in the marketing channel. The district wise number of FPOs in Maharashtra is presented in Table 2.

Table 2 : Status of Farmer Producer Organisations in Maharashtra

Sr. No.	District	FPO
1.	Ahmednagar	43
2.	Akola	18
3.	Amravati	34
4.	Aurangabad	65
5.	Beed	36
6.	Bhandara	6
7.	<i>Buldhana</i>	33
8.	Chandrapur	3
9.	Dhule	20
10.	Gadchiroli	0
11.	Gondia	5
12.	Hingoli	13
13.	Jalgaon	39

14.	Jalna	24
15.	Kolhapur	33
16.	Latur	38
17.	Mumbai City	6
18.	Mumbai Suburban	30
19.	Nagpur	13
20.	Nanded	20
21.	Nandurbar	9
22.	Nashik	38
23.	Osmanabad	38
24.	Parbhani	17
25.	Pune	85
26.	Raigad	0
28.	Ratnagiri	7
29.	Sangli	22
30.	Satara	30
31.	Sindhudurg	4
32.	Solapur	38
33.	Thane	5
34.	Wardha	11
35.	Washim	11
36.	Yavatmal	27
37.	Palghar	0

Source: <http://erp.msamb.com/online/fpc>

Out of 1950 total FPOs, 825 FPO were registered, Pune tops the list with 85 registered FPOs, followed by Aurangabad and Ahmednagar with 65 and 43 registered FPOs, respectively. As shown in the table 2.

1.8 Objectives of the Study

- To study the present scenario of Farmer Producer Organisations in Maharashtra.
- To study the impact of government schemes on Farmer Producer Organisations in Maharashtra.
- To identify challenges faced by Farmer Producer Organisations in Maharashtra.

2. REVIEW OF LITERATURE

Introduction

A review and evaluation of past research work relevant to the current study has been attempted in this chapter. Farmer Producer Organizations were the subject of a relatively small number of research (FPOs). Under the following headings, an account of previous research work related to the study of farmer organisations is presented:

2.1 Studies on describing Producer Organisations

2.2 Studies on need for Producer Organisations

2.3 Studies on financial aspects of FPOs

2.1 Studies on describing Producer Organisations

Rondot and Collion (2001) in their study made an attempt for producer organisation. Producer Organizations, are a type of entity that has united together freely and formally with the goal of improving their socio-economic condition by increasing agricultural income through production, joint marketing, and minimal processing at the local level. Such organisations engage in strategies such as collective bargaining, which results in fair and remunerative pricing; international activities, which include farm product export and import.

Szabó (2009) reported that these organisations, are excellent models for vertical integration based on horizontal coordination of farmers as initiators. It must be stressed that the difficulties faced by farmers as a result of market imperfections and dairy chain coordination cannot be solved solely through EU and/or government assistance, but it appears to be critical in the case of evolving producer groups, such as co-operatives, to be able to establish themselves. They closed by emphasising the relevance of Western European (Danish, Dutch, etc.) familiarities as well as the need for more

producer-owned institutions in Hungary, such as co-operatives and producers' groups.

Tagat (2017) reported in his study that The Indian government recently pledged \$34 million in funding for the establishment of a "Producers Development and Upliftment Corpus (PRODUCE)" under the National Bank for Agricultural and Rural Development (NABARD). In the backdrop of India's enormous predominance of smallholder agriculture, this article investigates the possible function of Farmer Producer Organizations (POs; and more broadly, Producer Organizations). We examine numerous POs that have emerged in recent years, both with and without NABARD financing, to demonstrate how PRODUCE might fill in the gaps in the genesis of producer collectives in India.

2.2 Studies on need for Producer Organisations

Trebbin and Hassler (2012) stated that producer businesses were a means for smallholder farmers to organise and reap benefits - not only from cooperative action, but also from links to developing high-value marketplaces in India's cities. According to their research, the Indian government mostly promotes private enterprise agriculture activities, but it also strives to encourage groupings of primary farmers to link with corporate clients. The evolution of farmer groups into more market-oriented and company forms of institutions can be analysed through the lens of producer firms. It is a tool for smallholder farmers to organise themselves and gain the benefits of cooperative action as well as links to developing high-value marketplaces in India's cities.

Bhosale (2014) in his research, over two lakh farmers are members of 260 FPOs supported by SFAC. Aside from these 260 FPOs, another 350 are in the process of being registered. According to Pravesh Sharma of the SFAC, FPOs at higher levels will be able to take advantage of human resources

expertise through recruiting specialists, as well as technology. In 2014, SFAC would open seven state-level FPOs in West Bengal, Gujarat, Rajasthan, Uttarakhand, and Madhya Pradesh.

Trebbin (2014) in his research, stated that there is potential for producer companies in India to become part of modern retailer supply chains, but only a few have done so far. On the one hand, this can be linked to the producer businesses' lack of competences. A relevant language could be inserted in the producer company legislation once it has been tested in the field. At the same time, in order to spark the attention of corporate customers, India's food retail legislation may in the future contain a requirement that a specific percentage of fresh fruit be acquired from farmer cooperatives.

Harrington (2019) seeks to educate industrial policies and strategies to assist the development of nascent, developing, and mature FPOs, as well as conventional-digital FPO capabilities in specific geographical contexts. By merging stages of emergence for FPOs and supply networks, an Institutional-Socially Responsible Supply Network' stages' model is established to help understand supply network evolution in terms of a portfolio of resource-efficient technology interventions. FPOs and their network partners can examine the effects of traditional and digital process technologies on supply network designs and business models in various development–launch–supply scenarios in comparison to existing supply models.

2.3 Studies on financial aspects of FPOs

Murray (2014) in his research financed community-based agriculture projects with a social orientation and a good commercial plan were studied. While institutions are inclined to consider sponsoring POs, the obstacles remain considerable. Oiko Credit has a long history of sponsoring

agricultural projects (many of which are cooperatives) throughout Central Asia, Eastern Europe, Latin America and Africa.

Joglekar (2016) in his studies, there is a concern of accountability in terms of output - the finances and agenda are provided by SFAC, but the implementation is handled by CSOs (civil society organizations). Another significant project is NABARD's PODF (Producer Organizations Development Fund), which provides funding of up to 50 crores to qualified producer companies. This, too, is subject to the requirement that they hold the company's assets as collateral. However, this would limit enterprises who do not have assets or are in the early stages of establishing their business.

Singh and Pordhiya (2019) stated that majority of farmers in India are concerned about decreasing farm productivity, lower resource use efficiency and lower farm revenue. Farmer Producer Organizations (FPOs) work on the principle of economies of scale and collective action and have emerged as a bright ray of hope for mitigating some of these challenges. Taking these facts into account, this study was conducted to examine the socioeconomic and sociopsychological characteristics of FPO members by recruiting 240 respondents from four districts Madhya Pradesh FPOs (M.P.).

Yadav et al (2018) studied FPOs in Chhattisgarh. Their main occupation were crop and fruit production. They were taking input in wholesale rate. It was found that, Rs. 7.15 lakh and Rs. 6.08 lakh were the average authorized capital and paid-up capital of the selected FPOs respectively. The average contribution per member was estimated at Rs. 1110. The average annual turnover was found Rs.15 lakh and all the FPOs were crashed in profits (2016-17). Government support in the form of grants during the early stage the PCs should be made available.

