CHALLENGES AND OPPRTUNTIES BEFORE FPO : A STUDY ON FPO WITH SPECIAL REFERNCE TO KUMAON REGION OF UTTARAKHNAD

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Master of Business Administration (MBA)

In

Master of Rural Management

By

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Under the guidance of Dr. Ratna Verma

2021

DECLARATION BY STUDENT

I hearby declare that this dissertation titled " Challenges and Opportunities before FPO: a study on FPO with special reference to Kumaon region of Uttarakhand " is the bonofide record of my original research work. I declare that it has not been submitted to any other university or institution for the award of any degree or diploma .Information derived from the published or unpublished work of others has been dully acknowledged in the text.

(Signature)
Name of the Student
Date

CERTIFICATE

This is to certify that DINEHS UPADHYAY in partial fulfillment of the requirement for the award of the degree of MBA (Rural Management) from the IIHMR University , Jaipur has successfully completed his internship at (   ) during March22, 2021 to June 19, 2021.

Place : Jaipur   Preceptor/Head of the Organization

Date : 6 July, 2021   Name of the organization

Abstract

This dissertation is titled " ***CHALLENGES AND OPPORTUNITIES BEFORE FPO : A STUDY ON FPO WITH SPECIAL REFERENCE TO KUMAON REGION OF UTTARAKHAND "***.The dissertation seek to identify key challenges before Farmer Producer Organization and possible solutions to these challenges.FPO is an instrument which is an effort to increase the income of farmers and reduce the risk .This dissertation is an effort to the reason for their failure , possible solution specifically in context of Kumaon (Uttarakhand)

The provision of FPO in legal acts is not enough as is evident from previous study that many FPO are struggling to even survive. There are challenges like credit , financial management, training of members ,
high operation cost, mobilization of farmers in a group. Many times FPO are not able to pay even for basic business operation services like marketing, legal and accounting.

The dissertation present an **extract** of qualitative analysis of more than 20 FPO study from **2004 to 2020** .Objective of this dissertation is to study performance of various FPO , assessment of local FPO in Kumaon region and arrive at key challenges and their solution .These solutions are expected to improve the performances of FPO at national and local level.

Methodology adapted for this study is based on (1) qualitative analysis of about 20 various secondary data (2) interviews with local development professionals and farmers associated with FPO.

Limited finance and lack of management skill among FPO managers was found to be the most critical challenges for failure of FPO .Suggested solution for these challenges is two - tier business model for FPO with focus on three aspect(one livestock, one crop and low operational cost by availing common business services.)

There are some external and internal factor responsible for FPO performance which decide the performance of an FPO. The weakness of FPO like high operation cost can be reduced by having a **common service provider** for 10 or more FPO(which take car of their account , marketing, branding , legal or other business process etc).Similarly every FPO has a region specific crop and livestock which can be focused to improve the performance of FPO .Also , having more members per FPO(500 +) is observed to be good for the performance of FPO .lastly, the focus should be on region specific products(1 livestock, 1 local crop), 1 marketing channel for multiple FPO and 1 common business services provider for a cluster of FPO.

Keywords
Farmer Producer Organization; challenges ; opportunities ; Kumaon, two- tier business model

Acknowledgement

I am thankful to CHINAR, Dr, Ratna Verma, Mr. G. Kalki Pandey , Mr. Ram Singh Koranga for their support and encouragement .

Special thanks to late Shri. Badri Dutt Pandey (for his book on history of Kumaon which through light on business and farming practices of the region in 18th and 19th century).This book helped me understand the region of Kumaon better and glimpse about agriculture practices of the past .It helped .Also special acknowledgement to annual report of HIMOTHAN and **APEDA Connect** which worked as guide to highlight the present status of FPO in Kumaon and possible solution to overcome the key challenges and opportunities ahead.

I also request the dissertation examiner to consider the data quoted throughout this report to be relevant to 2021 as there is not much research study done during the time of 2020 & 2021 (pandemic and lockdown throughout India .Although I have taken due care to quote the latest date wherever possible **.**

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Abbreviations

APEDA – Agricultural and Processed Food Products Export Development Authority

DFI - Development Financial Institution

FPO - Farmer Producer Organization

ICAR - Indian Council of Agriculture Research

ISAP - Integrated Social Action Plan

ISD - Institute of Social Development

KCC - Kisan Credit Card

MCA - Ministry of Corporate Affairs

MANAGE - National Institute of Agriculture Extension Management

NABARD - National Bank for Agriculture and Rural Management

NIAM - National Institute of Agriculture Marketing

NRLM - National Rural Livelihood Mission

PLP - Potential Linked Plan

RKVY - Rashtriya Krishi Vikas Yojana

SFAC - Small Farmers Agribusiness Consortium

SWOT - Strength, weakness, opportunity, threat

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Chapter 1: Introduction

1.1 Background of the Study

With 179.9 million hectares of agricultural area , India holds the second largest agricultural land in the world in addition to 4 per cent of the world's water resources, but has a large population to support.17 per cent of the world's human population and 15 per cent of the livestock is dependent on this resource. With 20 agro-ecological regions and 15 agro-climactic zones, 15 major climates in the world exist in India (**Source**: College of Agriculture Banking, Pune study report 2018).To harness such resource abundance there was a need to encourage institution like FPO.

India hold the second largest agriculture land in the world (180 million hectare).Also , it is one of the most resource enriched country for farming with 4% of the world water resources , 20 different type of agro-ecological regions and 15 agro-climatic zones and 15 type of climates of the world exist in our country. The country also possesses 46 of the 60 soil types in the world but has to support 17% of the world population and 155 of the livestock population. Farming in India as an occupation has been losing interest due to factors beyond their control like integrating with agriculture value chain, inability proper financial services, price volatility, risk prediction , crop failure etc. It was a finding that of several strategies developed and various methods tried across the world, group approach was proved to be effective in boosting up their bargaining power, resource management and pooling of resource for better outcomes.Collective instiutions like farmer producer organization were considered as a policy tool to improve the condition of farmers and make them self sustaining for future.Goverment is encouraging formation of FPO as is evident from announcement of prime minister Modi to form 10000 FPO in coming days.Similarly , government has initiated Small Farmers's Agr-business Consortium(SFAC) specially for FPO promotion and encoragment to FPO through various other instiution and policy like NABARD.

It was recommendation of **Alagh Committee(1999**) which motivated government to frame policy to encourage Companies emerged as a spirit of cooperative but functioning of a private company.

There was a growing concern and demand from policy maker for encouragement to institution like FPO,FPC, cooperative societies to make farmers self sustaining. Farmer producer organization , as per reference to **section 456** of the **Companies Act** ,1956can be defined as : A producer company formed by 10 individual or institutions or by a combination of both with objective of –

- Procurement
- Production
- Harvesting
- Grading
- Pooling
- Handling
- Marketing
- Selling
- export

India had over 138 million farm holdings as per Agriculture Census of 2011.Out of this 138 million holding 92.8 million have holding of less than 1 hactare & 24.8 million land holding were less than 2 hactare (MANAGE , 2018 Vol. 1).The findings of Indian Journal of Extension indicate that more than 50% of total farmers mobilized by FPO movement in India are farmers belonging to four states namely Karnataka, Madhya Pradesh, Tamil Nadu and West Bengal *(Source :* **Indian Jounrnal of Extension Education, *Vol. No.2, 20,Page No.108-113)***.An estimated cumulative number of close to 8000 FPCs registered or incorporated as Farmer Producer Company Limited until 2019 (***Source:*** Ministry of Corporate Affairs website).

