

RESEARCH ARTICLE

"EMPOWERING FARMERS: ANALYZING THE IMPACT OF GOVERNMENT INITIATIVES ON FARMER-PRODUCER ORGANIZATIONS IN HIMACHAL PRADESH"

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Abstract: Several governmental programs operate in Himachal Pradesh to build marketing functions inside the Farmer Producer Organizations (FPOs). Financial support with market infrastructure development services helps FPOs enter domestic and international markets to provide agricultural value creation. Currently, in the state, 180 FPOs are working, and Shimla has the most FPOs with 33 FPOs. The Small Farmers Agri-Business Consortium (SFAC) and the Foundation for the Development of Rural Value Chains (FDRVC) remain essential for developing market functions and networking capacity of FPOs. HPMC serves as the support by linking FPOs with the market directly, while PMFME provides financial assistance for key infrastructure developments and marketing proficiency education. The National Agriculture Market (eNAM) platform allows users to access current market pricing information and enables direct trading access. A shipment of reforms targeting Agricultural Produce Market Committees functions to eliminate market barriers for FPOs while minimizing their dependence on intermediaries. While improving farm revenues, these initiatives create an essential environment for Indian agriculture.

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INTRODUCTION

Indian Farmer Producer Organizations unite farmers into collectives as an essential tool for increasing the marketplace power of their members. Agricultural productivity and income levels with market reach improvement through FPOs that serve most Indian farmers who are small or marginal farmers. FPOs function as essential organizations for resolving key hardships Indian farmers encounter through consolidating their landownership, strengthening market positions, and enabling financial requirements for modern farming techniques (Mukherjee et al., 2018).

After the National Policy for Farmers released recommendations (2007), these organizations in India gained increased popularity because they promoted farmer-oriented developments for productivity and market access improvement (Bikkina et al., 2018; Kumar et al., 2023; Manaswi et al., 2020).

The government supported FPOs through the Small Farmers' Agribusiness Consortium (SFAC) which formed these organizations under the Companies Act of 1956 and later under the Companies Act of 2013 (Ganesh, 2017). All FPO entities exist either as Farmer Producer Companies (FPCs) under the Companies Act or as cooperative societies. The typical members of FPOs are small and marginal farmers who unite their assets to benefit from larger production sizes (Gurung et al., 2023).

The organizational structure is democratic because farmers choose representatives who lead the operational direction. FPOs provide their members with purchasing inputs, dispensing technology, marketing services, and facilities for agricultural produce processing (Muniyoor & Pandey, 2024). Farmers establish these organizations to cut out intermediaries and increase product

trading revenue. FPOs serve as key drivers that upgrade the agricultural sector by enabling farmers to forge business connections with retailers, processors, and exporters that ensure producers obtain equitable payment for their agricultural harvest (Sangappa et al., 2023). FPOs permit farmers to unite their purchasing power to get seeds, fertilizers, and machinery at lower costs, thus decreasing their total production costs.

Farmer groups with united action strengthen their market position to obtain beneficial deals during both product and resource transactions. The FPOs provide farmers more access to credit through their role linking farmers with banks to help those with limited security and disjointed land ownership (Abraham et al., 2022). The incorporation of modern agricultural techniques and post-harvest innovations through FPOs creates more efficient operations resulting in sustainable farming practices that increase farmers' incomes.

The Indian government introduced multiple schemes and policies to back the development and sustainability of FPOs as part of its recognition of their possibilities. The SFAC and NABARD under the Ministry of Agriculture back FPOs through financial support as part of their funding programs. The Indian government launched the creation initiative for the 10,000 new FPOs in 2020 through a central Spencer scheme that received funding of ₹6,865 crore for five years. Carrying out training programs and building organizational capabilities as well as constructing infrastructure is supported by SFAC and NABARD for these organizations.

By providing grants and subsidies, FPOs have been able to expand all over the country. Despite that, financial institutions like banks are demanding stringent collateral requirements; in India, these organizations are facing capital restrictions that stop them from attaining working capital (Venkatasubramanian et. al., 2023).

