

Original Research Article

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**Farmer Producer Organization as an Opportunity to Strengthen Small and Marginal Farmers: A Case study in Rajnandgaon District of Chhattisgarh, India**

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**A B S T R A C T**

Chhattisgarh plains had highest number of Producer Organizations with 74.62 percent of total FPOs in state. The study included both survey method and case study methodology. The study attempts to understand the current status of ownership, management, financial viability, business performance and socio-economic impact of FPOs on producer-members in Rajnandgaon district of Chhattisgarh plains. The highest number of registered FPOs was supported by NABARD followed by Directorate of Horticulture and Farm Forestry Chhattisgarh state and SFAC respectively with 43.85 percent, 36.15 percent and 20.00 percent respectively. The highest number of FPOs was formed in Rajnandgaon district, thus the district was selected for study. FPO named Maa Bamleshwari Dugdh Utpadak Sahkari Samiti (MBDUSS) was promoted by NGO 'Maa Bamleshwari Janhitkari Samiti' in the direction of Padmshree Smt. Phoolbasan Devi ji. MBDUSS was one and only FPO owned and run by women in Chhattisgarh Plains had earned highest profit per member with Rs.1300.72 among all of the Producer Organizations in Rajnandgaon district as well as in Chhattisgarh Plains in year 2017-18.

**Keywords**

Farmers producer organizations, Small and marginal farmers, Marketing

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**Introduction**

The challenge is enormous for India to ensure that small holdings are truly productive and are the main source of livelihoods for millions of people dependent on it. Aggregation is an effective method to mitigate risk in agriculture and strengthen and strengthen livelihoods of farmers particularly small and marginal. It

helps effectively link producers and off-takers to achieve economies of scale along with value chain. The major activities in which FPOs are engaged include production and marketing of commodities like cereals, pulses, spices, jaggery, vermicomposting, mushrooms, onion, fruits, vegetables, certified seeds, etc. Majority of FPOs are undertaking farm aggregation, marketing and input

distribution activities (Annual report NABARD32017-18). The main objective of FPO ultimate objective is to better and stable income opportunity to farmer members via direct business operations. Profit earned by FPO distributed as dividend amongst stakeholders is of only secondary importance.

## **Materials and Methods**

Chhattisgarh state having three agro-climatic zones namely Chhattisgarh plains, Northern hill regions and Bastar plateau by "Planning Commission of India". Chhattisgarh plain was selected purposively due to highest numbers of registered Farmer Producer Organizations among three zones. There were total 130 FPOs supported by NABARD, SFAC, and Directorate of Horticulture and Farm Forestry, Chhattisgarh in state. Out of them 37 FPOs registered in Chhattisgarh plains followed by 13 and 7 in Northern hill region and in Bastar plateau supported by NABARD. Rajnandgaon district was selected for the study because of highest number of FPOs was formed in district with 35.13 percent of total FPOs in Chhattisgarh plains. Four FPOs were selected for the study purposively on the basis of their response, communication, functional status and performance. Twenty-five members were selected from each of the sampled FPOs randomly, thus the total number of respondents was hundred. The performance of ongoing business of sampled could be understood by availability of primary and secondary data. The data were collected through survey method. The primary data were collected from the producer-member as well as from the executives of company on various aspects by personal interview method with the help of designed questionnaire was adopted. Year 2017-18 was the reference year for primary data. Secondary data were collected from published and Doctoral Dissertations, Annual reports of NABARD, and from reputed Journals, books, and articles. Multiple case studies in each category and

major districts have been undertaken to find out the operation modalities of FPOs.