3. RESEARCH METHODOLOGY

It is essential to follow a systematic and scientific procedure in order to achieve the study's objectives. The study area, sampling procedure, data sources, analytical tools and techniques used.

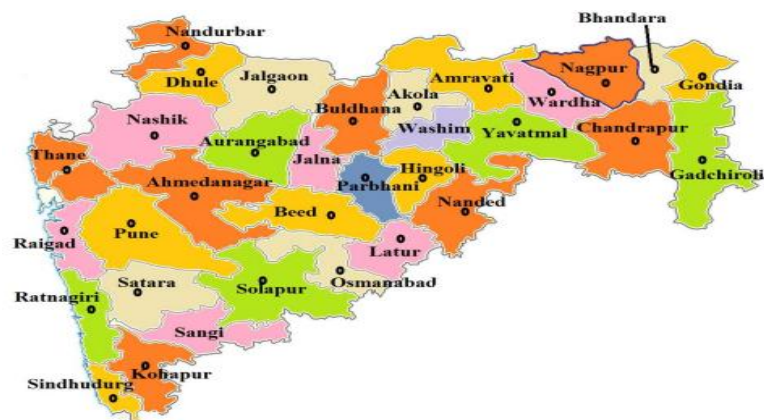
3.1. Research Design

Descriptive research design was used to attain the objectives of the study.

3.2. Area of Study

Maharashtra is a state in western India that covers maximum area of the Deccan Plateau. Maharashtra is India's second most populous state. Maharashtra is India's third-largest state by area, covering 307,713 km² (118,809 sq mi). its primary source of income is agriculture. It is the people's primary occupation. In the state, both food and cash crops are grown. Rice, jowar, bajra, wheat, pulses, turmeric, onions, cotton, sugarcane and a variety of oil seeds such as groundnut, sunflower and soybean are among the most important crops. The state has vast areas dedicated to fruit farming, with mangoes, bananas, grapes and oranges being the most popular.

Figure 1 : Map of Maharashtra showing area of study



Source : <https://in.pinterest.com/pin/825355069208410984/>

3.3 Collection of Data

The data and information required for the study was collected from primary and secondary sources.

3.3.1 Primary data

Primary data was gathered through conducting surveys in the study locations. The research was of survey type and so immense importance was given on the technicalities of constructing schedule, sampling method, interviewing the respondents (Farmer Producer Organisation) FPO, tabulation of data and the statistical techniques to analyses data. For conducting the analysis, the collected data was correctly organised and saved.

3.3.2 Secondary Data

Collection of secondary data was done from records maintained by NABARD, Small Farmers Agribusiness Consortium (SFAC) and Producer Organisations Promoting Institutions (POPI) of the concerned FPOs regarding details of FPOs. Besides these, magazines, journals, books, papers and the websites of numerous departments and institutes were also used as sources.

3.4 Research Instrument

A research instrument consists of schedule, the answers will be filled by the researcher himself.

3.5 Survey

Separate Schedule was prepared for FPO. Detailed discussion with FPO was done for data collection in the survey.

3.6 Sampling Units

a) FPO - 20

- b) FPO officials - 20 (1 from each FPO)
- c) FPO Farmers - 100 (5 from each FPO and 25 from each district)

3.7 Sampling Frame

After research got clear vision about sample frame in Maharashtra. Sampling frame consisted of 20 FPOs. Sampling type was purposive sampling because the district was selected on the basis of highest number of FPOs as compared to other districts of Maharashtra and for farmers, convenience sampling method was used. Data was collected as per the convenience of the farmer and their availability .

3.8 Selection of Sample and Data Collection

3.8.1 Selection of districts

Out of 36 districts in Maharashtra, Ahmednagar, Aurangabad, Jalgaon and Pune were selected purposively for the study on the basis of the presence of maximum number of FPOs in the states as these districts had approximate 30 per cent of the total FPOs in the state

Table 3 : Total no. of FPOs in each selected district

Sr.no.	District	No. of FPOs
1.	Ahmednagar	43
2.	Aurangabad	65
3.	Jalgaon	39
4.	Pune	85

3.8.2 Selection of FPOs

From selected districts, 5 FPOs were selected from each district for study purpose. The total number of FPOs constituted to 20. The selection of FPOs were based on following assumptions:

- a) FPOs selected were of more than two years after the establishment;
- b) Operation was considered from production to marketing and

c) The FPOs selected should be dealing with minimum two commodities

Table 4 : Selection of FPOs from selected districts

Sr.no.	District	No. of FPOs
1.	Ahmednagar	5
2.	Aurangabad	5
3.	Jalgaon	5
4.	Pune	5
Total no of FPOs under consideration		20

3.8.3 Selection of FPO CEOs and FPO members

Each FPO had one respondent chosen at random. In order to highlight issues faced by Farmer Producer Organizations, an additional 5 farmers from each of these FPOs' operating areas, who are FPO members, were conveniently picked. The participants were chosen with great care to ensure that each category contained the same sort of farmer in terms of cropping pattern, land holding and other factors, avoiding the problem of extreme variables and outliers.

Table 5 : Selection of FPO CEOs and FPO members

Sr.no.	Particulars	Sample size
1.	Total no. of FPOs	20
2.	Total no. of CEOs	20
3.	Total no of FPO members (5 from each FPO)	100

3.9 Data Analysis

The objective wise data analysis procedure undertaken for the proposed study were as under:

Objective I: To study the present scenario of Farmer Producer Organisations in Maharashtra.

The objective is designed to identify the present scenario of FPO by using the following operational aspects

1. Area of operations
2. Number of members
3. Years of establishment
4. The commercial activities of FPO and the primary crops that FPOs in the study area is dealing with and
5. Financial aspect of FPO

Objective II: To study the impact of government schemes on Farmer Producer Organisations in Maharashtra

The Objective is designed to analyse the impact of government schemes on Farmer Producer Organisations in Maharashtra . There are different agencies in promoting FPOs. Such institutions are generally called as Producer Organisations Promoting Institutions (POPI). There are different institutions in the state for promoting the FPOs and giving training to the members in managing their FPOs. The Institutions promoting the FPOs in the state will be identified.

A schedule was prepared for the FPO people to know the awareness regarding the government schemes and policies.

Along with this before and after adoption of the scheme was analysed.

Objective III: To identify challenges faced by Farmer Producer Organisations in Maharashtra

This Objective is designed to identify challenges faced by Farmer Producer Organisations. A structured schedule was prepared for farmer members before going to field for collecting Data. Proper measures was taken while constructing a schedule which motivate farmers for giving the correct information which is desired by the researcher.

The Rank Based Quotient (RBQ) technique was used given by Sabarathnam (1988) to rank these issues according to their severity.

$$\text{RBQ mean} = \frac{\sum f_i(n+1-i) \cdot 100}{N \cdot n}$$

Where,

f_i = Number of farmers response for particular factor under its rank

N = Number of farmers

i = Number of rank

n = Number of factors identified

4.FINDINGS AND ANALYSIS

This chapter is the heart of the thesis. It is here that the data gathered for the intended study is provided, along with an analysis of it. In this chapter, the objective-wise outcomes and findings were reported in the core areas below.