Furthermore, a lack of professional skills in business management, financial expertise, and market relations restricts the FPO's growth. Linkages between FPOs and markets remain difficult because of poor

infrastructure and weak logistics systems. Lastly, the sustainable performance of these organizations is in danger, especially in areas with low crop yield and inadequate extensional services (Srinivas & B, 2022; Vahoniya et al., 2022). This paper aims to provide an overview of the current landscape of farmer-producer organizations in Himachal Pradesh.

It will investigate the various initiatives started by both national and state governments to develop the practicability and success of agribusiness in the region. By exploring these factors, the paper seeks to highlight the role of governments in empowering farmers through Farmer Producer Organizations.

FARMER PRODUCER ORGANIZATIONS (FPOS) IN HIMACHAL PRADESH

The Farmer Producer Organizations (FPOs) presently transfigure agriculture in Himachal Pradesh through plans that offer great returns to marginal and small-scale farmers who work in the hard hilly regions of the state. The state struggles to grow high-value horticulture products, particularly apple production, because land is distributed between many owners and farmers struggle to reach markets. Combined farming resources through FPOs enable farmers to develop better market strength and approach improved prices.

Farmer Producer Companies (FPCs) operate under the Companies Act as registered entities that support farmers to jointly conduct their farming tasks while promoting their agricultural products. Support for FPO development in Himachal Pradesh comes from government agencies combined with NABARD and Horticulture Department resources, including financial backing and training and infrastructure investments.

The state contains 180 FPOs that include 33 FPOs located in Shimla. SFAC, together with FDRVC, acts as a key supporter for farmer education while they enhance rural market relationships. Suitable support and asset facilities enable FPOs to reinforce local farmers while fortifying income reliability and enabling sustainable farming practices.

Table 1: Supporting Organisations²

Supporting Organizations	No of FPOs:
Foundation for Development of Rural Value Chains (FDRVC) (MoRD-NRLM)	45
National Agricultural Cooperative Marketing Federation of India (NAFED)	22
National Bank for Agriculture and Rural Development (NABARD)	23
National Cooperative Development Corporation (NCDC)	30
Small Farmers Agri-Business Consortium (SFAC)	60
Grand Total	180

Source; Directorate of Agriculture, Himachal Pradesh.

Table 2: District-wise Distribution²

Districts	No of FPOs	Districts	No of FPOs
Bilaspur	10	L & Spiti	3
Chamba	14	Mandi	26
Hamirpur	12	Shimla	33
Kangra	26	Sirmaur	15
Kinnaur	6	Solan	10
Kullu	12	Una	13
Grand Total			180

Source: Directorate of Agriculture, Himachal Pradesh.

Table 3: Cluster-based business organization

Cluster-Based Business Organization	No of FPOs
Association of Rural Activities and Voluntary Action for Literary Information (ARAVALI)	39
BASICS - Bhartiya Sammrudhi Investments and Consulting Services Limited	12
Divine International Foundation	8
Gramin Vikas Trust	4
Himachal Pradesh State Rural Livelihoods Mission (HPSRLM)	45
Himalayan Institute for Environment, Ecology and Development (HIFEED)	4
Himalayan Organization for Organic Agri-Product Research & Development	29
ICAR- ATARI-KVK-Solan	2
ICAR-ATARI-KVK Mandi	2
Indian Agribusiness System Ltd. (Agriwatch)	6
Indian Social Responsibility Network	5
Marga Darshak Development Projects and Consulting Pvt Ltd.	7
Patanjali Foods Limited	3
Radiant Info net Pvt. Ltd.	1
Sheel Bio tech Ltd	2
Talento Consulting Private Limited	7
Treta Agro Private Limited (Just organic)	4
Grand Total	180

Source: Directorate of Agriculture, Himachal Pradesh.

GOVERNMENT DEPARTMENTS AND INSTITUTIONS IN FPO SCHEME IMPLEMENTATION

The Indian Farmer Producer Organization (FPO) scheme receives assistance from various departments and institutions along with agencies who work to promote and sustain these collectives through their distinct contributions. These are vital in the promotion and implementation of the FPO scheme and in the empowerment of the farmer community.