Table 1.1 : State wise FPO data

State	**Total Number of Farmer Producer Organization(as on 30.04.2018)**
Andhra Pradesh	113
Arunachal Pradesh	3
Assam	52
Bihar	126
Chhattisgarh	80
Gujarat	135
Haryana	73
Himachal Pradesh	59
Jammu & Kashmir	14
Jharkhand	73
Karnataka	303
Kerala	105
Madhya Pradesh	295
Maharashtra	203
Manipur	9
Meghalaya	12
Mizoram	16
Odisha	141
Punjab	74
Rajasthan	183
Sikkim	33
Tamil Nadu	181
Tripura	5
Uttarakhand	59
Uttar Pradesh	147
West Bengal	216
Other territories’	104
Note – Numbers of FPO is increasing it has crossed the counting of 8000 until end of 2019	
All India	2816

Historical notes : It was in 1871 that Indian got a separate department for agriculture known as Department of Revenue and Agriculture and Commerce.

Table 1.2 : FPO promoters

Number of FPO promoted by various organizations in India	
NABARD	2154
SFAC	119
ATMA directorate and samiti	822
Govt. of Nagaland	14
Self promoted FPO	63
NRLM	135
ISAP	50
Source - (sfacindia.com/List-of-FPO-Statewise.aspx)	

Although cooperatives like Gujarat(milk) and Maharashtra(sugar) are successful upto some extent, FPO in many states have not shown much impressive performance due to factors like financial mismanagement, regional politics , and excessive state interference etc.

Key challenges faced by F.P.O in India are –

- mobilization of equity capital
- integration of heterogeneous group of farmers
- structural issue like financial and technical skills among the FPO members
- governance and business model

Mobilization of fund-The biggest problem with FPO is mobilization of fund .FPO management lack proper access and application of fund.

Collectivization of farmers – bringing farmer together for common good is tough task.Famers due to various reason are not willing to work together.There is conflict among the various famers of the same village.

Structure issue- lack of required competencies among the member to run a company,enterprenuship sprit of among the famers is also a challenge.

Government and business model – Most of the FPO in India could not succeed much due to lack of professional business model and state policy.

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Topic in news : "India's plan to form 10,000 FPO could fail without funding reforms" , published in Business –standard .com
https://www.business-standard.com/article/current-affairs/india-s-10-000-farmers-collective-plan-may-fail-without-funding-reforms-120111800155_1.html

1.2 Farmer Producer Organization in Kumaon

Uttarakhand situated located among the foothills of the Himlayas is gifted with diverse geographical features like snow-capped mountain peaks in the upper part of the state , tropical forests in the south, fertile plains in the lower part.It has been divided into two regions – the western region of Gharwal division & eastern region of Kumoan division.

Kumaon is divided into 13 districs which are further sub -divided into 95 blocks. Kumaon is one of the administrative division of Uttarkahnad consisting of 6 districts namely Almora, Bageshwar, Champawat, Nainital, Pithorgarh & Udham Singh Nagar and 41 development blocks .It is bounded on North by Tibet, on the east by Nepal, on the south by the state of Uttar Pradesh and on the west by Garhwal region.

FPO in Uttarakhnad -There are total 59 registered FPOs in Uttarakhand (an(As on 30.04.2018) 15 FPOs in Kumaon region of Utarakhand.38 FPoO in the state are promoted by SFAC &NABARD.

FPO in Kumaon – There are 17 registered FPO in Kumaon .Due to tough terrain and lack of suitable infrastructure the farmers of this western himalyan region find agriculture a non profitable activity.Key issue before farmers of this region are marketing, transportation, animal encroachment and avillability of cold chain .

The organge colour shaded region represent area of study
Figure 1.1

Table Tabular data on FPO in Kumaon

Serial Number	District	Name of resource instiution	FPO Name	Legal form of FPO	Registration Number	Date of Registration	FPO Address	commodity	Business activity
1	Almora	Lok Sandarbh Adhyayan Samiti	Parvateey Krashak Utpadak Swyatt Sahakarita Syaldey	Cooperative society	12	14-05-2015	Village Masi, Block Chakhutiya, District AlmoraChampa Nagar		Spices
2	Almora	ICAR-VPKAS	Vivekananda Krishi Utapadan Swayatt Sahakarita	Cooperative society	80/Co-operative/Jageshwar	14-10-2016	Village – Jagehswar,block-Dhauladevi, District - ALmora	Vegetable	Aggregation
3	Bageshwar	CENTRAL HIMALAYAN RURAL ACTION GROUP (Chirag**)**	Kishan Utthan Self Releient Co-Oprative	Co-operative society	57	02-10-2016	Village-Garikhet,P.O-Chani,District-Bageshwar,Uttarakhnad	Cash crop	Linkage ,input sales,dairy
4	Bageshwar	Kapkot sewa Samiti	Krishi Sangam, Krishak Uttpadak, Swayatta Sahkarita	Co-operative society	97	28-07-2015	Near Block Kapkot,Bageshwar	Dairy, pulses Marketing, Vegitable cultivetion, Marketing, Cash crops, pulses marketing	Dairy, vegitable Marketing, pulses marketing, Marketing, Marketing
5	Bageshwar	Kapkot sewa Samiti	Pindar Valley Krishak Uttpadak Swayatta Sahkarita	Cooperative society	158	Not avillable	Village: Munar, Block- kapkot, District Bagesh**war**	pulses Marketing, Honey Marketing, Cash crops	Honey Marketing, pulses marketing, Marketing, Marketing, Marketing
6	Champawat	Neo Integrated Developm	Maa Bhagwati NIDHI	Cooperative society	173	10-10-2015	Village: Mana / Ghingrana, Block Joshimath, District	Maize,kulath,Rajma,Foodgrains,	Production, Aggregation and marketing,

		ent of Himalya NIDHI	Swayat Sahkarita					Others,apple,wallnut,malta,Fruits, Spices,Cardamom, CashCrop, Gladioli,Flowers, Vegetables, cabbage,pea beans, potato,Plantation, HORTICULTURE,Others,MEDICINAL HERBLS PRODUCTS,GOAT REARING, Foodgrains, HORTICULTURE,wallnut,akhrot, AGRICULTURE,pulses,medicinal herbs,rajma chaulie,Vegetable	Others, Vegetable, Others, Aggregation,Vegetable marketing and input marketing, Spices, Marketing, seeds sale
7	Champawat	Sambandh Sanstha	Champa Valley Sambandh Swayatt Sahkarita	Cooperative society	174	09-11-2015	JAIDEEP BHAWAN MANDIR MARG GOPESHWER DISTRICT CHAMOLI UTTARKHAND 246401	Foodgrain, Fruits, Vegetable, Spices, Plantation, Flowers, Cash crops, Seed	Production, Aggregation and marketing, Production, Aggregation and marketing, Others, Aggregation,Vegetable marketing and input marketing, Production of Hand Made & Handicraft goods and selling., damask rose, Daru haldi, kingodi,, Organic inputs, Procurement, Aggregation, Processing and