4.1 Present Scenario of FPOs

The following criteria were taken into account to study the operational aspects of FPOs.

1. Area of operations
2. Number of FPO members
3. Years of establishment
4. The commercial activities of FPO and the primary crops that FPOs in the study area is dealing with
5. The financial growth of FPOs

There are total 20 FPO selected in this study. Out of these 20 FPOs, there are FPOs promoted by SFAC and few FPOs are promoted by non SFAC government agencies such as NABARD, Japan Poverty Reduction Fund, ATMA by world bank, MACP and self-promoted FPOs.

The 4 districts Ahmednagar, Aurangabad, Jalgaon and Pune are the selected districts for the study in Maharashtra state. From every district 5 FPOs are chosen. In these selected districts the FPOs which are selected are given below in table 6.

Table 6 : Selected Districts and FPO of study area

DISTRICT	S.No.	FPOs Name
Ahmednagar	1.	Amarsingh agro producer company limited
	2.	Unity argo farm producer company limited
	3.	Real argo farmers producer company limited

	4.	Seven hills farmers producer company limited
	5.	Mula valley farmer producer company limited
Aurangabad	1.	Krishi pratishthan producer company limited
	2.	Bhagwan krushi producer company limited
	3.	Mandana producer company limited
	4.	Latifpur agro producer company limited
	5.	Lingdari farmers producer company limited
Jalgaon	1.	Nav chaitanya farmers producer company limited
	2.	Aadishakti muktai krushi vikas farmers producer company limited
	3.	Girna farmers producer company limited
	4.	Tapi valley agro producer company limited
	5.	Dhartiputra agro producer company limited
Pune	1.	Shree satwajibaba agro producer company limited
	2.	Fresh express farmer producer company limited
	3.	Versatile agrofirst farmer producer company limited
	4.	Rajuri agro producer company limited
	5.	Vasundhara agri-horti producer company limited

Source : Researchers own's computation

The 20 FPO which are selected from these four districts are categorised under FPO promoted by SFAC or Non-SFAC government and private bodies. These government and non-government bodies have promoted, helped and gave monetary support like loans on special interest and subsidise according to the government schemes to these FPOs. The following study shows that SFAC promoting institute is found in Pune district, which is 2 in numbers and non-SFAC institutions are 18. Which are further recategorized in their specific promoting institutions. The non-SFAC institute comprises of various govt. and non govt. FPO promoting institute,

which are NABARD, World bank, Japan Poverty Reduction Fund schemes and NGOs. The categorisation is done below in table 7

Table 7 : FPO under SFAC and NON-SFAC promoting institutions

DISTRICT	SFAC	NON-SFAC	
Ahmednagar	-	NON-SFAC	5
		Self-promoted	3
		NABARD	1
		World bank(MACP)	1
Aurangabad	-	NON-SFAC	5
		Self-promoted	1
		World bank(MACP)	2
		ATMA Foundation	1
		NGO	1
Jalgaon	-	NON SFAC	5
		Self-promoted	1
		NABARD	1
		Japan Poverty Reduction Fund	3
Pune	2	NON SFAC	3
		Self-promoted	2
		NABARD	1
Total	2	Self-promoted	7
		NABARD	3
		World bank(MACP)	3
		Japan Poverty Reduction Fund	3
		ATMA Foundation	1
		NGO	1

Source: Researchers' own computation of primary data

4.1.1 Area of operations

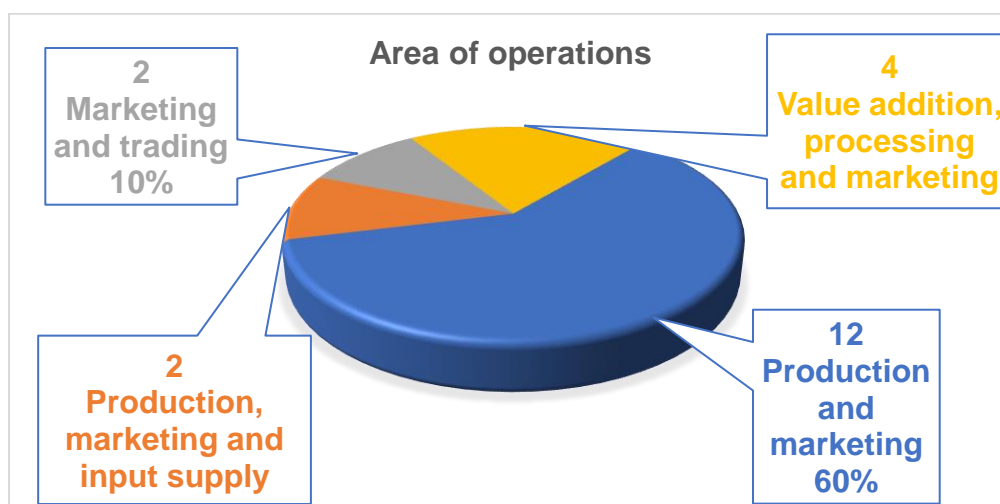
Farmer-producer cooperatives are involved in a wide range of activities. The production of the crop in which the FPO is specialised is the FPO's major activity. Aside from that, they operate in a wide range of operations, including marketing, consulting, input supply, value addition, export and any combination of these. Table 8 shows the results of an attempt to categorise the selected FPOs based on their operational orientation.

Table 8 : Area of operation of selected FPOs

Area of operation	Frequency	Percent
Production and marketing	12	60
Production, marketing and input supply	2	10
Marketing and trading	2	10
Value addition, processing and marketing	4	20
Total	20	100

Source: Researchers' own computation of primary data

Figure 2 : Graphical representation of Area of operation



Source: Researchers' own computation of primary data

Figure 2 Shows that majority of FPOs work in the production and selling of crops in which they specialise. These crops were chosen based on local

conditions and the financial value they can provide in comparison to other crops. Only 12 FPOs were involved in production and marketing. Members of these FPOs grew the crop in their fields and sells it by pooling the total amount of yield from all of the members. Two FPOs were involved in production, marketing and input supply, as well as marketing and trade, while one FPO was involved in value addition and processing.

