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Manipur, India*

Th. Motilal Singh, S. Gunamani Singh and
Kh. Rishikanta Singh

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A Case Study of the Farmer Producer Organizations (FPOs) in Imphal West District of Manipur, India

Th. Motilal Singh*, S. Gunamani Singh and Kh. Rishikanta Singh

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ABSTRACT

A case study of the Farmer Producer Organizations (FPOs) in Imphal West district of Manipur, India showed that the FPOs which were registered during the year, 2020 as the Agro Farmer Producer Company Ltd. (AFPCs) are composed of different promoters i.e., SHGs, FCs and JLGs having more 500 member shareholders with the basic numbers of women BODs in every producer companies. The composition of AFPCs shareholders shows the presence of the maximum numbers of small & marginal; tenant/landless and SC/ST member farmers. It was also found that the newly formed producer companies did not have well infrastructures. However, all the 3 producer companies have proper governance, group dynamic features and implemented a well time-line company milestones. It was also found that the producers companies have good institutional outreach from the different public and private sector banks with an average credit amount of Rs. 1.9 crores facilitating to 965 beneficiaries from the 3 producer companies. Various problems and constraints like organizational, share mobilization, registration issues, company compliance, CEOs remuneration and less staffing status are rated as the promotional and handholding issues respectively. Presence of non-producer memberships, absence of primary/lead products and commodities, lack of infrastructure facilities, presence of few investors, marginality/ small holders/landless/tenant nature of the shareholders, viable business operation, capital intensive and market competition ; Parity among the implementing FPOs, lack of Govt. support and policies, award and recognition and limited credit facilities respectively are the sustainability and institutional issues found during the entire study period.

Key words: FPOs, SHGs, BODs, AFPCs, CEOs, SC/ST, Marginality, Tenant, Shareholders

Agriculture remains as the only main source of income and employment generation avenue for our 60% rural masses which is predominantly subsistence-oriented with 86% of individual holdings below two hectares which occupy 47% of the country's total cultivated area due to non-availability of the alternative avenues for their livelihood (10th Agriculture Census 2015-16). For the North East States like Manipur, where the primary produces are often varied and low in production and often resulted in distress sale which is one of the most important challenges of our small holders [1]. Do the small and marginal farmers get the remunerative prices of their actual produces? Are they able to achieve the target of doubling income by 2022? Do the Institutional mechanisms have supported the small, marginal and landless farmers or are they ready to attain their mission of doubling the farm income by 2022 becomes a big question from the different stakeholders. Vertical integration (both the forward and backward) i.e., on the demand and supply

chain synchronizing mechanism like the formation of the Farmer Producer Organization (FPOs) can revive the overall value addition and food chain supply which in turns can enhance the returns of small and marginal farmers in the state of Manipur.

The Government launched a Pilot Programme for promoting FPOs during 2011-12 under 2 Sub-Schemes of RKVY and Programme for Pulses Development for 60,000 in the Rainfed villages (NVIP for Urban Clusters). Later, they issued National Policy and Process Guidelines for FPOs in 2013. The year of 2014 was declared as the year of Farmers producer Organization by the DAC (Department of Agriculture and Cooperation, Ministry of Agriculture, Govt. of India). Currently, there are 5000 FPOs in the country of which 3200 are registered as Farmer Producer Companies (FPCs).

During 2020, Hon'ble Prime Minister Narendra Modi launched a campaign to set up 10,000 new farmer producer organizations (FPOs) across the country in the next five years. About Rs 6,866 Crore will be spent for the formation of 10,000 FPOs by 2023-24 purpose. In Manipur, NABARD, Manipur Small Farmers' Agri-Business Consortium (MSFAC) and Mission Organic Manipur (MOMA) and ICAR-KVK, Imphal West have been giving efforts for the formation and implementation of the FPOs in Manipur. As a result, altogether

* **Th. Motilal Singh**

✉ thmsingh2020@gmail.com

¹⁻³ ICAR-KVK, Imphal West, ICAR Research Complex for NEH Region, Manipur Centre, Lamphelpat, Imphal - 795 004, India