									Marketing of Spices like - Turmeric, Coriander and Chilli & Pulses, Others, Aggregation
8	Nainital	CENTRAL HIMALAYAN RURAL ACTION GROUP (Chirag)	Mukteshwar Kisan Producer Company Limited	Company Act	Cin No. – U01409UR2015PTC001735(8-10-2015)	10-08-2016	Village – Simaya, I.P.O, Nathuwakhan,Dist. –Nainital,UKD, PIN -263139	Apricot,Fruits,Potato,Parslye,GhahatRajama. 5,Apple Jam,Basil,Fruit Processing, Ghahat Rajama. 5,Herbs,Vegitavle,Rosemerry 6,Coriender,Mint,peach,Bhatt,Chilly.,Apricot 2,Plum. 2,Cabbage Pea. 4,Turmeric, 1,Apple,Chatney 3,Spices.,Rosemerry. 6,Spices,Pulses,Rosemerry Spices, Spices, Others	Community Facilitation Centre, Marketing-Fruits,Vegitable,Pulses,Spices, Herbs, Cattele feed unit, TATA-TEA
9	Nainital	Chesta	Sangini	Cooperative act	73	02-05-2016	Village-Gaulapur,Block - Halwani	-	-
10	Pithoragarh	Neo Integrated Development of Himalya NIDHI	Pithoragarh Beej Utpadak Nidhi Swayat Sahkarita	coperative act	27	30-05-2015	Village-Jakhani, Block- Bin,District-Pithoragarh	-	-
11	Pithorgarh	Neo Integrated Development of Himalya NIDHI	Jai CHamu Baba Nidhi Swayat Sahkarita	Coeperative act	33	23-02-2015	Village –Riansi, Block – Munakot,Dist.-Pithorgarh	Others, dairy,pulses,local items	Input sales, procurement, processing
12	Pithora	HGVS	Nanda	Coperative	34	20-02-2016	Nanda Maiya Swayat	Dairy,	Vegetable and

	garh		Maiya Swayat Sahkarita	act			Sahkarita Birthi	vegetables	other,input supply
13	Pithora garh	HGVS	Pragati Swayat Sahkarita Pawadhar	Coperative act	11	20-02-2016	Pragati Swayat Sahakarit Pawadhar	Vegetables, Tomato	Others, vegitable and other, vegitable and other
14	Pithrog arh	Uttarapath Sewa Sanstha	Sugandh Uttarapat h Kisan Swayat Sahkarita Pawadhar	Coperative act	30	06-11-2015	Village-Muwani,P.O – Kanalichina,Dist.-Pithorgarh	Tata Tea,Ringal, Other Sevires,Spi ces,Bamboo Producet,Pr oduct Basket	Marketing, Marketing, Marketing, Garlic Marketing, coriander Marketing, Turmeric Marketing, vegetable marketing, बंगजीरा बाजारीकरण, MILK MARKETING, pulses, RICE, Mandwa Marketing, Local Pickle Marketing, Tata Tea
15	Udham Singh Nagar	ISD	ISD Krishi Utpadak Sangh	Coperative act	10	23-09-2015	Village-Audali, Sitarganj,District – U.S Nagar	Turmeric,O thers,Spices	processing
16	Udham Singh Nagar	ISD	ISD Dairy Utpadak Sangh	coperative act	25	24-09-2015	Village –Bhanga, Kichha,Dist. – Udham Singh Nagar	CashCrop, Others,Padd y,Wheat	marketing
17	Udham Singh Nagar	Mahila Kalyan Sanstha	Vikas Kisan Utpadak Sangh	Coperative act	02	18-03-2016	Village- Gularbhoj, District- Udham Singh Nagar	Seed	seeds sale, vegetable and other, seeds sale

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Table data source : NABARD website
Cross checking : APEDA Connect website

There is an increase in formation of farmer producer organization in the Kumaon region in recent years.Most of these farmer producer organizations are promoted by local NGO , SFAC or NABARD.

Key problems of farmers in this region- Kumaon basically consist of southern part as plain area and major area of north kumaon is hilly terrain.Animal encroachment , avillabity of market , transportation are few major issues before farmers in this region.Farmers of **Terai** or plain area have comparatively better access to market linkage and favorable business scenario. The hilly area has great potential for medicinal crop farming and climate centric livestock activities like goat and sheep rearing but has not be harnessed to full potential.In recent years, specially after 1980s the region has witnessed animal encroachment as a big issue before farmers in addition to dispered population.

Terrrace farming in Kumaon hills

Figure 2.1

Objective of the study –
Key objective of the study are as follow

- to identify key challenges before FPO working in particular Kumaon region
- to identify key opportunities for FPO in this region & some unique business opprtunities
- to get data about total number of FPO in kumaon & their financial status
- to find possible solution for challenges of the FPO in this region of Kumaon

The study is a unique attempt to understand my surrounding environment , identify key problems and business opportunities and increase understanding level about functioning of any F.P.O by visit and empathic understanding of problems of farmers by casual interaction with them.

Key tasks – key task during this research study would be to study

- the secondry data,
- visit to the FPO,
- virtual visit, interview of people associated with these FPO,
- interview of people from the same industry
- CHINAR FPO study.
- Indefication of key problems and their possible solution

This dissertation report is an attempt to undertand the problems of FPO and arrive at a conclusion with suggestion for key problems.

Chapter 2: Review of literature

During the study of this topic several secondary sources were reviwed like articles, research paper, and websites. Review of studies of similar nature carried out by different researchers was also done.

The whole set of literature has be divided into two sections –

1) Research reports and published articles
2) Website data and media reports

Primary sources of this study : Virtual visit , site visit of FPO

Secondary sources :

- June 2018 edition of MANAGE publication "Extension Digest"
- Azim Premji university study report on FPO, March 2020
- NABARD's portal FPO records
- Indian Journal of Extension Education, Vol. 54,No.2, 2018
- College of Banking , Pune study report on FPO (2018 edition)
- C. Shambu Prasad research paper titled "Farming as an enterprise –Ten years of FPO movement in India"
- Krishi Sutra 2
- Rajesh Kumar Bishnoi et al, International Journal of Advances in Agriculture Science and Technology,Vol.7, Issue 6, June-2020
- Indian Journal of Natural Sciences, Vol.6/Issue 32/ October 2015
- Website of APEDA Connect(https://farmerconnect.apeda.gov.in/FPO/directory.aspx)
- National paper – PLP 2019-20- "FPO-Status ,issues & suggested policy reforms"
- Government of India (GoI), "Report of the Committee on Doubling Farmers' Income – Volume 14: Comprehensive Policy Recommendations" (Ministry of Agriculture & Family Welfare, Government of India,
  2019), pp. 17–18.
- NABARD's Microwave study
- Department of Agriculture, Cooperation and Family Welfare , Govt. of Uttarakhand website
- "Issue faced by FPO" study by SFAC
- NIAM ,Jaipur study on "Apple value chain analysis and market assessment for Uttarakhand"
- Tata Trust study on FPO "A comprehensive study for identification of vibrant FPO clusters for effective market intregation".
- HIMOTHAN annual report 2018-19
- NABARD research study -11
- KrishiKosh(research respository of Indian Agriculture research work)

As most of the study is focused and derived from secondary data , due care has been taken to check the information by cross –reference.