4.1.2 Number of FPO members

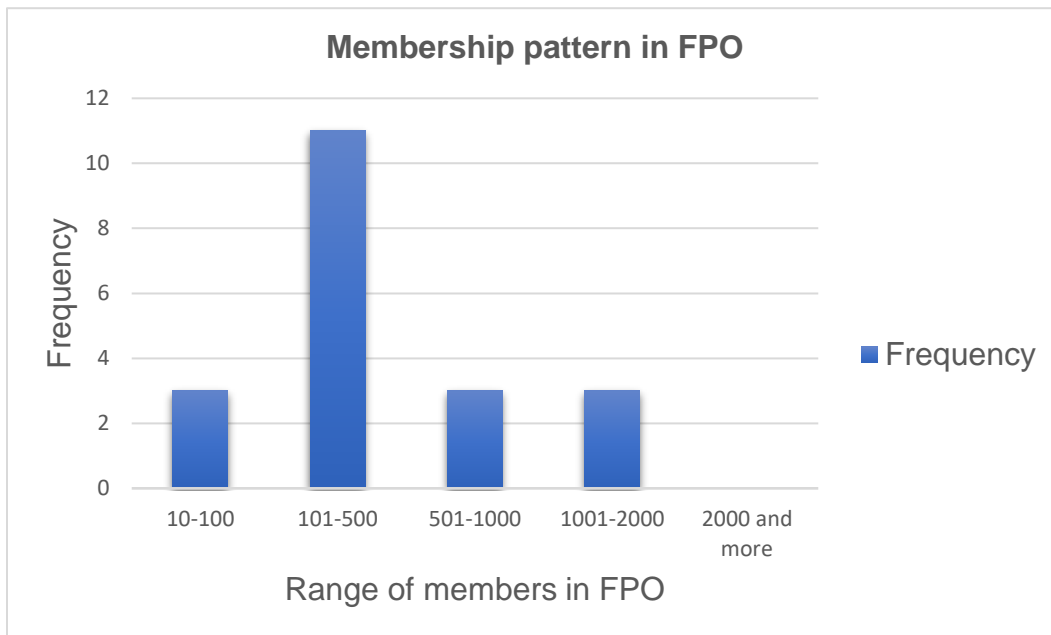
It is normally elective to join the FPO. Any producer residing within the relevant geographical boundary and producing the same crop for which the FPO was created is eligible to join the FPO. The legal form they choose determines the minimum number of members required to form an FPO. A minimum of 10 farmer is usually required for sufficient period of time. Table 9 shows the membership pattern of selected FPOs.

Table 9 : Membership Pattern in FPO

Number of Members	Frequency	Percentage
10-100	3	15
101-500	11	55
501-1000	3	15
1001-2000	3	15
2000 and more	0	0
Total	20	100

Source: Researchers' own computation of primary data

Figure 3 : Membership pattern in FPO



Source : Researchers' own computation of primary data

Table 9 shows the membership patterns of the selected FPOs in the study, with 11 of the FPOs in the study area having members in the 101-500 range, accounting for 55% of the total FPOs under consideration and 3 FPOs with membership in the 10-100, 501-1000 and 1001-2000 ranges. In the selected FPOs, there are no such FPOs with a total membership pool of 2000 or more people.

4.1.3 Years of establishment of FPO

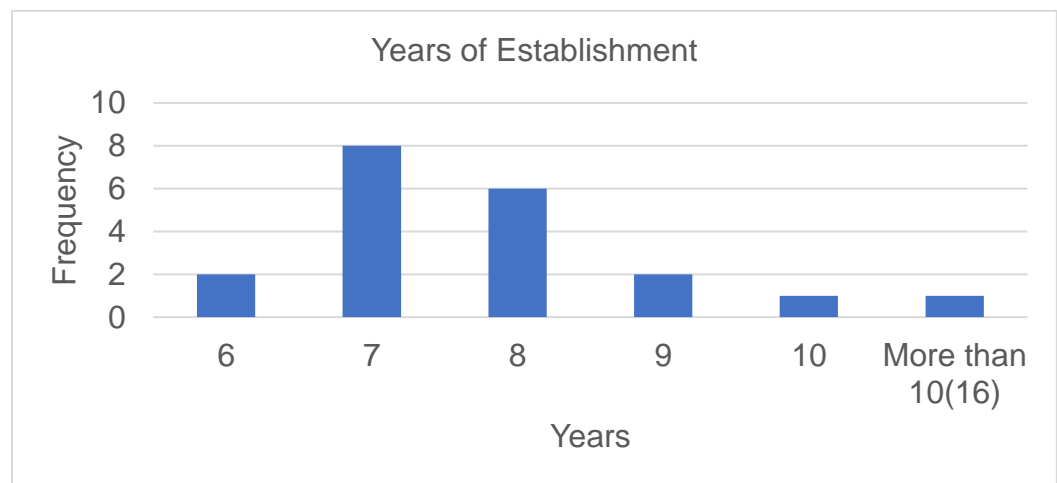
Impact of FPO membership can be visible only after certain year of its establishment. The study looked at FPOs that had been in operation for at least three years, with the main goal of determining the influence of FPO membership on income, savings, asset development, enterprise investment, habitat security, educational security, food security and heat security, among other things. Table 10 shows how the FPOs in the study were categorised by the number of years they had been in operation.

Table 10 : Years of Establishment

Years of Establishment	Frequency	Percentage
6	2	10
7	8	40
8	6	30
9	2	10
10	1	5
More than 10(16)	1	5
Total	20	100

Source: Researchers' own computation of primary data

Figure 4 : Years of Establishment of FPO



Source: Researchers' own computation of primary data

The majority of the FPOs in the study have been in operation for 7 years, accounting for 40% of the total FPOs under evaluation. Thirty percent of FPOs have completed 8 years, whereas ten percent of FPO have completed 6 and 9 years respectively. Only one FPO of this study have completed the 16 years which is the longest period among all the FPOs.

4.1.4 Commercial crop of FPOs

Crop production and commercialization were the primary business activities of all FPOs in the research area. It is critical to understand the types of crops that the FPOs deal with, as this is directly tied to the business' success. A classification of the selected FPOs was attempted based on the principal crops handled by these FPOs. Cereals, pulses, floriculture, oil seed crops, vegetables and seed spices were used to classify the crops. Table 11 shows the categorisation.

Table 11 : Crop wise classification of FPOs in the study area

Name of FPO	Crops cultivated
Ahmednagar	
Amarsingh agro producer company limited	Onion and pulses
Unity agro farm producer company limited	Onion and pulses
Real agro farmers producer company limited	Onion and pulses
Seven hills farmers producer company limited	Onion, pomegranate & tomato
Mula valley farmer producer company limited	Onion & pomegranate
Aurangabad	
Krishi pratishthan producer company limited	Cotton & pulses
Bhagwan krushi producer company limited	Cotton & pulses
Mandana producer company limited	Wheat & vegetables
Latifpur agro producer company limited	Cotton, soybean & maize
Lingdari farmers producer company limited	Cotton & wheat
Jalgaon	
Nav chaitanya farmers producer company limited	Chilli, onion & banana
Aadishakti muktai krushi vikas farmers producer company limited	Pulses (Tur & Harbhara)

Girna farmers producer company limited	Lemon
Tapi valley agro producer company limited	Banana
Dhartiputra agro producer company limited	Onion & banana
Pune	
Shree satwajibaba agro producer company limited	Wheat, bajra & jowar
Fresh express farmer producer company limited	Wheat, bajra & jowar
Versatile agrofist farmer producer company limited	Vegetable nursery
Rajuri agro producer company limited	Onion & wheat
Vasundhara agri-horti producer company limited	Mango

Source: Researchers' own computation of primary data

Crop wise classification of FPOs in the study area are listed in Table 11 Crops range from floriculture to oil seeds, with cereals, vegetables, fruits, pulses, spice seed trading and medicinal plants among them. Onion, pulses and other vegetable crops made up the majority of the FPOs in the research area. Pulses include gram, moong dal, soybean, pea, chana and others.