36 FPOs (15 by the MOMA; 10 by the NABARD, 8 by the MSFAC and 3 by others) have formed in Manipur. These FPOs are formed under 3 years programme and only Resource Institution (RI) or the Promoting Institute has provided financial support [2]. However, most of these FPOs are still at a nascent stage and require a lot of support so as to sustain in the year to come. Thus, the present study is an attempt to investigate the actual growth pattern, organizational structure, governance and to analyze the performance of these FPOs along with the problems and constraints perceived by the Farmer Producer Organizations in the state of Manipur so that some concrete policy recommendations can be made for the Farmer Producer Organizations of the region.

MATERIALS AND METHODS

A study of the Farmer Producer organizations (FPOs) was carried out in Imphal west district of Manipur in the year 2021 so as to analyze how the FPOs in Manipur have evolved and their present status. out of the 36 FPOs formed by the different promoting agencies in Manipur, 3 FPOs promoted by the ICAR-KVK, Imphal west under Imphal west district of Manipur were purposively selected for the study because of their performance. Secondary data pertaining to the FPOs in Manipur have been collected from the different implementing agencies. Also, using a well-structured scheduled, information

relating to the nature and pattern of the growth of FPOs were collected for the study. Standardized statistical tools like mean, average and Garrett ranking tools were also used for the analysis of the data.

Garrett's ranking technique

This technique was used to evaluate the problems faced by the respondents to find out the most significant factor which influences the respondent, Garrett's ranking technique was used. As per this method, respondents have been asked to assign the rank for all factors and the outcomes of such ranking have been converted into score value with the help of the following formula:

$$\text{Percent position} = 100 (R_{ij} - 0.5) N_j$$

Where R_{ij} = Rank given for the i^{th} variable by j^{th} respondents
 N_j = Number of variables ranked by j^{th} respondents

Table 1 Progress of FPO formation in India since 2011-12

Year	FPOs formation (in Nos.)
2011-12	223
2014-15	97
2015-16	212
2016-17	145
2017-21	210
Total	887

Source: SFAC, Manipur

Table 2 District-wise CBBOs status of FPOs formation in NE States

Name of state	Name of district	Name of block	Name of CBBO	No. of FPO
Manipur	Nooney	Khoupum		1
Manipur	Senapati	Paomata	Vitro Bio Tech	1
Manipur	Tamenglong	Tamei		1
Manipur	Thoubal	Thoubal and Wangjing	DVARA	3
Total	3	3	2	6
Mizoram	Champhai	Khawzawl		
Mizoram	Lunglei	Hnathial	Grant Thornton	1
Mizoram	Lunglei	W.Bunghmun	Bharat Llp	1
Mizoram	Mamit	Reiek		1
Mizoram	Mamit	W. Phaileng		1
Total	3	5	1	5
Meghalaya	West Jaintia Hills	Thadlaskein	Vitro Bio Tech	1
Total	1	1	1	1
Nagaland	Kiphire	Kiphire Sadar	Vitro Bio Tech	1
Total	1	1	1	1
Tripura	West Tripura	Jirania	Basix Krishi	1
Tripura	West Tripura	Lefunga	Samruddhi Limited	1
Tripura	North Tripura	Jampuihil		1
Tripura	Sepahijala	Nalchar		1
Tripura	Sepahijala	Kathalia	Sesta Development Services	1
Tripura	Sepahijala	Mohanbhog		1
Tripura	South Tripura	Jolaibari		1
Total	4	7		7
	Grand Total			38

Source: Manipur Small Farmers Agri-business Consortium

Table 3 Agency-wise promoted lists of FPOs in the state of Manipur (As on 31-03-21)