The government entities involved in FPO scheme implementation perform specific functions as explained below:

Indian Government Initiatives

The Ministry of Agriculture and Farmers' Welfare (MoAFW)

The Minister of Agriculture and Farmers' Welfare (MoAFW) functions as the leading authority to create, manage, and coordinate policies involving the Farmer Producer Organization (FPO) scheme nationwide.

The Minister of Agriculture and Farmers' Welfare (MoAFW) plays a vital role in policy formulation for FPOs and also launched a plan to establish 10,000 new organizations. The ministry oversees systematic progress assessment along with performance evaluation of FPOs across India through its associated agencies. SFAC operates as one of the ministry's associated agencies to check whether each initiative is properly executed and every FPO meets its objectives. The ministry actively supports FPOs through financial allocation of funds that operate as part of various schemes to strengthen these organizations.

Financial support from the institution enables key organizations to promote FPO development, which creates an advanced support network for farmers to enhance their combined strength. The Ministry of Agriculture and Farmers' Welfare (MoAFW) creates and executes FPO scheme strategies throughout the nation. The Central Sector Scheme uses the guidelines developed by the Ministry to establish new FPOs and SFACs and, along with other agencies, serves as the monitoring body for these entities.

Small Farmers' Agribusiness Consortium (SFAC)

The Small Farmers' Agri-Business Consortium (SFAC), as a self-governing entity of the Ministry of Agriculture and Farmers' Welfare, serves as a key institution for FPO formation. Together with state governments and non-governmental organizations (NGOs), SFAC helps farmers to build and develop FPOs by providing financial resources, advisory programs, and capacity development programs.

SFAC launched the Equity Grant Scheme and the Credit Guarantee Fund scheme, which is vital in the initial working of these organizations. Furthermore, the Small Farmers' Agribusiness Consortium (SFAC) proposes training workshops and essential skill courses for FPO members to teach them marketing skills and operational management skills.

National Bank for Agriculture and Rural Development (NABARD)

The National Bank for Agriculture and Rural Development is one of the vital organizations that mobilize farmers to FPOs across the country.

The NABARD, with its state-level entities, is building a strong ecosystem for the promotion and formation of FPOs. The Producers Organization Development Fund (PODF) was launched by the NABARD, which targets FPO development specifically. The Producers Organization Development Fund (PODF) offers financial grants to FPOs for working capital, initial infrastructural development, and for other operative needs.

The FPOs under NABARD get more opportunities for credits from state cooperative and commercial banks. Additionally, various training programs for FPO members and their leaders about business planning, market linkages, and financial management are offered on the NABARD. Overall, the bank provides an environment for FPO operations.

Department of Agriculture Cooperation and Farmers Welfare (DAC & FW)

The Ministry of Agriculture, through its Department of Agriculture Cooperation and Farmers Welfare (DAC&FW), promotes agriculture-based Farmer Producer Organizations (FPOs). The Department of Agriculture Cooperation and Farmers Welfare (DAC&FW) works with state governments to promote Central Sector Scheme for creating 10,000 FPOs and supports executing agencies in the promotion of FPOs and helping farmers to join FPOs. This department facilitates FPOs in getting access to fertilizers, pesticides, and seeds at lower rates than farmers receive without any institutional support.

Ministry of Food Processing Industries (MoFPI)

This scheme provides assistance to FPOs, SHGs, and producer cooperatives throughout the entire value chain process, including sorting, grading, storage, processing, and agri-produce marketing. FPOs and producer cooperatives receive financial backing through a combination of 35% grants linked with credit loans and training up to defined limits.

Under this scheme, members of SHGs can access working capital tools alongside seed capital of ₹40,000, through which they can establish food processing projects to receive a 35% credit-linked grant not exceeding ₹10 lakh. The capital investment program of

federations of SHGs will receive financial backing under the same credit-linked grant scheme. The scheme provides guidance through trained resource persons of State Rural Livelihood Missions, which combines support with mentoring for unit development and skill enhancement.