4.1.5 The financial growth of FPOs

The percentage rate where something changes possession over the period of a year is known as annual turnover. This rate may be related to a company's annual inventory turnover, receivables, payables, or assets turnover. In the given table below it shows the growth of FPO from the past year (2020) as compared to the recent year (2021)

Table 12 : Financial growth of FPOs District wise

Name of FPO	Annual turnover 2020	Annual turnover 2021	Percent change (in%)
Ahmednagar			
Amarsingh agro producer company limited	4.2CR	5CR	+19.04

Unity agro farm producer company limited	97L	1.5CR	+ 54.63
Real agro farmers producer company limited	1CR	1.2CR	+20
Seven hills farmers producer company limited	22L	30L	+36.36
Mula valley farmer producer company limited	22L	35L	+59.09
Aurangabad			
Krishi pratishthan producer company limited	39.5L	50L	+26.58
Bhagwan krushi producer company limited	40L	50L	+25
Mandana producer company limited	30L	50L	+66.66
Latifpur agro producer company limited	45L	50L	+11.11
Lingdari farmers producer company limited	1.2CR	1.5CR	+25
Jalgaon			
Nav chaitanya farmers producer company limited	62L	73L	+17.74
Aadishakti muktai krushi vikas farmers producer company limited	8L	9L	+12.5
Girna farmers producer company limited	1.8CR	2CR	+11.11
Tapi valley agro producer company limited	70L	1CR	+42.85
Dhartiputra agro producer company limited	2.9L	4.5L	+55.17
Pune			
Shree satwajibaba agro producer company limited	12L	15L	+25
Fresh express farmer producer company limited	3.5CR	5CR	+42.85
Versatile agrofist farmer producer company limited	1.8CR	3CR	+66.66
Rajuri agro producer company limited	17L	26L	+52.94
Vasundhara agri-horti producer company limited	2.6CR	4CR	+53.84

Source: Researchers' own computation of primary data

Table 12 shows the annual turnover of past year 2020 and annual turnover of current year 2021. This turnover represents the financial growth of the company in terms of economy.

4.2 Impact of government schemes on Farmer Producer Organisations in Maharashtra

“Impact” the word itself says change, the word impact means a marked effect or influence. The effect here is considered in 3 ways, the 1st one is positive change, 2nd is negative change and the last one is the neutral change. This objective shows, what effect the Government schemes has brought in the functionality of FPO by any means, be it by monetarily, be it by adding members to the FPO or by benefiting through government policies. A schedule was prepared to interview the FPO’s CEO for getting the data which was required to fulfil the objective results. The sample of 20 FPO’s CEO was taken, 1 from each FPO.

4.2.1 Awareness of government schemes and benefits by FPO

The Government of India have many institutes which helps the FPO for promoting them and providing them services like giving them loans, subsidies, helps in building infrastructure by funding the FPOs. This study shows that how many of the selected FPO are aware of the government schemes and policies. The major institute which provides the help or support to FPOs are SFAC, NABARD and World bank. The other institutes are private like NGO, Private financial institutes and funds coming from foreign countries (Japan Poverty Reduction fund).

Table 13 : Awareness of government schemes and benefits by FPO

Sr.no	Name of FPO	Government agencies	Aware of schemes	Got benefited	Still getting benefited
	Ahmednagar				
1.	Amarsingh agro producer company limited	MACP	Aware	Benefited	Not getting benefitted
2.	Unity agro farm producer company limited	Self-promoted	Aware	Not-benefited	Not getting benefitted
3.	Real agro farmers producer company limited	Self-promoted	Aware	Not-benefited	Not getting benefitted
4.	Seven hills farmers producer company limited	Self-promoted	Unaware	Not-benefited	Not getting benefitted
5.	Mula valley farmer producer company limited	NABARD	Aware	Benefited	Getting benefited

	Aurangabad				
6.	Krishi pratishthan producer company limited	WORLD BANK (ATMA)	Aware	Benefited	Not getting benefited
7.	Bhagwan krushi producer company limited	World Bank	Aware	Benefited	Getting benefited
8.	Mandana producer company limited	World Bank	Aware	Benefited	Getting benefited
9.	Latifpur agro producer company limited	Self-promoted	Aware	Not-benefited	Not getting benefitted
10.	Lingdari farmers producer company limited	Dilasa NGO	Aware	Benefited	Not getting benefitted
	Jalgaon				
11.	Nav chaitanya farmers producer	Japan Poverty Reduction Fund	Aware	Benefited	Getting benefited

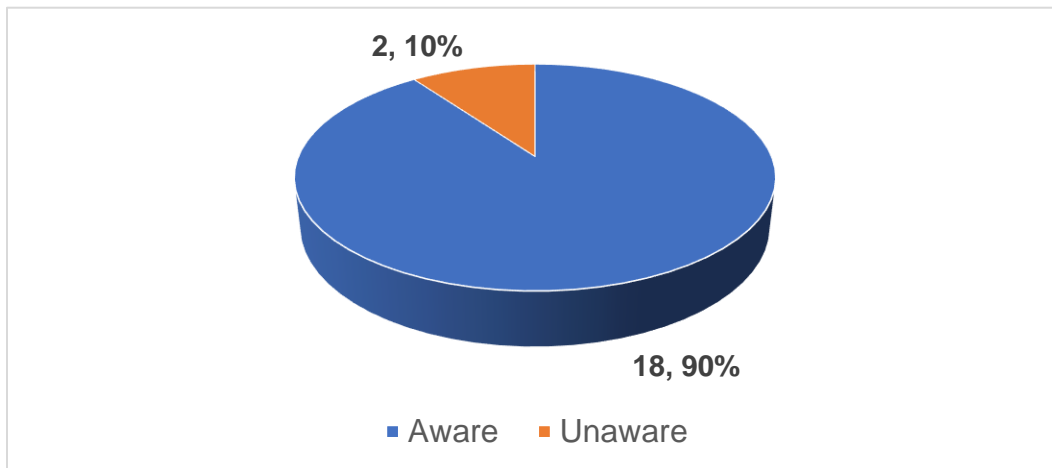
	company limited				
12.	Aadishakti muktai krushi vikas farmers producer company limited	Self-promoted	Unaware	Not-benefited	Not getting benefitted
13.	Girna farmers producer company limited	NABARD	Aware	Benefited	Getting benefitted
14.	Tapi valley agro producer company limited	Japan Poverty Reduction Fund	Aware	Benefited	Getting benefitted
15.	Dhartiputra agro producer company limited	Japan Poverty Reduction Fund	Aware	Benefited	Getting benefitted
	Pune				
16.	Shree satwajibaba agro producer company limited	SFAC	Aware	Benefited	Getting benefitted
17.	Fresh express farmer producer	Self-promoted	Aware	Not-benefited	Not getting benefitted

	company limited				
18.	Versatile agrofirst farmer producer company limited	SFAC	Aware	Not-benefited	Not getting benefitted
19.	Rajuri agro producer company limited	Self-promoted	Aware	Not-benefited	Not getting benefiting
20.	Vasundhara agri-horti producer company limited	NABARD	Aware	Benefited	Not getting benefitted

Source: Researchers' own computation of primary data

Table 13 shows that the FPO from all 4 districts of the study area 20 FPO were taken into consideration about awareness of government schemes and policies. Where the responses came in the close ended format, further the responses are shown in the form of pie chart to explain it more easily.