(1) *National Paper - PLP 2019-20* -

(1.1) “FPOs are farmers' collectives, with membership mainly comprising small/marginal farmers (around 70 to 80%). Presently, around 5000 FPOs (including FPCs) are in existence in the country, which were formed under various initiatives of the Govt. of India (including SFAC), State Governments, NABARD and other organizations over the last 8-10 years. Of these, around 3200 FPOs are registered as Producer Companies and the remaining as Cooperatives/ Societies, etc. Majority of these FPOs are in the nascent stage of their operations with shareholder membership ranging from 100 to over 1000 farmers and require not only technical handholding support but also adequate capital and infrastructure facilities including market linkages for sustaining their business operations.”

(1.2) “ Union Finance Minister, in the Budget Speech for 2013-14, announced two major initiatives to support Farmer Producer Companies (FPCs) viz., support to the equity base of FPCs by providing matching equity grants and Credit Guarantee support for facilitating collateral free lending to FPCs.”

(1.3) “The Ministry of Food Processing Industries, Govt. of India is implementing a scheme to provide effective and seamless backward and forward integration for processed food by plugging the gaps in supply chainin terms of avillabity of raw material and linkage with the market.Under the scheme , fianical assistance is provided for setting up of primary processing centres /collection centres at farm gate and modern retail outles at the front end along the with connectivity through insulated / refrigerated transport.The scheme is applicable to perishable horticulture produce such as fruits, vegetables, dairy products, ,meat, poultry , fish,ready to cook food products ,honey, coconut,spices mushroom, retail shops for perishable food products , etc.The scheme would enable linking of farmers to producers and the market for ensuring rumeneration prices for agri produce.The scheme is implemented by agencies /organizations such as Govt./PSU/joint ventures /NGO/ cooperatives /SHG/FPO/private sector /individuals, etc.”

(1.4) “The Ministry of Rural Development , Govt. of India under its Deendayal Antyodaya Yojana –NRLM, has taken initiatives towards building value chaindevelopment interventions with focus on sustainable agriculture , livestock and NTFP to enable small and and marginal farmers to get better price realization , acess to market , improved technologies for value addition and technical support.Under this initiative , large number of producers groups are being promoted and graduated into sustainable ,member owned and member – governed producers enterprises.Beside issuing operational guidelines , the ministry has intiated a number of measures to strengthen the ecosystem around these collectives so as to facilitate them become a true business enterpsies of small producers.”

(1.5) “The govt. of India in the union budget 2018-19, announced the following measures to promote FPO

- Operation green
- Tax exemption”

(1.6) “Some of the studies commissioned by NABARD has identified following policy gaps and challenges

- Lack of technical skills
- Inadequate access to infrastructure
- Inadequate acess to market
- Lack of risk mitigation mechanism
- Inadequate acess to credit
- Weak financial management
- Lack of professional mangeement”

(2) *Indian Journal Of Natural Sciences Vol.6 / Issue 32 / October 2015*

.
"The farmer producer company serve as a platform for the farmers to get organized as a functional entity for quality production of quality farm produce, processing and value additionand direct marketing ."

(3) Rajesh Kumar Bishnoi *et al*, International Journal of Advances in Agricultural Science and Technology, Vol.7 Issue.6, June-2020, pg. 25-33

(3.1) "From this exploded doughnut, it is simplified that NABARD is having highest percentage share in total FPOs promoted with 42% followed by other organization and trusts and foundation with 27%, SFAC is 3rd highest with 18% contribution and State Governments have a share of 10% and at 4th place and at last with 3% we have National Rural Livelihood Mission supported by Ministry of Rural Development.Other key contributor are Bill and Melinda Gates Foundation, Reliance , Ambuja Cement,HDFC , C& A Foundation, HSBC CSR,Axis Foundation,Jindal Steel and Power Limited, Syngenta Foundation and Tata Trust."

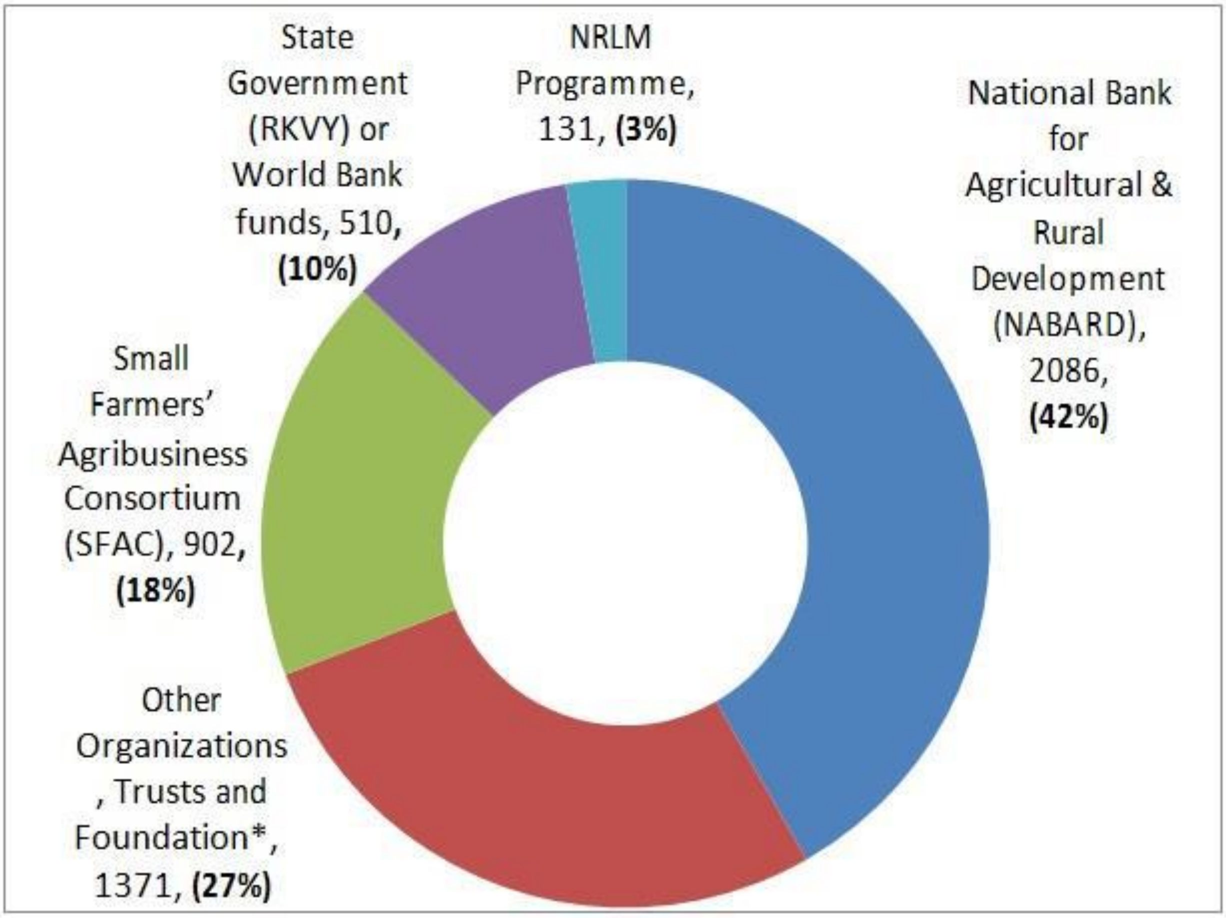

Figure 2.2

(3.2) “At current time around 1000 FPOs are facing problems for even survival even. FPOs are facing so many problems related to skills of CEOs and BODs, related with farmers.”

