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### Organizational structure and growth of Farmer Producer Organizations (FPOs) in India with special reference to Maharashtra

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#### Abstract

Farmer Producer Organizations (FPOs) are institutional mechanisms designed to strengthen the collective capacity of small and marginal farmers in accessing markets, inputs, and services. This paper examines the organizational structure of FPOs and provides a detailed analysis of their growth across India and Maharashtra. It elaborates on the governance framework comprising the General Body, Board of Directors, and Executive Management and assesses regional and zonal distribution patterns of FPOs promoted by major agencies such as SFAC, NABARD, and MSAMB. Maharashtra, owing to its cooperative legacy and policy support, has emerged as a leading state in FPO formation. However, the sustainability of FPOs remains a concern due to operational and financial challenges. The findings underline the importance of inclusive governance and effective institutional support to enhance the impact and longevity of FPOs.

**Keywords:** Farmer producer organizations, governance structure, NABARD, SFAC, MSAMB, Maharashtra, institutional development

#### Introduction

The agricultural sector in India is predominantly composed of small and marginal farmers, who often face constraints such as limited access to markets, lack of bargaining power, inadequate inputs, and weak linkages to institutional credit. In response to these challenges, the Government of India conceptualized and promoted Farmer Producer Organizations (FPOs) as a collective model to empower farmers, particularly smallholders, by facilitating aggregation, economies of scale, and better market access. FPOs function as member-owned entities that enable farmers to work together as a collective to improve production, access modern technology, add value through processing, and negotiate better prices.

The establishment of FPOs has received substantial institutional support through agencies such as the Small Farmers' Agribusiness Consortium (SFAC), National Bank for Agriculture and Rural Development (NABARD), and other implementing bodies under the Central Sector Scheme (CSS) launched in 2020. These institutions provide financial, technical, and managerial support to FPOs, with the goal of forming and promoting 10,000 FPOs across the country over a five-year period.

Maharashtra, known for its strong cooperative legacy and vibrant horticultural and agricultural economy, has emerged as one of the leading states in the promotion of FPOs. The

state's diverse agro-climatic conditions, progressive farmer base, and proactive institutional support from agencies like the Maharashtra State Agricultural Marketing Board (MSAMB) and NABARD have facilitated the formation of a large number of FPOs across various sectors including cereals, fruits, vegetables, and livestock. These FPOs play a crucial role in linking farmers to value chains, increasing farm-level incomes, and fostering rural development. Despite this growth, the performance, sustainability, and efficiency of FPOs remain areas of concern. Issues such as governance challenges, weak financial management, and limited technical capacities need to be addressed to ensure that FPOs can deliver long-term benefits to their members. Thus, a comprehensive evaluation of their structure, functioning, economic viability, and farmer-level impact is essential for policy refinement and future interventions.

#### Methodology

This study is based on secondary data collected from official reports and databases of NABARD, SFAC, MSAMB, and government portals. Data were analyzed to understand the organizational structure and geographical distribution of FPOs at both national and state levels. Tabular analysis, percentage comparison, and zonal classification were used to interpret the trends in FPO promotion.

## Results and Discussion

### Organizational Structure of FPOs

The organizational structure of Farmer Producer Organizations (FPOs) typically follows a hierarchical format designed to ensure democratic governance, transparency, and farmer participation. In the studied FPOs, the structure broadly consisted of the following levels:

**General Body:** Comprising all shareholder members, this is the supreme decision-making authority. Major policy decisions, including elections, budget approvals, and amendments to bylaws, are taken here.

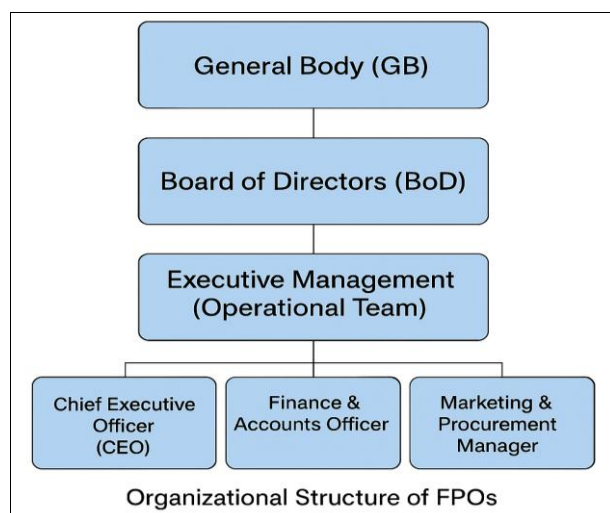
**Board of Directors (BoD):** Elected representatives from among the members, responsible for overseeing the day-to-day management, strategic planning, and implementation of policies. Most BoDs in the study had 5-10 directors.

**Chief Executive Officer (CEO):** Appointed by the BoD, the CEO is responsible for executing decisions, managing staff, and liaising with external stakeholders.

**Functional Committees:** Some FPOs formed sub-committees (e.g., finance, marketing, procurement) for effective operation and monitoring.

**Staff Members:** Technical, accounting, and field-level staff who supported operations such as procurement, marketing, and logistics.