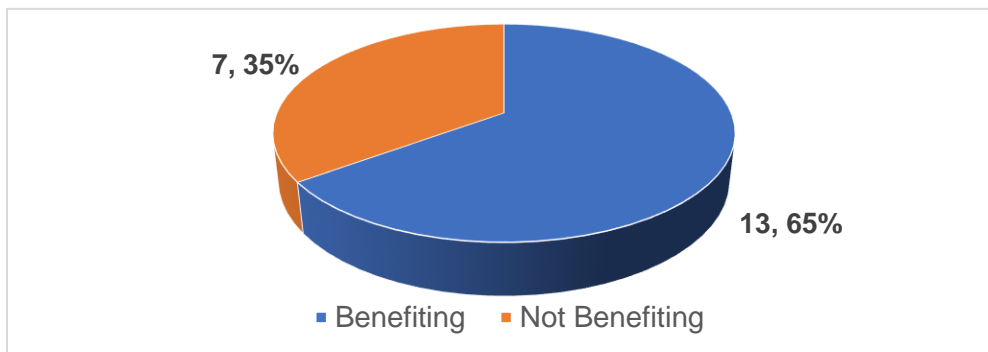
Figure 5 : FPOs aware of government schemes



Source: Researchers' own computation of primary data

Figure 5 shows that out of 20 FPOs 18 no of FPO knew about the government schemes which they were getting benefit of it comprises of 90 %of total sample size. The remaining 2 FPO have no idea about the government schemes . these 2 FPOs were self-promoted FPOs, they have contributed the capital by their own members and established the FPO by their own.

Figure 6 :Number of FPOs who got benefited from the government schemes

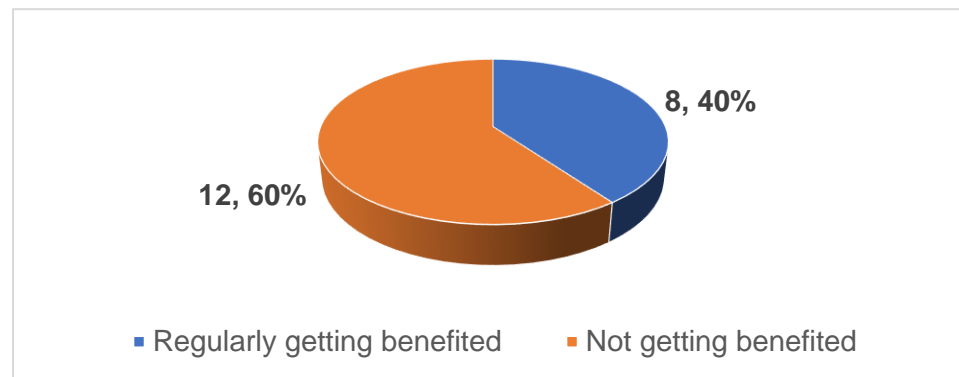


Source: Researchers' own computation of primary data

Figure 6 shows that out of 20 only 65 % i.e., 13 FPO were benefited by the government schemes and the remaining 35 % are not benefited by the

government schemes. This is because most of them were Self promoted FPOs and they have established their FPO by their own because they find the government work slow, time taking and they go through many documentations process which is time consuming .

Figure 7 : Number of FPOs who are regularly getting benefited by government schemes



Source: Researchers' own computation of primary data

Coming down through the years many changes occurred, the impact was visible that out of 20 FPOs, 18 knew about the government schemes and policies which was shown in the figure 5, later to that figure 6 Shows that out of that 18 FPOs who were aware of the government schemes and policies only 13 got benefited by them. In this figure 7 its shows the decrease in number of FPO who are still getting the benefit of government schemes and policies, the percentage of them were 8 which is 40 %FPOs . These 8 FPOs are still getting the benefits of the schemes and policies provided by the government agencies and was aware of the new schemes and policies came into act with respect to FPO interest .

The remaining 5 FPO which used to get the benefits before but had stopped getting it now provided us with the reason of lengthy document processing, time taking procedure and filing the audit report according to the scheme's terms and conditions.

After taking the benefit from the schemes given by government, changes occurred in the functionality and economy of the FPO. Listed down below are the names of the FPOs who got benefited from the government schemes and policies.

Table 14 : Impact of government schemes on FPO

District	Name of FPO	Government agencies	Technical, Technological & Infrastructural benefit		Financial benefits
			Before Adoption	After Adoption	
Ahmednagar	Amarsingh agro producer company limited	MACP Governed by World bank	No cleaning and grading units	Cleaning, grading units & Training	-
	Mula valley farmer producer company limited	Produce Fund by NABARD	-	Helped establishing FPO, salaries of CEO & training	Funding 5 lakh for 3 years
Aurangabad	Krishi pratishthan producer company limited	ATMA by World bank	Poor processing unit	Funded for new processing unit	50% Expenditure Subsidised
	Bhagwan krushi producer company limited	ATMA by	Poor proces	Funded for new	50% Expenditur

		World bank	sing unit	processing unit	e Subsidised
	Mandana producer company limited	ATMA by World bank	Poor wheat processing unit	New Wheat processing unit	50% Expenditure Subsidised
	Lingdari farmers producer company limited	Dilasa Janvikas Pratishtan	-	New establishment of FPO & Technical training	-
Jalgaon	Nav chaitanya farmers producer company limited	Japan poverty reduction fund	-	-	Providing lone for establishment & improvement of FPO
	Girna farmers producer company limited	Produce Fund by NABARD	-	Helped establishing FPO, salaries of CEO & training	Funding 5 lakh for 3 years
	Tapi valley agro producer company limited	Japan poverty reduction fund	-	-	Providing lone for establishment & improvement of FPO

	Dhartiputra agro producer company limited	Japan poverty reduction fund	-	-	Providing lone for establishment & improvement of FPO
Pune	Shree satwajibaba agro producer company limited	SFAC	Lack of Fund And training	Training and Exposure of new farm technology	5-15 Lakh of Funding
	Versatile agrofist farmer producer company limited	SFAC	Lack of Fund And training	Training and Exposure of new farm technology	5-15 Lakh of Funding
	Vasundhara agri-horti producer company limited	Produce Fund by NABARD	-	Helped establishing FPO, salaries of CEO & training	Funding 5 lakh for 3 years

Source: Researchers' own computation of primary data

Table 14 is the summary of total objective in which there are schemes provided by the government and the FPOs which have been benefitted by them. This table also shows that the before and after adoption scenario of the FPO which directly relates to the impact which the government schemes has done over FPO functional and economic area.

4.3 Challenges faced by Farmer Producer Organisations in Maharashtra

FPO farmer members were interviewed as part of a focus group. A pilot study was conducted to identify the primary obstacles that are holding the FPO idea back in Maharashtra. All four districts were chosen for the pilot research.

The following were the primary issues identified:

1. Lack of technology
2. Lack of office building of its own
3. Lack of godowns/storage facilities
4. Problems obtaining appropriate financing on time
5. Inadequate contribution from members, as the majority are impoverished and unemployed
6. Lack of vehicles for transportation
7. Market at a distance

Data was collected from on the districts based on the primary problems mentioned in order to rate the problems by severity. These issues were ranked according to their severity using Sabarathnam's Rank Based Quotient (RBQ) technique (1988). Here the factor taken were 7, number of farmer as a sample size were 25 which is 5 from each FPO which are selected on random basis .

$$\text{RBQ mean} = \frac{\sum f_i(n+1-i) \cdot 100}{N \cdot n}$$

Where,

f_i = Number of farmers response for particular factor under its rank

N = Number of farmers

i = Number of ranks

n = Number of factors identified .