(4) Krishi Sutra 2

(4.1) “Nestled in the Himalayan hills of Uttarakhandis a quintessential village “Lata” in Uttarkashi district — one ofthe remotest villages of the district of Uttarkashi.The 48-member dairy producer group of Lata village collectively started the cultivation of green fodder in van pacnhayat land , which has now fulfuilled the village’s fodder requirement to a great extent (form intial 3 tonnes to 9 tonnes in a season.”

(4.2) Nizmula and Mandal Valley Association-“Farmer in the mountain regions have been engaged in tradional bee keeping for quite a while, however, the activity has always been at the substieance level and barter economy.The producer groups –comprising 2422 honey producers scattered across various villages – increased their production based and developed collaborations with 12 existing business service providers involved in commercial services , such as construction of bee boxes , swarm supply, maintenance of hives and certain beekeeping equipment .”

(5) *C. Shambhu Prashad study “Ten years of FPO movement in India”*

(5.1) “There are over 280 references to FPO in the 14 –volume report”

(5.2) “While cooperative have succeded well in Gujarat(milk) and Maharashtra (sugar), their functioning in most states have been less than impressive and farmers collectives have been embroiled in regional politics and excessive state interference.”

(5.3) “What started as a trickle has reached a significant scale with an estimated cumulative number of close to 8000 FPCs registered or incroparted as Farmer Producer Company Limited until 2019.A large part of this is due to the public policy thrust through SFAC and NABARD.”

(5.4) “There is also need for a better typology of FPOs that can separate the larger one such as Sahyadri or the dairy producer companies that have turnover in excess of tens of crores with the large number if FPO aiming to reach a turnover of a crore or mor or those that have around INR 1-10 lakh.”

(5.5)” NABARD’s “**Microwaves** [1]“ study revela that nearly 48% of the FPOs had memebership below 500.”

(5.5) “While discussing FPO polic, it is important to reiterate the lack of ease of doing business , some of which is due to govement policies are not conductive to PO operations.These include policies related to procurement ;policies related to pricing and difficulty in accessing subsidies.”

(5.6) The DFI report does foresee this when it suggests: “all state governments may come out with a scheme, to extend equity support of at least up to INR 10lakh to all those FPOs/FPCs which are registered and plan to take up business activity”.

(5.7) “policies framed lack coherence and do not match ground –level realities of existing state and health of FPOs, nor are they able to provide a clear framework that creates an ecosystem of support tha can enable this transformatory change of farming as an enterprise.”

1-Microsave, “A Qualitative Study of Producer Organisations.”

(5.8) “A majority of the FPOs are yet to reach a stage where they could avail the expertise, knowledge ,and counsel that independent directors and experts can provide. Over 52 percent of FPO Boards had no external experts or independent directors and 68 percent had no female directors.”

(5.9) “Capacity building and training were rated as the highest requirement by producer organizations even higher than finance .”

(5.10) “Unlike the policy support that has been provided for building human resources capacities for the SHG movement, the capacity building budgets of most policies for FPOs is considerably low.This require analytical working on possible typologies of FPOs .While there are calls for greater intregation with commodity markets with organizations like NCDEX.”

(5.11) “Two long standing demands for favourable FPO ecosystem would be (a) get the RBI to issue a directive requesting banks to report their lending to FPOs(as a similar game changer occurred with SHG for bank linkage) and (b) acces to innovative financial services of NBFC.”

(6) *College of Banking , Pune study report on FPO (2018 edition*)

(6.1) “It is observed that when the FPO , diversify its activities to aggregation and provide a collective market for produce , it achieve high turn over and profit. Three FPO were studies for 3 year and its was observed that FPO dealing in diverse and high value commodities were attaining higher turnover in lesser time as compared to FPO dealing with only input selling.”

(6.2) “The produce fund with NABARD need to be augmented to cover more FPOs.Fund will further enhance the business plan based loan and capacity building grants to promoting agencies.”

(6.3) “Out of 13 FPOs, five had applied for cash credit and all had been denied loans by PSBs on account of no solid track record for three years, lack of collateral, defaulter as member of Board, etc. However, three of them received assistance from DCCB and NBFCs. Lack of awareness of bank officials, not adequate guidelines from corporate/regional office, etc. are also reasons for denial by the PSBs. FPOs find it more convenient to approach NBFCs rather than to regular banking channel. They also provide training to FPO office bearers. “

(6.4) “The FPOs need to choose their activity portfolio carefully keeping in mind the member centrality.However , they need to diversify fast , adopt business- cum – activity – mix strategies to increase turnover.It is possible to identify new activites in local areas which are valuable for small farmers e.g custom hiring of farms machinery and equipment which are valuable for small famers.”

(7) *Researchgate article on “Progress and promotion of states in promotion of FPO”, dated January 2018*

(7.1) “Factors influncing performance of states in promotion of FPO-promoting institution, KCC per holding, market, literacy rate, ease of doing business .”

(8) **MANAGE magazine "extension digest" , Vol.1 No.3 , June 2018 edition**

(8.1) "There is a need for aggregation of farmers in order to benefit from economies of scale.Producer's organization, help in reducing the transaction costs and provide a forum for members to share information, coordinate activities and make collective decisions."

(8.2) "Management, financial management , linkage, input and output, management etc. It is also equally important to build the capcity of grass root functionaries i.e members of FPCs/ FPO."

(9) **Azim Premji university study report on FPO, March 2020**

(9.1) "In order to improve the likelihood of PC's success, we recommend promoting them in a two-tier model comprising multiple supplier PC's and one market-facing company in each block or district(depending on the number of small producers."

(9.2) "Currently there are 7374 producer companies covering over 4.3 million small producers in the country. These numbers are expected to more than double over the next few years, covering almost 10% of all agricultural household in India."

(9.3) "In recent decades the functioning and financial performance of cooperatives has come under criticism because cooperatives have not been able to grow into strong member –controlled and self –sustianable business entities .This falling has been attributed to low member commitment , excessive dependence on government funds, political interference , bureaucratization and corruption ."

(9.4) "Top 20 producer companies are mainly from dairies and plantations."

(9.5) "There are concerns about the ways in which PC are being promoted and run, and the nature and extent of their impact .Most PCs are stuggling to improve producers incomes and are incurring losses despite financial and operational support from government bodies, NGOs, and other promoting agencies .Most of them have also been unable to strengthen marginal producers overall economic and social situation."