This structure varied slightly among FPOs based on sectoral focus (agriculture, vegetables, fruits, livestock) and size. However, all successful FPOs showed evidence of regular meetings, member consultations, and participatory planning.



### FPOs in India

The concept of Farmers Producer Organizations (FPOs) in India was introduced to empower small and marginal farmers by enabling them to collectively access markets, credit, and input supplies. The initiative gained momentum with the Small Farmers' Agribusiness Consortium (SFAC) launching the FPO promotion scheme in 2011 under the National Policy for Farmers (2007). This was followed by NABARD's dedicated support for FPOs through the Producer Organization Development Fund (PODF) in 2014.

Table 1 represents data on Farmers Producer Organizations (FPOs) in India promoted by the central government through three key agencies: the Small Farmers Agribusiness Consortium (SFAC), the National Bank for Agriculture and Rural Development (NABARD), and the Central Sector Scheme (CSS). It categorizes the number of FPOs formed across different geographical zones of India, highlighting their distribution and relative share.

In the North Zone, a total of 1,546 FPOs have been established. Of these, SFAC has promoted 158 FPOs (10.2%), NABARD has facilitated 740 FPOs (47.9%), and CSS has supported 648 FPOs (41.9%). The South Zone has the highest number of FPOs, with 2,019 organizations, where NABARD plays a dominant role, supporting 1,315 FPOs (65.10%), followed by CSS with 524 FPOs (26.0%) and SFAC with 180 FPOs (8.9%).

**Table 1:** Farmers Producer Organizations in India Promoted By Central Govt.

Zone	SFAC	NABARD	CSS	Total
North Zone	158 (10.2)	740 (47.9)	648 (41.9)	1546 (100.0)
South Zone	180 (8.9)	1315 (65.1)	524 (26.0)	2019 (100.0)
East Zone	204 (12.7)	970 (60.4)	433 (26.9)	1607 (100.0)
West Zone	281 (19.0)	737 (49.8)	461 (31.2)	1479 (100.0)
Northeast Zone	75 (18.7)	139 (34.6)	188 (46.8)	402 (100.0)
Islands	0 (0.0)	3 (50.0)	3 (50.0)	6 (100.0)
Total	898 (12.7)	3904 (55.3)	2257 (32.0)	7059 (100.0)

(Figures in the parentheses indicates percentages to the respective total)

**Source:** nabard.org, sfacindia.com

In the East Zone, 1,607 FPOs have been established, with NABARD supporting the majority (970 FPOs, 60.4%), followed by CSS with 433 FPOs (26.9%) and SFAC with 204 FPOs (12.7%). The West Zone has 1,479 FPOs, with NABARD contributing 737 FPOs (49.8 percent), CSS promoting 461 FPOs (31.2%), and SFAC forming 281 FPOs (19.0%).

The Northeast Zone has a total of 402 FPOs, where CSS has the highest contribution (188 FPOs, 46.8%), NABARD has promoted 139 FPOs (34.6%), and SFAC has facilitated 75 FPOs (18.7%). In the Islands region, only six FPOs have been formed, equally supported by NABARD (3 FPOs, 50.0%) and CSS (3 FPOs, 50.0%), with no FPOs under SFAC.

Overall, across India, a total of 7,059 FPOs have been established, with NABARD being the largest contributor, promoting 3,904 FPOs (55.3%), followed by CSS with 2,257 FPOs (32.0 percent), and SFAC with 898 FPOs (12.7%). These figures highlight the significant role of NABARD in the development of FPOs, particularly in the South, East, and West zones, whereas CSS has played a major role in the Northeast region. The data suggests a strong regional variation in the formation and promotion of FPOs, reflecting differences in policy focus, agricultural activities, and institutional support across different parts of the country.

### FPOs in Maharashtra

The history of Farmer Producer Organizations (FPOs) in Maharashtra is closely linked to the state's strong tradition of cooperative movements, particularly in the sugar and

dairy sectors. Before the introduction of FPOs, farmer collectives primarily operated as cooperative societies, which, despite their success, faced challenges related to governance, financial autonomy, and market inefficiencies. The concept of FPOs gained momentum after the Companies Act, 2013, which allowed the formation of producer companies as a legal entity for farmer collectives. The structured promotion of FPOs in Maharashtra began between 2011 and 2014, with initiatives led by the Small Farmers' Agribusiness Consortium (SFAC) and NABARD. During this period, the Maharashtra State Agricultural Marketing Board (MSAMB) also took an active role in forming FPOs, particularly in horticulture and vegetable production. Between 2014 and 2019, the expansion of FPOs accelerated with NABARD introducing the Producer Organization Development Fund (PODF) to strengthen

them. MSAMB further promoted FPOs in agricultural processing, input supply, and marketing, leading to the rapid growth of horticulture-based FPOs, focusing on crops like mango, pomegranate, onion, and tomato.

In 2020, the central government launched the 10,000 FPO Formation and Promotion Scheme, further boosting the growth of FPOs in Maharashtra. As a result, Maharashtra became one of the leading states in FPO formation, with over 1,043 registered FPOs as of recent data. These FPOs are supported by various institutions, including MSAMB, NABARD, SFAC, and state government agencies. Despite the significant progress, challenges such as limited access to finance, professional management, and weak market linkages persist, necessitating further policy interventions to ensure their sustainability and scalability in the state.