## **Results and Discussion**

### **Status of FPOs in terms of ownership and management in study area**

The mobilization, formation and growth of FPOs were actively supported, guided and encouraged by state and central government with their agencies. The highest number of registered FPOs was supported by National Bank for Agriculture and Rural Management (NABARD) followed by Directorate of Horticulture and Farm Forestry Chhattisgarh state and Small Farmer Agri-Business Consortium (SFAC) respectively with 43.85 percent, 36.15 percent and 20.00 percent respectively during 2013-2017. In year 2016, highest number of mobilized FPOs gone under registration in Chhattisgarh state with 63.07 percent of total FPOs. In Chhattisgarh state, there were two main legal provisions of Farmer Producers Organizations. Out of total, 75.67 percent of registered FPOs were entitled under Co-operative Society Act, rest 24.32 percent FPOs are entitled under Company Act. The highest number of FPOs was formed in Rajnandgaon district, followed by Korba, Balod, Mahsamund, Janjgir-Champa, Raigarh, Dhamtari and Kawardha districts. Till 31<sup>st</sup> March 2017, total 15517 small and marginal farmers had taken membership of a FPO supported by NABARD in Chhattisgarh plains. District-wise distribution of Farmer Producer Organizations in Chhattisgarh Plains with their legal provisions is presented in table 1. Rajnandgaon district have highest number of FPOs with 32.43 percent of total Producer Organisations in Chhattisgarh Plains. The first three FPOs named Banbod Gramin Dharohar Farmer Producer Company Ltd. (BGDFPCL), Jhumarkonha Gramin Dharohar Farmer Producer Company Ltd. (JGDFPCL) and Karela Gramin Dharohar Farmer Producer Company Ltd. (KGDFPCL) supported by

NABARD were registered under company act in 2016. All these were promoted by NGO ‘Community Advancement and Rural Development Society’ (CARDS). The fourth FPO named Maa Bamleshwari Dugdh Utpadak Sahkari Samiti (MBDUSS) was promoted by NGO ‘Maa Bamleshwari Janhitkari Samiti’ in the direction of Padmshree Smt. Phoolbasan Devi ji. MBDUSS was one and only FPO owned and run by women in Chhattisgarh Plains. The basic profile of selected Producer Organizations from Rajnandgaon district and is given in table 2.

**Business performance of sampled FPOs**

The first three FPOs BGPFPCL, GDFPCL, CARDS are promoting by same NGOs. Since 2016 they are already a part of ‘Wadi projects’ of NABARD. The main business of all these are production and marketing of Wadi produce

and pulses vegetable and production, Processing and marketing of mushroom. They have their own input supply shop. Which provide credit facility to FPOs members. The annual turnover and profit figure are given in table. The nil figure shows FPOs not participation in market due to earlier formation stage. It is found that over the year 2016-17 to 2017-18 the annual turnover along with profit were increased slightly. All the sampled FPOs were in profit. The fourth FPOs MBMDUSS have main business is dairy. They have linked with Devbhog C.G. State Cooperative Dairy Federation Ltd. For marketing of milk. The MBMDUSS is also in profit, it is one and only woman owned and managed FPOs among sampled FPOs. It is found that MBMDUSS earned highest profit per member with Rs.1300.72 among all of the Producer Organizations in Rajnandgaon district.

**Table.1** Basic profile of FPOs in Chhattisgarh Plain supported by NABARD

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

**Table.2 Basic Profile of Sampled FPOs in Rajnandgaon District**

S.N.	Particulars	BGDFPCL	JGDFPCL	KGDFPCL	MBMDUSS	Average of Rajnandgaon	Average of Chhattisgarh
1	Full Name of FPO	Banbod Gramin Dharohar Farmer Prducer Company Ltd.	Jhumarkonha Gramin Dharohar Farmer Producer Company Ltd.	Karela Gramin Dharohar Farmer Producer Company Ltd.	Maa Bamleshwaari Mahila Dughd Utpadak Sahakari Samiti		
2	Address	Rajnandgaon	Chhuikhadan, Rajnandgaon	Karela, Rajnandgaon	Sandi, Rajnandaon		
3	Status of Registration	Registered	Registered	Registered	Registered		
4	Registration No./CIN No.	U01100CT2016PT C007415	U01100CT2016PT 007633	U01100CT2016PT C007384	661		
5	Legal Act	Company act	Company act	Company act	Co-operative society act		
6	Number of Members	521	514	524	53	403	492.75
7	Male	486	469	524	0	369.75 <b>(91.75)</b>	387.91 <b>(78.72)</b>
8	Female	35	45	0	53	33.25 <b>(8.25)</b>	104.83 <b>(21.28)</b>
9	ST	180	177	189	0	136.5 <b>(33.87)</b>	307.92 <b>(62.49)</b>
10	SC	29	22	35	10	24 <b>(5.96)</b>	14.5 <b>(2.94)</b>
11	OBC	312	315	285	37	237.25 <b>(58.87)</b>	165.25 <b>(33.54)</b>
12	General	0	0	15	6	5.25 <b>(1.30)</b>	5.08 <b>(1.03)</b>
13	Equity Mobilized (Rs.)	500000	500000	500000	50000	387500	465000