(9.6)" NABKISAN Finance Ltd., a subsidiary of NABARD, provides financial support to FPOs in the form of collateral-based and collateral-free term loans and working capital loans to suit various lifecycle needs of the FPOs (NABKISAN n.d.). This financial support is covered by the Credit Guarantee Scheme of NABARD (NABARD 2018, Field interviews 2019). NABKISAN also provides bulk loans to promoting institutions for on-lending to producer organisations. As of April 2019, NABKISAN has supported 275 PCs directly and another 225 PCs using the on-lending model. It also provides financial support at concessional rates to FPOs with mostly tribal members (NABKISAN 2019). "

(9.10) "Some PC 's have been promoted by large farmers who are better educated , well connected and able to invest significant capital.The second larget producer company in India(by paid-up capital), Sahyadri Farmers Producer Company was initially promoted by a small group of grape producer in Nasik district.today, the company export grapes to multiple European countries and has set up facilties for juicing , pulping and packaging of fruits and vegetables.It has a total turnover of Rs. 300 crore and paid up capital of Rs 55 crore.It is also one of the largest exporters of grapes in the country today.It has also promoted more than ten other commodity specific producer companies and procure fruits and vegetables from them."

(10.1) “7374 producer companies have been promoted in India by various central and state governments, philanthropies, CSR and farmers themselves..The Ministry of Agriculture estimates the cost of pro motion of each FPO to be approximately 2000 crores may have been spent in promoting and supporting these producer companies across the country over the last 17 years.Further investments are proposed with the increasing thrust on promotion of more producer companies both by central and state governments.”

(10.2)” Fiancial support for PCs through government programs started picking up in FY13, which coincided with the upstick in FPC registratios.There was an observable drop in PC registrations in FY18 which appears to correspond with the completionof NABARD’s Produce programme.”

(10.3)”We mapped all producer companies to 640 districts as per census of India 2011.The average number of PCs per district is 11.5 while the median is 7”.

(10.4)” A total of 445 producer companies have been sruck off by the MCA or are in the process of being struck off , corresponding to 6% of all producer companies registered.And 3 companies have been designated as dormant so far.In fact , the very first producer company resgistered under the act.”Farmer Honey Bee India Producer Company ltd. “, mentioned earlier , has been sturck off.In total 6926 PCs currentoly have ‘active’ status.However among the producer companies which are 10 years and older, more than 46% have been struck off.”

(10.5) “Many districts with large number of producers have hardly any producer companies.Such disparities points towards a need for re-asessing the geographical focus of PC promotion efforts.”

(10.6)”Multiple factor impact the financial viability of producer companies, of which operating model and capitalization are two of the most important .The operating model of producer companies depend on their choice of commodities , range of activities , extent of value addition, diversity of income sources and the degree of collaboration with the other producer companies.”

(10.7) “Many successful FPCs tend to work with multiple agricultural commodieties to ensure better capacity utilization of resources and greater patronage by their members.”

(10.8) “**One of the biggest challenge of FPCs is raising large amount of capital for their operations , either for producing large quantity of produce or for value addition .This requires the creation of either a single –tier FPC with a large capital base or a two-tier structure which allows infusion of external capital**.”

(10.9) “In a two-tier model market-facing companies are able to reduce overall costs by providing shared accounting and compliance services to all supplier FPCs.”

(10.11) “Financial viability of PCs can also be improved through two-tier operating model which bring multiple benfits to their member PCs.Since the market facing companies in two tier models are usually better capaatlized , they are able to attract experienced talent with business acumen and provide value addition and better market linkages.They are also able to reduce cost through shared services for accounting , regulatory compliance, certification etc.and help member companies set-up strong governance process.”

Narayan Murthy(founder Infosys) – “There is some requirement for PCs and government must simplify rules ***for us”***

FPO in Kumaon

(11)https://vikalpsangam.org/article/aadyas-mkpc-story/

(11.1) Vikassagam –"While farmer producer organization or FPO have only begun to receive institutional and policy support over the last five years, a lot of the groundwork for the establishment of the Mukteshwar Farmer's Producer Company had already done by 2014.Ny 2014, a number of women's self help group had been federated to create micro-enterprises in dairy and animal husbandry, and seven new self-reliant cooperatives with over 700 famers had been set up to engage in agri-marketing at a large scale.Facilated by the CHIRAG these community based instiution had slowly begun to take shape in a quest to provide alternative institutional model that protected Kumaoni farmers and their livelihood."

(12) NIAM , Jaipur study on"Apple value chain analysis in Uttarkahnd"

(12.1) NIAM study recomendations – "Better connectivity can reduce transaction cost in acquiring of inputs and marketing of the produce, besides encouraging introduction of new and more profitable activities. Due to undulating hilly terrain, the state is majorly dependent on its road network for transportation of agriculture produce.Presently, the rail infrastructure is limited to plains.The state has about 345 km of rail routes.Dehradun, Haridwar, Roorke , Rishikesh, Kotdwar and Ramnagar are among the main railhead of Northern Railways connecting the state to major Indian cities."

(12.2)" the hill areas have a comparative advantage in off-season production of horticulture products that have a great demand in the plains.A related advantage for Uttarakhand is its relative proximity to Delhi and other urban cities in North India. Horticulture sector development in the state may thus supported accelerated development in the hilly areas while boosting farmer income beyond the current subsistence levels.Notably there are three major production clusters of Apple in the district.These are located in the higher hills of three main valleys in the district i.e Gnges valley in north-east of the district(zone 1- higher hills), Yamuna valley in the southern west zone(zone 2- mid hills), and Tons valley in west zone (high hills bordering Himachal Pradesh)."

(13.1) Tata Trust study on "52 districts FPO in 18 states"- "28 FPOs were covered in Tehri cluster out of which 11 FPO are active.These FPO are prpmoted by 4POPIs. In Tehri district of Uttarakhand , the study found the need to aggregate vegetables better at the FPO level, minimize dependence on local traders , and mitigate high cost of transportation for the farmers.To do this , it recommended improving capacity utilization using digital technologies, and improving returns by organix certification and creating a seprate brand for the region's producers."

(14.)HIMOTHAN(a Tata Trust NGO in Himlayan region) –"Region specific product range like the Munsyari Rajma,Harsil Apples, Spices of the Salt Valley, etc are some of the examples.which can make FPO a sucefull and unque brand.In July 2016, twenty self –reliant co-operatives formed an apex level producer company named Trishuli Producer Company limited , others ar in the process of joining the company.It's mandate is to facilitate and carry out bulk processing, branding and marketing of produce from the member cooperatives .It is also sourcing and supplying critical inputs for agriculture , animal husbandry and other necessary daily need items for local househols.Trishuli has so far established successful outreach to rural farmers across 25 clusters in 11 mountain districts of Uttarakhand.In coming year, the linkage among community instiutions will be further strengthened to reach economy of scale.”

(14.2)”In Uttarakhand Himmothan is currently working in 47 clusters, in the Garhwal region 21 clusters are being covered and in Kumoan region 23 clusters are being covered through both strategic and program partnership.The basic principal of valley cluster and a nearby urban –conglomerate is followed in the selection of clusters and the villages.In an effort to utilize the scattered habitation pattern as a strength rather than as a challenge of the hills, the cluster approach is applied factoring into consideration the agro-climatic , micro climate and social cultural consideration.”

(14.3) “The 30 River-Valley Systems in which the development clusters have been constituted factoring into consideration the socio-geographical considerations. These different river-valley systems have their specific agro-climatic conditions based upon their unique micro climate.”