Ministry of Rural Development (MoRD)

The Ministry of Rural Development supports FPO development through their rural livelihood programs, particularly the Deendayal Antyodaya Yojana- National Rural Livelihoods Mission (DAY-NRLM). By following the "One District One Product" principle, the Ministry of Rural Development (MoRD) executes a program to set up 10000 new Farmer Producer Organizations (FPOs) through cluster-based and specialized agricultural commodity strategies until 2027-28. The scheme works to advance farming output and strengthens all rural development sectors, which incorporate social programs, economic facilities, fair salaries, and housing for unowned landholders alongside plans for villages and educational and health programs and communication.

National Cooperative Development Corporation (NCDC)

The National Cooperative Development Corporation (NCDC) helps establish Farmer Producer Organizations (FPOs) by using Cluster-Based Business Organizations (CBBOs) in its operational network. Those FPOs that operate common facilities receive financial help from NCDC through loans and grants for working capital support. Cluster-based business organizations employ a systematic method to locate prospective regions for forming FPOs while performing market research and merging farmers into one collective. NCDC offers trainings to members in all aspects of management, marketing, and financial planning. The Primary Agricultural Cooperative Credit Societies (PACS) are serving farmers and other oppressed sections by giving medium-term and short-term loans and input services like fertilizer and seed distribution. The successes of FPOs that receive NCDC support to authenticate their performance are monitored by the National Centre for the Development of the Central Sector.

Tribal Cooperative Marketing Development Federation of India (TRIFED)

The empowerment of tribes can be achieved by collective action in their occupation; the TRIFED (Tribal Cooperative Marketing Development Federation of India) is promoting the Farmer Producer Organizations (FPOs) in tribal areas. The Van Dhan Yojana and Market Price Guarantee programs of TRIFED facilitate tribal communities by providing access to MFP, which promotes collective product marketing efforts and develops sustainable livelihoods for economic growth.

The Tribal India outlets are providing more market opportunities for tribal-based FPOs. The Van Dhan Vikas Kendras (VDVKs) provide Minimum Support Price (MSP) protection against exploitation while maintaining product quality. Further, these outlets provide support for packaging and financial assistance for infrastructure in collective processing and marketing.

Himachal Pradesh Government Initiatives

In Himachal, the state government is playing a vital role in promoting FPOs through its programs and schemes. These schemes provide FPOs financial backing, technical training, and infrastructure resources to produce and reach greater markets and economic benefits from large production volumes. The following are some initiatives and departments of state government working in FPO promotion.

Himachal Pradesh State Agricultural Department

Himachal Pradesh State Agricultural Department, under the Yuva Sehkar Kosh Scheme, the government offers start-up grants coupled with training services plus assistance for community organizing activities, and it exempts compliance-certified FPOs from audit fees.

This Agriculture Infrastructure Financing Facility (AIFF) provides eligible FPOs with two benefits that include interest rate reduction for their loans and payment of CGTMSE costs. The Him Unnati Yojana has been developed to boost the agricultural sector through subsidized programs giving support to farmers alongside modern adjustable equipment and farming instruments.

Himachal Pradesh Horticulture Development Project (HPHDP)

HP Horticulture Development Project (WB Funded) The project organizes producers into Farmer Producer Companies (FPCs) to enhance marketing capacity and market access. Investment support is provided to FPCs for the establishment of Common Service Centres (CSCs). CSCs are designed as small-scale aggregation entities that are owned and operated by FPCs. The project allocates grant-based funding to FPCs for CSC establishment, contingent upon their prepared participatory five-year business plans.

Initially, clusters were mapped to evaluate their potential for specific horticultural commodities. Following cluster finalization, a baseline diagnostic study was conducted to assess farmers' conditions and horticultural activity levels and identify areas for intervention. A total of 500 Common Interest Groups (CIGs) were established and consolidated into 30 FPCs, encompassing 12,240 farmers, with 27% female participation, primarily concentrating on fruits and vegetables (approximately 15 CIGs per FPC).