<b>14</b>	<b>Share Amount Per Member</b>	1000	1000	1000	1000	1000	916.67
<b>15</b>	<b>No. of BODs</b>	11	11	11	9	10.5	11
<b>16</b>	<b>Supporting Agency</b>	Community Advancement & Rural Development Society 'CARDS'	Community Advancement & Rural Development Society 'CARDS'	Community Advancement & Rural Development Society 'CARDS'	Maa Bamleshwaari Janhitkari Samiti		
<b>17</b>	<b>Business Activities</b>	Input supply Centre, Aggregation and marketing of wadi products, pulses and vegetables, Production, processing and marketing of mushroom	Input supply Centre, Aggregation and marketing of wadi products, pulses and vegetables, Production, processing and marketing of mushroom	Input supply Centre, Aggregation and marketing of wadi products, pulses and vegetables, Production, processing and marketing of mushroom	Dairy		Input supply shop, Production and marketing of wadi produce, pulses, Aggregation and Marketing of NTFPs, Production, processing and marketing of mushroom, vermicomposting, soil testing lab, Dairy,

**Table.3** Business profile of sampled FPOs in Rajnandgaon District

S.No.	Particulars	BGDFPCL (In Rs.)	JGDFPCL (In Rs.)	KGDFPCL (In Rs.)	MBMDUSS (In Rs.)
1	Turn Over (2015-16)	Nil	Nil	Nil	Nil
	Turn Over (2016-17)	507535	Nil	Nil	Nil
	Turn Over (2017-18)	997051	1023000	555000	1178858
2	Profit (2015-16)	Nil	Nil	Nil	Nil
	Profit (2016-17)	5076	Nil	Nil	Nil
	Profit (2017-18)	9971	65000	25000	68938
3	Input:Output ratio(2015-16)	Nil	Nil	Nil	Nil
	Input:Output ratio(2016-17)	1:1.01	Nil	Nil	Nil
	Input:Output ratio(2017-18)	1:1.01	1:1.06	1:1.05	1.06
4	Profit per member (2017-18)	19.14	126.46	47.71	1300.72
5	Market linkage	Rajandgaon, Durg, Raipur, ABIS company, PI company	Rajandgaon, Durg, Raipur, ABIS company, PI company	Rajandgaon, Durg, Raipur, ABIS company, PI company	Devbhog, Chhattisgarh state coopeative Dairy Federaration Ltd. Jagriti Club, Raipur

### Socio –economic empowerment by FPOs

It is found that there is increase in participation in extension program followed by innovativeness and networking among farmers by themselves over non-members with 85.00 percent, 81.67 percent and 80.33 percent respectively. Due to increase in income, savings and employment opportunities producer-members of FPOs stable with better economic status in community on comparing with non-members. The commercialization and diversification of agricultural practices followed by availability of quality inputs and services and easily and better access to market information are some variables which show that farmers become more economically empowered with 85.00 percent followed by 83.33 percent and 79.18 percent respectively after joining the Producer Organizations (Table 3).

The FPO Maa Bamleshwari Dugdh Utpadak Sahkari Samiti (MBDUSS) Rajnandgaon is promoted by NGO ‘Maa Bamleshwari Janhitkari Samiti’ in the direction of Padmshree Smt. Phoolbasan Devi ji, is one and only FPO owned and run by women in Chhattisgarh Plains performing Dairy farming as major business. It is found that Maa Bamleshwari Mahila Dugdh Utpadak Sahakri Samiti (MBMDUSS) earned highest profit per member with Rs.1300.72 among all of the Producer Organizations in Rajnandgaon district as well as in Chhattisgarh Plains in year 2017-18. It is observed that areas where the ‘Wadi model’ for tribal development of NABARD already built up successfully, have more scope for assembling, collecting, processing their bulk output for marketing through FPOs due to more quantity available for sale. It also recommends the suitable

mechanisms to overcome existed challenges and improve efficiency.

Amidst the spur in the promotion of FPOs over the last decade, there is a need to differentiate the well-functioning and credit worthy business entities. Establishment of FPO is the only beginning step. Strengthening them to deliver the purpose of their existence, enduring marketing sensibility and making them sustainable are the real challenges.

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