S. No.	RIs/POPI	No. of FPOs Promoted
1	SFAC	8
2	MOMA	15
3	NABARD	10
4	Others	3
	Total	36

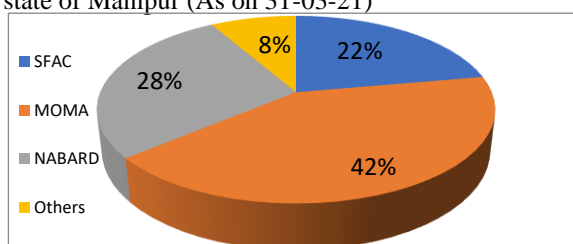


Fig 1 No. of FPOs Promoted

Source: Manipur small farmers agri-business consortium

Table 4 District-wise lists of FPOs in the state of Manipur (As on 31-03-21)

S. No.	Districts	No. of FPOs	Promoting agencies			Commodities/ Products
			NABARD	MOMA	SFAC	
1	Imphal East	2	0	1	1	Black Rice, Vegetables and Oilseeds
2	Imphal West	6	5	1	0	Dairy, Poultry, Piggery, Vegetables
3	Bishnupur	4	1	1	2	
4	Chandel	2	0	2	0	Ginger and Turmeric
5	Churachandpur	4	1	2	1	Pineapple and Ginger
6	Kangpokpi- Sadar Hill and Thoubal	1	0	0	1	Pineapple and Ginger, Orange, Turmeric
7	Kakching- Tengnoupal	1	0	0	1	Ginger, Turmeric
8	Senapati	2	0	1	1	Ginger, Turmeric, Kingchilli
9	Tamenglong	3	1	1	1	Tamenglong Orange, King Chilli, Turmeric
10	Thoubal	4	1	1	2	Chakhao, Paddy and Allied
11	Ukhrul	2	1	1	0	Kachai Lemon, Chilli, Turmeric
12	Ukhrul-Kamjong	1	0	1	0	Turmeric, King Chilli
13	Pherzawl	1	0	1	0	Ginger, King Chilli
Total		33				

Table 5 Composition and Growth pattern of FPOs in Imphal West District of Manipur

Sekmai Cluster			Lamshang Cluster			Khumbong Cluster		
Promoters	Numbers	Pooled members	Categories	Numbers	Pooled members	Categories	Numbers	Pooled members
SHGs	51	163	SHGs	333	212	SHGs	48	132
FCs	12	192	FCs	14	193	FCs	16	193
JLGs	9	158	JLGs	6	155	JLGs	7	147
Total	72	513		62	560		61	472