UTTARAKHAND KUMAON REGION

SR. NO.	DEVELOPMENT CLUSTER	DISTRICT	RIVER VALLEY SYSTEM	PERI-URBAN TOWN	Villages	H.H	SHG's	Members	SRC
• 22	Doba	Almora	Kosi River	Almora	16	824	13	119	1
• 23	Saryughati		Saryu River	Berinag	12	751	38	344	1
• 24	Chakhutia		Ramganga	Chaukhatia & Dwarahat	15	882	28	304	1
• 25	Dhauladevi		Panar River	Dania	10	702	25	269	1
• 26	Kathpuriayacheena	Bageshwar	Saryu River	Bageshwar	44	2305	43	435	1
• 27	Shama-Kapkot		Saryu River	Kapkot	8	432	42	333	1
• 28	Sirkot-Garur		Gomati River	Garur	14	1118	92	800	1
• 29	Baijnath-Garur		Garur River	Garur	17	685	43	401	1
• 30	Pinglo-Garur		Gomati River	Garur	6	868	59	494	1
• 31	Majkot-Garur		Gomati River	Garur	6	587	42	366	1
• 32	Raigadu, Bapru	Champawat	Saryu River	Lohagaht	19	937	43	459	1
• 33	Dhokane		Kosi River	Almora	24	813	20	246	1

Figure 2.3(a)

31	Majkot-Garur		Gomati River	Garur	6	587	42	366	1
32	Raigadu, Bapru	Champawat	Saryu River	Lohagaht	19	937	43	459	1
33	Dhokane		Kosi River	Almora	24	813	20	246	1
34	Reetha		Ramgarh	Nathuwakhan	20	2028	22	229	1
35	Kashiyalakh	Nainital	Ramgarh	Dhari	6	-	26	246	1
36	Dabka Ghati		Dabka River	Kaladungi/Kotabagh	15	1349	42	347	-
37	Ramgarh		Ramgarh River	Nathuwakhan	25	2279	-	-	-
38	Siltona/ Betalghat		Kosi River	Batalghat, Garmpani	51	-	323	2478	-
39	Walthi		Gori Ganga	Munsyari and Jauljibi	20	1600	49	391	0
40	Balwakot	Pithoragarh	Gori Ganga	Dharchula	8	1568	62	567	1
41	Gorang Ghati		Kali	Dharchula	14	1159	45	285	0
42	Gangolihat		Ramganga	Pithoragarh	15	642	41	437	1
43	Berinag		Ramganga	Muwani	21	1530	-	-	-

31	Majkot-Garur		Gomati River	Garur	6	587	42	366	1
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36	Dabka Ghati		Dabka River	Kaladungi/Kotabagh	15	1349	42	347	-
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38	Siltona/ Betalghat		Kosi River	Batalghat, Garmpani	51	-	323	2478	-
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42	Gangolihat		Ramganga	Pithoragarh	15	642	41	437	1
43	Berinag		Ramganga	Muwani	21	1530	-	-	-

Figure 2.3(b)

Chapter 3-Methodology

The study is a result of detail anlaysis of FPO data for a period of two month between April 28 to May 28.The tudy was done in phased manner .Firstly , the secondry data from 18 different sources was studiesd deepely with focus on three question -1) Why FPO fail ? 2) what are the major challanges in the success of FPO ? 3) What region specific strategy FPO can formulate to sustain themselves?.The study revolve around reports and studies of agencies like SFAC, NABARD, Tata Trust, Local NGO, various devlopemnt organization and individual studies.

The study is majorily as qualitative study focused on FPO of Kumon.It has interviews as priamary source, review of 18 studies as secondry , my own experience of living and travelling in different places of this region.The study is more of an extraction of different studies and suggestion of two experienced development professionals of this Kumaon region

The study consist of –

1. Interview of two persons having intensive experience of working at grassroot level for NGO and FPO of the kumaon region
2. qualitative analysis of 18 secondry source consisting of various surveys, FPO study and reports

1.1 Interview of the two experienced development professional of the region

The primary data was collected through a telephonic interview and casual talk with two experienced people of the region.The interview was based on few pre informed question and causual talk for suggestions.

(a) G. Kalki Pandey (Trustee CHINAR) - Mr. G . Kalki Pandey is a master in sociology and has worked for national and internationl development organization.He is a farmer also and has personally experienced the problems of the farmers of the region.He is associated with CHINAR as Trustee.

Q.1) What are the main challenges to be a sucesfull FPO?

Ans) Market linkage, training of members and financial management.

Q.2) How farmers of this region can increase their income?

Ans). By improving yield , toursim, bee keeping.

Q.3). Any suggestion for the development of the region?

Ans. 1) Agro-climatic region specific state policy for agriculture

2)encouragement to small and mediuim enterprises

3) community participation in decision making

(b) Ram Singh Koranga (local FPO member, coordinator CHINAR , Programme Manager Apropriate Technology Asia) . Mr. Ram Singh Koranga is a member of local FPO (Danpur Krishak Mahasangh, Sama , Bageshwar).He has many years of experience as FPO member and a grassroot development professional. He shared his experience during the telephonic interview as follow –

Q.1)How farmers income in this hilly remote region can be increased?

Ans.) Better market linkage, infrastructure like cold storage , reasonable prices of crops and additonal farming activities like bee keeping can solve the problems of farmers in the remote hilly areas.

Q.2)What are the major problems of the farmers in the Kumaon region?

Ans) Animal encroachment, high input cost of farming , low prices, inabillabity of cold storage

Q.3)What are the key problems faced by any FPO?

Ans. Lack of training among the members and financial management

The output of the interview was " training and fincial management"as two main were critical aspect for success of FPO and farmers of the region are in disadvantage due to high input cost.

2.1 Qualitative analysis of secondary data

By briefly reviewing the study of various sources (**20 in numbers**) which are listed below

- Tata Trust study on "Vibrant FPO clusters for effective market intrgation"
- HIMOTHAN annual report 2018-2019
- NIAM , Jaipur study on "Apple value chain analysis and market assessment for Uttarkahnd"
- SFAC study on "Issue faced by FPO"
- Website of Agriculture Department , Government of Uttarakahnd
- NABARD's "Micorwave " study
- Website of APEDA Connect
- Indian Journal of Natural Science, Vol. 6/issue 32/ October 2015
- Rajesh Kumar Bishnoi research paper, International Journal of Advances in Agriculutre Science and Technology, Vol. 7, issue 6, June 2020
- Krishi Sutra 2
- C. Shambhu Prasad research paper "Farming as an enterprise-Ten year of FPO movement in India"
- College of Banking , Pune study report on FPO(2018)
- Indian General of Extension Educaton, Vol. 54, No.2 , 2018
- NABARD's portal FPO record
- Azim Prem ji universty's study on FPO , 2020
- MANAGE publication "Extension Digest "
- Government of India , "Report of the committee on Doubling Farmer's income- volume 14:Comprehensive Policy Recommendations"

The foremost things during this studyis this qualtitave analysis of secondry sources and 80% of the study is based on review of secondry of the various sources listed above.The qualitative analysis of these secondry soureces in nothing but getting an idea about the key problems of FPO and their possible solution.For getting a general ideas about FPO across the country every source was studies deepely.For specific purpose of anaylyis of Kumaon region HIMOTHAN annual report,Tata Trust study on FPO cluster,NIAM study, State Agriculture department website,APEDA Connect were reviewed in details.The secondry sources were choosen based on the date of publications and authenticity of the organization conducting or sponsoring the study.In specific context of Kumaon, local FPO information was crossed checked from three different sources.The area of study was Kumaon and objective was their study and identification of problems and solution .A detailed solution was determined based on suggestion of 18 sources , interview with people associated with and my own personal experience.