4.3.1 Challenges faced by the FPOs in Ahmednagar district

Five FPOs from the Ahmednagar district were chosen to study the district's significant challenges. The respondents were chosen at random from among the FPO farmer members. During the pilot survey, the key issues were identified. Table 15 shows the final outcome.

Table 15 : Challenges faced by the FPOs in Ahmednagar district

Challenges	RBQ Mean	Rank
Inadequate contribution by member	81.71	I
Inadequate finance on time	76.57	II
Distant market	59.42	III
Lack of transport	58.28	IV
Lack of technology	52.00	V
Lack of storage	45.14	VI
Office building of its own	26.85	VI

Source: Researchers' own computation of primary data

Table 15 shows that the major problems faced by the FPO of Ahmednagar district. Out of 7 identified problems the major problem which is identified is inadequate contribution of farmer member as the majority are impoverished and unemployed. While studying these problems this factor was the most significant in Ahmednagar district .The RBQ mean of this problem was 81.71. The next was inadequate finance on time which has the RBQ mean of 76.57. It is because the majority of farmer members were of marginal and small scale. The next main problem was market at distance which the farmer member has kept in 3rd rank of 59.42 RBQ mean. The other major problems of the districts were lack of transport, technology, storage and office building of its own which ranks IV,V,VI and VII respectively.

4.3.2 Challenges faced by the FPOs in Aurangabad district

5 FPOs from the Aurangabad district were chosen to study the district's significant challenges. These issues were ranked according to their severity using Sabarathnam's Rank Based Quotient (RBQ) technique. The responders were chosen at random from among the FPO farmer members. During the pilot survey, the key issues were identified. Table 16 shows the final outcome.

Table 16 : Challenges faced by the FPOs in Aurangabad district

Challenges	RBQ Mean	Rank
Inadequate finance on time	85.14	I
Inadequate contribution by member	72.57	II
Lack of technology	63.42	III
Lack of storage	51.42	IV
Office building of its own	43.42	V
Lack of transport	42.85	VI
Distant market	42.28	VII

Source: Researchers' own computation of primary data

Table 16 shows that inadequate availability of finance on time and inadequate contribution by the farmer member of FPO with the RBQ mean scores of 85.14 and 72.57 were the most significant problem in Aurangabad district. The next most serious issues were lack of technology, storage and an office building of its own, with the RBQ mean of 63.42, 51.42 and 43.42. The FPO members in this district were least affected by issues such as a lack of transport because the market was nearby due to which the transport was easily available.

4.3.3 Challenges faced by the FPOs in Jalgaon district

During the collection of data, measure was taken that the data which was collected is from the FPO's farmer members in which there are members of

different age group and having different educational knowledge, which totally reflects the variety in challenges faced by them. 5 FPOs from the Jalgaon district were chosen to study the district's significant challenges from which 25 respondent were selected randomly.

Table 17 : Challenges faced by the FPOs in Jalgaon district

Challenges	RBQ Mean	Rank
Lack of transport	87.42	I
Distant market	65.14	II
Inadequate contribution by member	61.71	III
Lack of technology	61.14	IV
Inadequate finance on time	60.00	V
Lack of storage	46.28	VI
Office buildings of its own	18.28	VII

Source: Researchers' own computation of primary data

Table 17 shows that the district's FPO were facing the major challenge of vehicles for transportation and resembling to the same problem one was distant market. Both the problems are inter-related. If the market is at distance similarly the transportation problem emerges. The RBQ mean of both the challenges were 87.42 and 65.14. The next severe issue the Jalgaon's FPO were facing was inadequate contribution by the FPO member because of some poor farmers were not able to give the equal share. The RBQ mean of this was 61.71. The other issues were inadequate finance on time, lack of storage space and office building of its own.

4.3.4 Challenges faced by the FPOs in Pune district

Five FPOs from the Pune district were chosen to study the significant challenges of the district. The responders were chosen at random among

the FPO's farmer members. During the pilot survey, the key issues were identified. Table 18 shows the final outcome.

Table 18 : Challenges faced by the FPOs in Pune districts

Challenges	RBQ Mean	Rank
Lack of storage	82.28	I
Office buildings of its own	76.57	II
Inadequate finance on time	61.71	III
Lack of transport	61.14	IV
Distant market	45.14	V
Inadequate contribution by member	41.14	VI
Lack of technology	34.28	VII

Source: Researchers' own computation of primary data

Table 18 shows the challenges faced by the FPO in Pune district. The major challenges faced by them are lack of storage, not having their own building and inadequate finance on time. With the limited land holding near Pune city and the high prices of the land it's hard for the FPOs of Pune districts to get a storage facility and an office of their own to work. These challenges rated with in the top 3 with the RBQ mean of 82.28, 76.57 and 61.71 respectively. Lack of transport and distant market are inter related to each other, if the vehicles are not available then transportation will be hard to take the supply to the market, which is at a distant from the storage place or godowns.

4.3.5 Comparative study of challenges faced by FPO in Maharashtra

The comparative study of FPO of Maharashtra from the selected 4 districts will tell us that the challenges faced by the FPO are severe and can be compared with the other districts. These are calculated by RBQ mean method. The study is shown below in table no.19

Table 19 : Comparative study of FPOs in Maharashtra

Districts	Ahmednagar	Aurangabad	Jalgaon	Pune
Challenges				
Lack of technology	52	63.42	61.14	34.28
Office buildings of its own	26.85	43.42	18.28	76.57
Lack of storage	45.14	51.42	46.28	82.28
Inadequate finance	76.57	85.14	60.00	61.71
Inadequate contribution by member	81.71	72.57	61.71	41.14
Lack of transport	58.28	42.85	87.42	61.14
Distant market	59.42	42.28	65.14	45.14

Source: Researchers' own computation of primary data

Table 19 shows that lack of technology is highest in Aurangabad and Jalgaon district with the RBQ mean of 63.42 and 61.14 respectively. Whereas the office building of their own is the least problem among all the district except Pune where the RBQ mean is raised up to 76.57 . In the same district the major problem before having their own office building is lack of storage system. This is major in Pune district with the RBQ mean of 82.28. Inadequate finance in time and inadequate contribution by member as many of them are poor these two challenges were at the top of 2 districts in Aurangabad and Ahmednagar whereas lack of transport and distant market were the challenges faced by the FPOs of Jalgaon districts with the RBQ mean of 87.42 and 65.14 respectively.