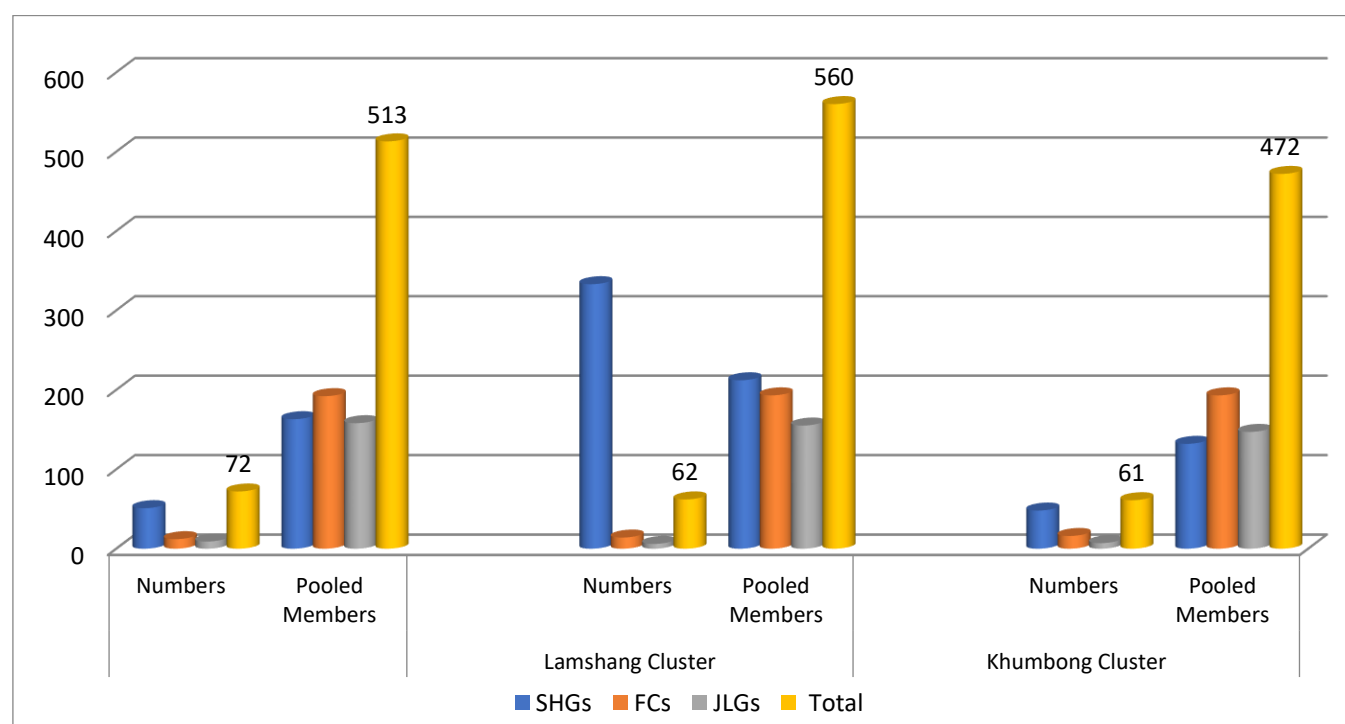


Fig 2 Composition and growth pattern of FPOs

Table 6 Sample FPOs selected for the study under Imphal West District of Manipur

S. No.	Name and address	Sponsored	Year of registration	Lead commodities handled/deal
1	Yumbi Agro-Farmer Producer Company Ltd.Awang-Sekmai-IW	NABARD, PRODUCE Fund	2020	Piggery, Veggies., Fishery, Poultry, Mushroom, Paddy, Processed Foods, Pulses, Oilseeds etc.
2	Mangjil Agro-Farmer Producer Company Ltd.Khumbong-IW	NABARD, PRODUCE Fund	2020	Poultry, Piggery, Veggies. Fishery, Mushroom, Paddy, Processed Foods, Pulses, Oilseeds etc.
3	Kaorel Agro-Farmer Producer Company Ltd.Lamshang-IW	NABARD, PRODUCE Fund	2020	Dairy, Poultry, Piggery, Veggies. Fishery, Mushroom, Paddy, Processed Foods, Pulses, Oilseeds etc.

Table 7 Basic profiles of the sample FPOs under Imphal West district of Manipur

S. No.	Farmer producer companies	POPI (Producer organization promoting institute)	Date of Regd.	No. of directors			No. of managerial staffs		No. of shareholders	Paid-up capital
				Chairman	BODs	Women BODs	CEO	Project assistant		
1	Yumbi AFPC Ltd.	ICAR-KVK, Imphal West	13-01-2020	1	5	3	1	1	568	728000
2	Mangjil AFPC Ltd.	ICAR-KVK, Imphal West	05-02-2020	1	9	1	1	1	703	691000
3	Kaorel AFPC Ltd.	ICAR-KVK, Imphal West	27-01-2020	1	7	1	1	1	553	850000

Table 8 Status of AFPCs shareholders profile promoted by ICAR-KVK, Imphal West

FPCs	Categories			
	Small and marginal farmers	Tenant / Landless farmers	SC/ST	Total
Yumbi AFPC Ltd.	182	184	202	568
Mangjil AFPC Ltd.	246	426	31	703
Kaorel AFPC Ltd.	205	164	184	553

Table 9 Basic services and infrastructure facilities of the FPOs

FPCs	Office	Office furniture	Storage facility	Rural mart	Rural haat	Market linkage	Trade licence	Vehicle
Yumbi AFPC Ltd.	Rented	Equip	NA	Temporary	Under Process	Inputs & Commodities	FSSAI	Mobile Van
Mangjil AFPC Ltd.	Rented	Equip	NA	2 nos.	Under Process	Inputs & Commodities	FSSAI	Mobile Van
Kaorel AFPC Ltd.	Rented	Equip	NA	Temporary	Completed	Inputs & Commodities	FSSAI	Mobile Van