This dissertation is subject to certain limitation mainly due to lockdown in the state and travel constraints in this hilly and remote area of Uttarakahnd.This limitation was tried to be reduced by a large volume of second dry data and quality interaction with experienced people of the region who has spend many years in different parts of this region as development professional anad farmers.

Chapter 4-Results and discussion

All India scenario: Although government is planning to form 10000 by 2022 but the status of many FPO are not in good situation.FPO promoted by NABARD , SFAC and big NGOs are able to survive due to good financial support from donor agencies but many are struggling to even survive and has been declared inactive. The future of FPO is left with some challanges and opportunities.

(challenges)
Table 4.1

Feedback sources	Challenge 1	Challenge 2	Challenge 3
MANAGE	finance	training	Operational cost
Azim Prem Ji university	Lack of business acumen and expertise	high operational and fixed cost	Business model
India Journal of Extension Education	Mobilization of farmers	policy gaps	Skill set among farmers member
College of Banking, Pune	finance	Skill set	Operational cost
C. Shambhu Prashad research paper	infrastructure	Skill set	Operational cost
Krishi Sutra -2	finance	Skill set among farmers member	Operational cost
Rajesh Kumar Bishnoi research paper	training	Skill set among farmers member	Operational cost
Indian Journal of Natural Science	high operational and fixed cost	Skill set among farmers member	Operational cost
National Paper –PLP , 2019	high operational and fixed cost	Skill set among farmers member	Operational cost
GOI, report on doubling farmer income	high operational and fixed cost	Skill set among farmers member	Operational cost
NABARD’s microwave study	high operational and fixed cost	Skill set among farmers member	Operational cost
SFAC study	high operational and fixed cost	Skill set among farmers member	Operational cost
NIAM, Jaipur	high operational and fixed cost	Skill set among farmers member	Operational cost
Tata Trust study	high operational and fixed cost	Skill set among farmers member	Operational cost
NABARD ‘s research study -11	high operational and fixed cost	Skill set among farmers member	Operational cost
Krishikosh	high operational and fixed cost	Skill set among farmers member	Operational cost

Key challenges before FPO – high operational cost, training of members , low capital, liquidity in business and inability to afford business service are few common challenges faced by most of the FPOs.Small FPC can not afford the expentiure of service provider like accounting, legal and other marketing or consultants.

3 Key challenges – high operational cost, training of members, management of FPO(the management of FPO is many time done by unexperienced and untrained people)

Kumaon scenario- The key challenges and opprtunties for FPO in Kumaon region is almost similar to national context.But few specific issues like animal enroachment,remoteness , low yield are major challenges.The extraction of different secondry sources , interviews and my personal experience can be summarized as follow –

- Disperse population is a problem in the region which is a challenge for market linkage
- Key challenges in the region are animal encroachment, transportation cost, low yield etc

Table 4.2 Challanges

Reference source	**Challenge 1**	**Challnage 2**	**Challenge 3**
Interviwer 1(G. Pandey)	training	Market linkage	Low yield
Interviwerr 2 (Ram Koranga)	high input cost	Animal encroachment	Training
Tata Trust	infrastructure gap(cold storage, processing)	high transportation cost	Limited market acess
SFAC			
NIAM, Jaipur	Infrastructure gap	High input cost	Branding
HIMOTHAN	Financial management	High input cost	transportation

Table 4.3 Opprtunties

Reference source	**Opprtunity 1**	**Opportunity 2**	**Opportunity 3**
Interviewer 1(G. Pandey)	Toursim	Bee keeping	Small and medium enterprises

Interviewer 2(Ram Koranga)	Bee keeping	Herbal farming	Tourism
Tata Trust	Organic certification branding(partnership with USOCA)	cluster based approach	region specific brand as value addition
SFAC			
NIAM, Jaipur	Yield improvement	Region specific branding of products	Value addition by processing
HIMOTHAN	Livestock improvement	Cluster based approach	Marketing of region specific products

Remarks – it has been observed that FPO with 500 or more members are comparatively more succesfull

Chapter 5-Recommendations

These recommendation are based on 18 secondary sources studied during this dissertation.The recommnecdation are sub-divided intio (1)National specific and (2)region specific (Kumaon)

5.1 National specific

As per results and finding, the key challenges before the FPO are finance , lack of skill among the members , high operational cost and thus FPO are not able to improve the income of farmers in most of the cases.IN order to overcome this challenge following recommendations are suggested.

Internal factor of FPO are more crucial in its success .Proper training of members, management consultancy by expert, marketing by a big FPC for a cluster of FPC and a linking small FPC as business branches of a big FPC can solve the challenges of FPO .

Key recommendations

- It is recommended to adapt a two tier business model for FPO(specially small FPO) i.e a group of multiple supplier farmer companies and a market facing companies
- Priority to training in policy strategy
- Colloboration and partneship

Remark- The strategy to focus " One FPO – one region specific crop, one region specific livestock , low cost common service" can be a mantra to overcome the challenges for FPO

5.2 Kumaon specific recommendations- These recommendations are based on challenges and opportunities of this region.The approach towards recommendation is inspired by converting SWOT into TWOS.Farmer's in Kumaon are in advantage as well disadvantage.They have high input cost as disadvantage but high demanding medicinal farming as an advantage.Kumaon region FPO should use its strength to advantage rather than running for stable crops or common crash crops like rice or wheat.The honey of Saur valley,rajma pulse of Munsari region of Kumaon, tea leaves of Chakori, Basmati rice of Garud valley , rare medicinal crops like Chariyata in upper himlayan region, milk of Badri cow etc are the speciality of the region which just need grading and quality branding to be avillable for consumption in large scale.The region also has potential to be organic like Sikkim.

Key recommendation for improving the farming sector of the region-

- Processing and cold storage facilties at Bageshwar,Almora , Champawat, Haldwani(covering FPO of each district)
- big export centres at Haldwani and Tankpur for export to other parts and abroad(road, railway and air transportation)
- special attention to medical crops farmimg and processing and area specific adaptability rather than tradional cash crops

Table 5.1 (recomdendation table)

Problems	**recommendations**
High input cost	Low cost outsourced common business services for a cluster of FPO(accounting, legal, marketing etc.).Priority to low volume high value crops and processing at the earliest stage of logistic chain
Market linkage	One common marketing brand for region specific products i.e marketing service by a common FPC at a large scale and area for a group of FPOs
Animal encroachment	• Adaptable farming practices like fish rearing or Tezpat plantation, hemp farming • More foucs on livestock income • Low cost tradional method and technology to overcome the problem of animal encroachment
Finance and training	Common Banking and training partnership for a cluster of FPOs

Concludory remarks- As can be observed , many FPOs are struggling to survive.The main reason being lack of management skills (training)among the members, financial support and access to market.These problems can be solved by collaboration and partnership between FPO and instiutions.A group of 10 or more FPO can have a common service company which can help drastically in improving their performance and help each individual farmer and justify the objective of FPC and collective actions for common good.

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