Figure 8 : Comparative study of FPOs in Maharashtra

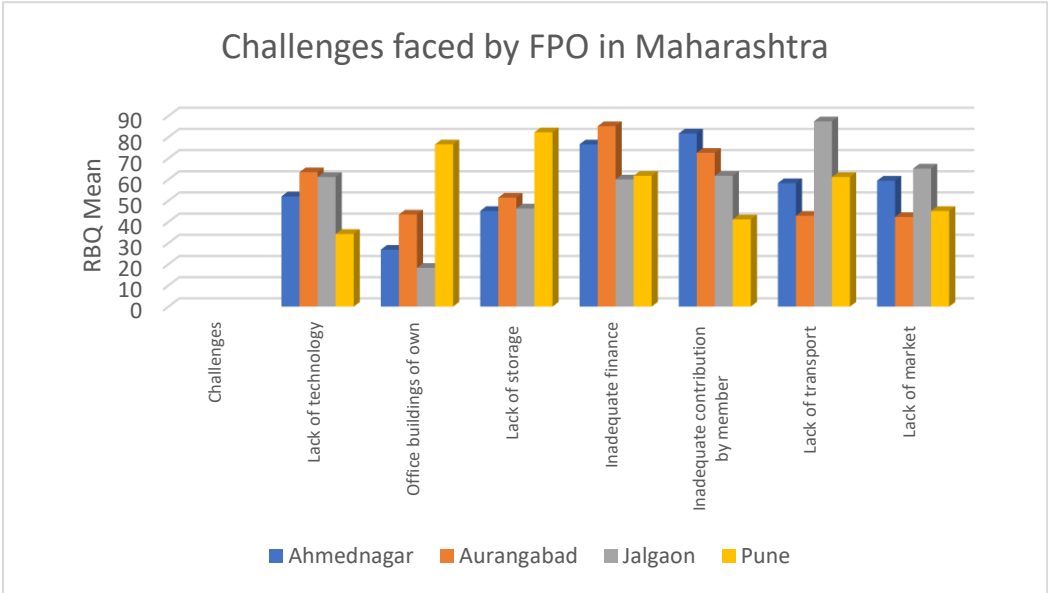


Figure 8 Shows the comparison that which problems are faced by which districts of FPO because every FPO are geographically placed in different region of Maharashtra and therefore the challenges faced by them will be different. It shows that inadequate finance and inadequate contribution by the members who are poor has approximately highest rank in all the 4 districts.

5.CONCLUSION AND RECOMMENDATION

The conclusion is presented in this chapter based on the findings and discussions. Also included are policy proposals that could aid in improving the state's and country's existing FPO models. There are also suggestions for future research.

- The current state of FPOs was investigated and it was discovered that 60% of FPOs were exclusively involved in production and marketing. Because these FPOs' capital investments were so low, there was little room for grading, value addition or processing. The majority of FPOs in the research area have a membership of 101-500 people. It restricts FPOs' ability to expand and achieve economies of scale.
- In the research area, there were 4 producer organisation promotion institutes and one non-governmental organisation to set up 20 FPOs. Seven of them were self-established. The majority (46%) were promoted through the NABARD Produce Fund and World Bank scheme. As a result, NGOs and other associated organisations must take the initiative to educate rural communities about the benefits of FPOs and promote them.
- The research has also shown that only one FPO was working from the past 16 years and others were established between 7 to 8 years.
- Crop wise classification of FPOs in the study area was studied and the conclusion came down as onion, pulses and other vegetable crops made up the majority of the FPOs in the research area. For increasing the profit in the crop production, the FPO need to gain more knowledge in mix cropping and allied agriculture practices.
- The research also came to a conclusion that 2 FPOs has the maximum financial turnover of 66.66 % whereas the least turnover

counted at 11.11%. The FPO with the maximum turnover suggested to grow in the field of technology and automation. New advance technology should be used in the value addition and packaging and processing units to increase the value of your product. This will help to gain more profit as the return will equally change the living of the individual.

- 18 FPOs were aware of the government scheme and policies but only 13 were able to take the benefit.
- 7 FPOs which were self-established was not making good use of the awareness.
- Out of 13 beneficiary FPOs only 8 were still taking the benefit of the government schemes, the remaining 5 out of this 13 FPOs discontinued the benefits because of lengthy document processing, time taking procedure and filing the audit report according to the scheme's terms and conditions.
- The before and after adoption of the government schemes benefiting the FPOs were recorded in which the schemes impacted on better technical, technological and infrastructural development of the FPOs.
- Apart from all this betterment schemes have also helped monetarily by giving loans, providing 50 % of project expenditure and funding the FPOs for the establishment and improvement.
- Inadequate contribution by members and inadequate finance was the severe problem faced by the Ahmednagar district with the RBQ mean of 81.71 and 76.57 respectively.
- Inadequate finance on time to the FPO and inadequate contribution by the FPO member because of poor economy class was the challenge of Aurangabad district . The RBQ measured was 85.14 and 72.57 respectively.

- In Jalgaon district, the FPO faced the challenges of lack of transport and distance of market from the office. These both challenges were accounting the RBQ mean of 87.42 and 65.14 respectively.
- Pune district is high in economy and of high standards of living, the main challenge for Pune's FPO were lack of storage facility and having their own office building .

Recommendation

- NGOs and other associated organisations must take the initiative to educate rural communities about the benefits of FPOs and promote them.
- Government schemes should be easy to understand and procedure for granting the schemes should also be reduced.
- Dealing with production and marketing on your own will not yield better results. As a result, such activities should be recognised and promoted in FPOs and POPI should be in charge of this.
- Identifying combination crops that may be grown in both seasons to boost output and lower production costs is advised.
- The FPO should improve forward and backward connectivity. The identification of essential partners will aid in the elimination of marketing channel intermediaries that claim large margins.

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Farmer Producer Organisations (FPOs) in Maharashtra : Prospects and Challenges

ANNEXURE 1

Schedule for FPO Officials

1. General Information of FPO officials

Name of the FPO.....

Name of the respondent:

Designation in the FPO:

District: Tehsil:

Village:

Year of establishment:

Crops/ commodities handling:

Operational Orientation: Production Procurement

Marketing Export Consultancy Services Other

Specify.....

Name of the Promoting Institution:

Is the FPO registered? Yes No

Number of members in the FPO:

Sr. no.	Particulars	Number
1.	Farmers	
2.	Management committee	
Total		

2. Economic efficiency of the FPO

- a. Authorised capital Rs.
- b. Paid up capital Rs.
- c. Annual turnover: Rs.

3. Awareness of Government schemes and policies by FPO

Sr.no.	Particular	Yes	No
1.	Are you aware of the schemes provided by government agencies ?		
2.	From which schemes FPO got benefited ?		
3.	Did you get benefited by the schemes ?		
4.	Are you still getting benefited by the schemes?		
5.	Did you get financial help by the schemes ?		
6.	Did you get technical help by the schemes ?		
7.	Did you get technological help by the schemes ?		

4. Changes occurred after adopting government schemes :

Before adoption :

After adoption :

ANNEXURE 2

Schedule for FPO Members

1. Personal Details:

a) Name:

b) Age:.....c)Sex:.....

d) Education: Primary Secondary Matriculation
Graduation Post-Graduation Doctorate

e) Landholding:

<1 ha 1-3 ha 3-5 ha >5 ha

f) How long are you the member of the FPO?

<1 year 1-2year 2-3 year >3 year

Sr. no.	Particulars	Type of the land	
		Irrigated	Un irrigated
1.	Owned		
2.	Leased in		
3.	Leased out		

g) Role in the FPO

Manager/ CEO BOD member Ordinary member

2. Problems faced by the FPO

Sl. no	Problems	Rank
1.	Lack of technology	
2.	Lack of office building of its own	
3.	Problem of getting adequate finance in time	
4.	Lack of godowns/ storage facility	
5.	Lack of sufficient number of vehicles for transport	
6.	Lack of willing members to contribute in raising capital	
7.	Distant market	
8.	Any other	