Table 10 Governance and group dynamics of FPOs promoted by ICAR-KVK, Imphal West

Parameters of FPCs	Yumbi AFPC Ltd.	Mangjil AFPC Ltd.	Kaorel AFPC Ltd.
Registration	Company Act, 1956 (as amended in 2013)	Company Act, 1956 (as amended in 2013)	Company Act, 1956 (as amended in 2013)
Composition of BODs	9(3 women)	11(1 women)	9(1 women)
DIN, TAN & PAN	Yes	Yes	Yes
Shareholders	568	703	553
Board meetings	Monthly, Regularly & Agenda-wise	Monthly, Regularly & Agenda-wise	Monthly, Regularly & Agenda-wise
General body meetings (Av./Year)	Once	Once	Once
Attendance by the Members (Av.)	50 (Due to C-19 Pandemic)	50 (Due to C-19 Pandemic)	50 (Due to C-19 Pandemic)
Share Mobilization	Regular & Monthly	Regular & Monthly	Regular & Monthly
Business Plan	3 years business plan	3 years business plan	3 years business plan
Financial literacy programme (Av./Year)	2	2	2
Capacity building of shareholders (Av./year) Skill	25	25	25
Capacity building of BODs (No./Year)	2	2	2
Linkages	Forward & Backward	Forward & Backward	Forward & Backward
Company compliance/Audit	Regular & Systematic	Regular & Systematic	Regular & Systematic
Company rating	A	A	A

Table 11 Status of the institutional outreach by the FPOs under Imphal West district of Manipur (As on 31 March 2021)

FPCs	Types of Credit/Loan		No. of shareholders benefitted (No.)	Amount sanctioned (Rs.)
	PKCC/ KCC/SHGs	Term loan		
Yumbi AFPC Ltd.	Yes	Yes	274	17043300
Mangjil AFPC Ltd.	Yes	Yes	458	27170000
Kaorel AFPC Ltd.	Yes	Yes	233	12939000
Partnering Banks	MSCB= Manipur State Rural Bank; MRB= Manipur Rural Bank; NESFB= North East Small Finance Bank; SBI= State Bank of India and Bank of Baroda			