Himachal Pradesh State Cooperative Bank

The Kisan credit card and Agri Infra Fund scheme for beneficiaries, including individuals and groups like FPOs, PACS, SHGs, and cooperatives, encompass post-harvest management initiatives such as supply chain services, warehouses, cold storage, packaging units, logistic facilities, ripening chambers, and waste management infrastructures. Community farming assets include organic input production, compressed biogas plants, smart agriculture infrastructure (like drones and sensors), nurseries, seed processing, and various processing units. Additionally, certain projects like hydroponic and vertical farming, greenhouses, and tractors are exclusively available for groups. Financing is also provided for the solarization of infrastructure and digital connectivity enhancements.

The Rashtriya Krishi Vikas Yojana (RKVY)

The Rashtriya Krishi Vikas Yojana (RKVY) is a national initiative focused on agriculture development, implemented in Himachal

Pradesh to support Farmer Producer Organizations (FPOs) in sectors like horticulture and medicinal plants. It offers grants for value-added projects, enabling FPOs to move into processing and marketing, and provides funding for essential rural infrastructure, such as roads and storage facilities, to enhance FPO activities.

Support through Himachal Pradesh Horticultural Produce Marketing and Processing Corporation (HPMC)

The government has demonstrated its commitment to apple growers by reducing HPMC's margin from 15% to 9%, enabling access to quality products at lower prices. HPMC has also signed 38 MoUs for direct purchases from manufacturers, further supporting farmers. The Chief Minister emphasized that uplifting the horticultural community is a top priority. Efforts are underway for systemic reform through 'Vyavastha Parivartan' to ensure public welfare.

The government aims to boost horticulturists' income by restructuring existing schemes. Provisions in the budget include an online system for procuring horticultural produce at a minimum support price and booking cold storage and farm equipment. Grading/packing houses and cold stores will be set up with FPOs in various locations. This year, the government has helped increase profits for apple growers by facilitating better sales, and the upcoming season will see apples sold in universal cartons.

Himachal Pradesh Agriculture Development Society (HPADS)

HEADS works towards improving Himachal Pradesh's agricultural territory by using Farmer Producer Organizations (FPOs) as its main promotional tool. HEADS is dedicated to building 40 FPOs through cooperative society transformation projects, which will unite farmers and gardeners in horticulture production activities.

Through their organizations, the system will achieve better agricultural produce marketing while performing different business activities for operational efficiency. HEADS enables FPOs through vital training together with resources, which ensures their capability to handle their business activities.

Society offers training for farmers on farm maintenance practices with crop diversification strategies to increase farming earnings while building farmer associations that enhance their bargaining powers.

Dairy Development Schemes

Dairy-based Farmer Producer Organizations (FPOs) account for the highest number of FPOs in Himachal Pradesh. Through dairy development schemes of the HP government, the FPOs are accruing access to lower-cost dairy equipment such as milk harvesting equipment and storage vessels, which increase their operational ability. Furthermore, the Department of Animal Husbandry is providing loans and grants with low-interest rates, which help FPOs to construct dairy processing units, packaging, and cold storage systems for dairy operations.

CONCLUSION

The Himachal Pradesh and Central governments introduced several programs that offer FPOs marketing support structures. These programs provide funding for marketing and create better market linkages, access for exports, and value-added facilities. These schemes aim to help agriculturalists in the diversification of farming and capacity building and provide effective market networks to promote value creation across the different agricultural markets.

HPMC offers support to horticulture-based FPOs in marketing for making direct bulk transactions with larger buyers of fruit. The central sponsor scheme PMFME supports FPOs through financial support for developing their infrastructure, brand creation, and digital marketing training, which connects them directly to the food processing industry. The National Agriculture Market (eNAM) platform offers direct sales opportunities together with capacity-building training and useful real-time pricing data. Rashtriya Krishi Vikas Yojana (RKVY) provides financial support for the development of agricultural market infrastructure to boost marketing. These initiatives are significant in reshaping India's agricultural scenario by boosting farmer returns, promoting sustainability, and training them with the important tools desirable for competitiveness in the marketplace. However, many government departments are promoting the FPO scheme,

but these institutions are not communicating with each other. For effective implementation and performance, the government has to create a suitable and collaborative ecosystem. So that department can support FPOs in their respective fields. By working together, these government departments can create an effective environment for the functioning of FPOs.

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