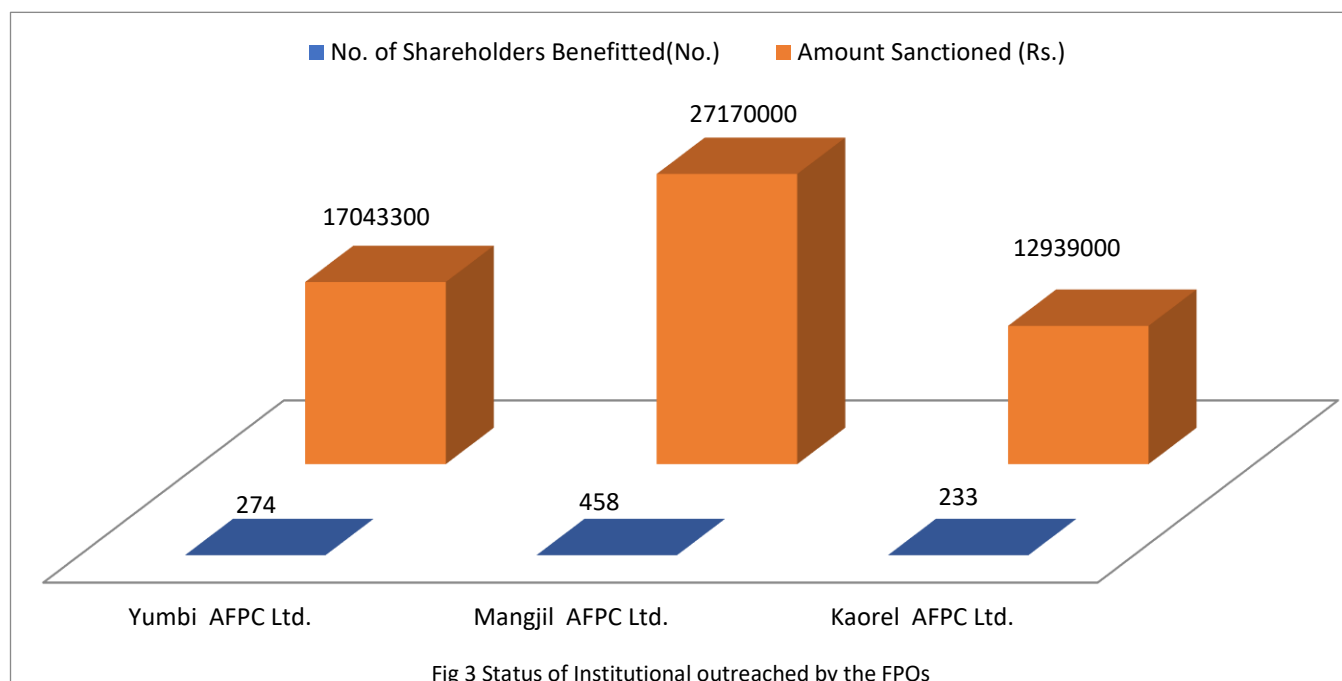


Table 12 Time line implementation of the business plan for the 3 FPOs

Particular	Year 1 (Quarter)				Year 2 (Quarter)				Year 3 (Quarter)			
	1	2	3	4	1	2	3	4	1	2	3	4
Memberships expansion												
Rural mart												
Feed plan												
Rural haat												
Strengthening of poultry/piggery and dairy units												
KCC/Term loan to members' farmer												
Free medical check up												
Capacity building programmes												
Working capital												

RESULTS AND DISCUSSION

A case study of the Farmer Producer organizations (FPOs) in Imphal west district of Manipur shows that the Farmer Producer Organizations are the village level organizations working for the small, marginal and landless farmers of the country and they are growing in every districts and blocks of our country. Altogether 887 numbers of FPOs have emerged during the last 10 years of FPOs movement in India of which 233, 97, 212, 145 and 210 have been evolved during 2011-12; 2014-15; 2015-16; 2016-17 and 2017-21 respectively. FPOs have been formed and implemented by various agencies in different parts of the NE states. 42 numbers of FPOs have promoted in 41 blocks under CBBO of which 6 in Manipur; 5 in Mizoram; 1 in Meghalaya; 1 in Nagaland and 7 in Tripura from the study period. It is also expected to increase the numbers of FPOs in every block of the different districts of these NE States. Again, 36 numbers of FPOs have already registered and functioning under different implementing agencies of which 8; 15; 10 and 3 numbers are under SFAC; MOMA; KVKs and others respectively [3].

District-wise distribution of FPOs formation reveals that the maximum numbers of FPOs are in Imphal West district with 6 FPOs follow by Thoubal, Bishnupur; and Churachandpur with 4 each respectively. Tamenglong district has 3 FPOs whereas Chandel, Senapati, Ukhrul has 2 number of FPOs each and the least is found in the Kangpokpi and Kamjong and Pherzawl district of Manipur [4].

The study have found that ICAR-KVK, Imphal west has promoted 3 lead FPOs as POPI under the NABARD, PRODUCE fund in the district and accounted as the model FPOs of Manipur. These FPOs have been formed and promoted from the 3 clusters vizely the Sekmai, Lamshang and Khumbong Clusters of the district. Each cluster has the SHGs, FCs and JLGs that have also been formed by the KVK and other line departments from before. Sekmai cluster alone has 51 SHGs; 12 FCs and 9 JLGs whereas the Lamshang cluster has 33 SHGs; 14 FCs and 6 JLGs and the Khumbong cluster has 48 SHGs; 16FCs and 7 JLGs. 513 shareholders from 72 different promoters of Sekmai clusters; 560 shareholders from 62 promoters of Lamshang clusters and 472 shareholders from 61 promoters have been involved in the formation of Yumbi AFPC Ltd.; Mangjil AFPC Ltd. and Kaorel AFPC Ltd. as the piggery, poultry and dairy based producer companies in the Imphal west district of Manipur. These companies were registered in the year 2020 under the sponsorship of NABARD, PRODUCE fund by the ICAR-KVK, Imphal West.

The study also found that all the 3 FPOs have an elected chairman, BODs including the women BODs. It is also observed that the 3 producer companies have 2 managerial staffs including a CEO and a project Assistant. All the 3FPOs has more than 500 shareholders with a strong paid-up capital and they are about to claim the Equity share from both the NABARD and SFAC. The status of the 3 AFPCs shows that the producer companies are composed of different categories of farmers. Piggery, Poultry and Dairy based FPOs are owned by

the small & marginal farmers, Tenant & Landless farmers and Schedule Caste and Tribe with 182; 184; 202 in the Yumbi AFPC Ltd.; 246, 426 and 31 in Mangjil AFPC Ltd. and 205, 164 and 184 respectively in the Kaorel AFPC Ltd.

An investigation on the basic services and infrastructure facilities available and creation reveals that all the 3 AFPCs are lacking of permanent office building, storage godown. Rural mart and rural haat. However, the companies have availed Trade License and deals in both the backward and forward linkages. 3 mobile vans are owned and functioning even during the C-19 pandemic for the aggregation and marketing of commodities for the members and non-members farmers when the farmers are in complete lockdown situation through On-line and Home-delivery mechanism [5].

Analysis on the governance and group dynamics of the 3 FPOs have found that the 3 producer companies got the registration under the company Act and they have strong composition of BODs including 5 women BODs. DIN, TAN and PAN for the BODs and the companies are created and they conduct regular board meeting and general body meeting. Mandatory activities like share mobilization, capacity building programmes of BODs and shareholders, financial literacy programmes, linkages have been organized and conducted on regular basis and even the statutory company compliances have been done for all the 3 producer companies. All the 3 FPOs have strong business plan and they are rated as A Grade from their recent assessment report [6].

Table 13 Problems and constraints perceived by the FPOs

S. No.	Parameters	Garete ranking
A. Promotion and Hand Holding Issues		
1	Registration issue	III
2	Share Mobilization issue	II
3	Organizational Issue	I
4	Staffing	VII
5	CEOs Remuneration	VI
6	Compliance	IV
7	Inadequate funding & mode of fund released	V
B. Sustainability issues		
1	Non-producers' memberships	I
2	Business operation/Plan	VI
3	Small Holder/Marginality/Landless	V
4	Infrastructure issue (FPOs & farmers level)	III
5	Primary/Lead products/Commodities	II
6	Market competition/Environment	VIII
7	Capital involvement	VII
8	Lack of Investors	IV
C. Institutional issues		
1	Parity	I
2	Govt. support and policy	II
3	Award/Recognition	IV
4	Credit facility	III

Besides, the study of the 3-producer company Business Plan shows that they are adopting strict Time-Line implementation of their respective business plan. The analysis shows that the companies follow membership expansion, feed

plan, rural mart and rural haat construction or creation strategies through backward funding from NABARD and others funding agencies. Strengthening of poultry, piggery and dairy units through institutional loan or KCC are also making a good progress in the 3 producer companies [7].

Interesting facts and observation are also found from the status of the Institutional outreach by these 3 producer companies. Altogether 965 shareholders, 274 from piggery based FPOs, 458 from poultry based FPOs and 233 from dairy based FPOs have availed KCC and term loans amounting to Rs. 57152300 from the various lending institutes like MSCB.MRB, NESFB, SBI and BOB etc. with no record of defaulters. This shows that the companies will grow and sustained when the member farmers reach the production stages [8].

In spite of the various positive indications with regard to the growth and sustainability of these 3 FPOs, it will take a long journey or milestone to become a self-sustained village level organization. Since the FPOs have been evolving from the resource poor member farmers and coming from the different grass-root level, these companies are struggling in its journey of development. A thorough investigation and analysis of the various problems and constraints perceived by these producer companies found many issues and challenges. Their issues are analyzed on 3 categories i.e., on Promotion and Handholding Issue; Sustainability Issues and on Institutional Issues.

In the promotion and handholding issues, organizational, share mobilization, registration issues have ranked I, II and III respectively. Also, the company compliances, inadequate funding and mode of fund released and CEOs remuneration have ranked IV, V and VI respectively. The staffing status of FPOs in handholding and promotion ranked VII.

The presence of non-producer memberships, absence of primary/lead products and commodities, lack of infrastructure facilities, presence of few investors, marginality/ small holders/landless/tenant nature of the shareholders, viable business operation, capital intensive and market competition have ranked I, II, III, IV, V, VI, VII & VIII respectively and hindering the development process of these producer companies [9-10].

Besides, FPOs are directed to form, promote and nurture for a certain incubation period. However, the existing guidelines and support mechanism have also a negative impact on the various stakeholders too. Parity among the implementing FPOs, lack of Govt. support and policies, award and recognition and limited credit facilities rendering to the FPOs by the lending institution are coming under institutional issues and ranked I, II, III and IV which have a direct effect on the positive growth of the farmer producer organizations in the states of Manipur.

POLICY RECOMMENDATIONS

Farmer Producer Organizations (FPOs) have been evolved from various local level promoters like the SHGs, FCs and JLGs having different mindsets and this have resulted in the normal functioning of the FPOs i.e., at the organizational level. The reasons are lack of knowledge and awareness regarding the FPOs structure, function and the responsibility of being a BOD and member. So, each and every participating stakeholder i.e., both the promoter and the member must have exposed to general guidelines of Producer Company prior to their formation.

Giving emphasis on nurturing the Farmer Producer Organizations (FPOs) is the need of the national policy and solution for the small, marginal, landless farmers and primary producers too in order to have better bargaining power in both the inputs procurement and marketing of the small holders'

outputs. In doing so, role of the POPI (Producer Organization Promoting Institute) is very crucial in the initial stage of FPOs formation and Business Planning. NABARD, SFAC and other financial institutes need to support a lot for sustaining the business of our FPOs. Appreciation and award must be initiated based on their performance on regular basis during their incubation period.

Stream-lining and bringing equity amongst the various implementing agencies, mode of CEOs remuneration and staffing of FPOs need immediate intervention.

Each and every institution including NABARD and RBI must point to their down-line institutes in order to furnish their lending records to the FPOs and need to place in public domain.

Two-way approach of working for the FPOs, one from the grass root level and other from the institutional level will definitely sustain our FPOs of Manipur. Further, the institutional guidelines regarding the formation of FPOs needs reformation and allowing farmers' friendly organization because the majority of our FPOs managerial team are not competent enough to handle the statutory company compliance and if done so, more and more number of FPOs will sustain and ultimately the small-holders will benefit the most in the context of Manipur.

CONCLUSION

Farmer Producer Organizations (FPOs) formed and promoted by the ICAR-KVK, Imphal West were registered

during the year, 2020 and they are functioning as per the FPOs guidelines. The entire 3 Agro Farmer Producer Company Ltd. (AFPCs) are composed of different promoters i.e., SHGs, FCs and JLGs having more 500 member shareholders with the basic numbers of women BODs in every producer companies. The composition of AFPCs shareholders shows the presence of the maximum numbers of small and marginal; tenant/landless and SC/ST member farmers. Being newly formed FPOs; most of the producer companies have not well infrastructures. However, all the 3 producer companies have proper governance, group dynamic features and implemented a well time-line company milestone. It is also found that the producers' companies have good institutional outreach from the different public and private sector banks with an average credit amount of Rs. 1.9 crores facilitating to 965 beneficiaries from the 3 producer companies. Various problems and constraints like organizational, share mobilization, registration issues, company compliance, CEOs remuneration and less staffing status are rated as the promotional and handholding issues respectively. Presence of non-producer memberships, absence of primary/lead products and commodities, lack of infrastructure facilities, presence of few investors, marginality/ small holders/landless/tenant nature of the shareholders, viable business operation, capital intensive and market competition and Parity among the implementing FPOs, lack of Govt. support and policies, award and recognition and limited credit facilities respectively are the sustainability and institutional issues found during the entire study period.

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