**Table 2:** Farmers Producer Organizations in Maharashtra State (Promoted through NABARD, SFAC & MSAMB)

Zone	NABARD	SFAC	MSAMB	Self	MSRLM	Total
North Maharashtra	36 (24.2)	9 (6.0)	100 (67.1)	3 (2.0)	1 (0.7)	149 (100.0)
Marathwada	40 (13.1)	19 (6.2)	239 (78.4)	3 (1.0)	4 (1.3)	305 (100.0)
Vidarbha	33 (13.3)	45 (18.1)	161 (64.9)	3 (1.2)	6 (2.4)	248 (100.0)
Western Maharashtra	8 (2.7)	26 (8.8)	252 (84.8)	10 (3.4)	1 (0.3)	297 (100.0)
Konkan	2 (4.5)	6 (13.6)	34 (77.3)	0 (0.0)	2 (4.5)	44 (100.0)
Total	119 (11.4)	105 (10.1)	786 (75.4)	19 (1.8)	14 (1.3)	1043 (100.0)

(Figures in the parentheses indicates percentages to the respective total)

**Source:** nabard.org, sfacindia.com & msamb.com

Table 2 provided an overview of the Farmers Producer Organizations (FPOs) established in Maharashtra under different promoting agencies, including NABARD, SFAC, MSAMB, self-initiated efforts, and MSRLM. The table categorizes FPOs based on different zones in the state, highlighting the role of each agency in promoting them.

In North Maharashtra, a total of 149 FPOs have been formed, with MSAMB playing a major role by promoting 100 FPOs, accounting for 67.1 percent of the total. NABARD has supported 36 FPOs (24.2%), while SFAC has contributed to the formation of 9 FPOs (6.0%). Additionally, 3 FPOs (2.0%) have been formed through self-initiatives, and 1 FPO (0.7%) has been promoted by MSRLM.

Marathwada has the highest number of FPOs among all zones, with a total of 305 organizations. MSAMB has promoted 239 FPOs (78.4%), making it the largest contributor. NABARD has supported 40 FPOs (13.1%), while SFAC has promoted 19 FPOs (6.2%). Self-initiated FPOs account for 3 (1.0%), and MSRLM has facilitated the formation of 4 FPOs (1.3%).

Vidarbha has a total of 248 FPOs, with MSAMB again leading by promoting 161 FPOs (64.9%). SFAC has contributed to the establishment of 45 FPOs (18.1%), followed by NABARD with 33 FPOs (13.3%). Self-initiated FPOs and MSRLM supported FPOs account for 3 (1.2%) and 6 (2.4%), respectively.

Western Maharashtra has the second-highest number of FPOs, totaling 297. MSAMB is the dominant agency having promoted 252 FPOs (84.8%). SFAC has facilitated the formation of 26 FPOs (8.8%), while NABARD has contributed to 8 FPOs (2.7%). Self-initiated efforts have led to 10 FPOs (3.4%), and MSRLM has supported 1 FPO (0.3%).

The Konkan region has the lowest number of FPOs, with only 44 organizations. MSAMB has promoted the majority, supporting 34 FPOs (77.3%), followed by SFAC with 6 FPOs (13.6%) and NABARD with 2 FPOs (4.5%). MSRLM has contributed to 2 FPOs (4.5%), while no FPOs have been formed through self-initiatives in this region.

Overall, Maharashtra has 1,043 FPOs, with MSAMB playing the most significant role, having promoted 786 FPOs (75.4%). NABARD has contributed to 119 FPOs (11.4%), while SFAC has supported the formation of 105 FPOs (10.1%). A smaller number of FPOs have been established through self-initiated efforts (19 FPOs, 1.8%) and MSRLM (14 FPOs, 1.3%). The data suggests that MSAMB has been the leading agency in promoting FPOs across all zones, particularly in Marathwada, Vidarbha, and Western Maharashtra. NABARD and SFAC have also played significant roles, particularly in specific regions such as Vidarbha and North Maharashtra.

Table 3 provides information on the status of Farmer Producer Organizations (FPOs) in Maharashtra based on their operational status active or strike off across different promoting agencies. The data indicates that out of the total 1,043 registered FPOs, 801 FPOs (77%) are active, while 242 FPOs (23%) have been struck off.

Among the key promoting agencies, NABARD has facilitated 119 FPOs, with 92 per cent (109 FPOs) active and 8 per cent (10 FPOs) struck off. Similarly, SFAC has promoted 105 FPOs, of which 69 per cent (72 FPOs) remain active, while 31 per cent (33 FPOs) have been struck off. The Maharashtra State Agricultural Marketing Board (MSAMB) has played a major role in promoting FPOs, accounting for 785 FPOs, with 75 per cent (586 FPOs) active and 25 per cent (199 FPOs) struck off.

**Table 3:** Status of FPOs in Maharashtra

Promoted Agency	Active	Strike off	Total
NBARD	109 (92)	10 (8)	119 (100.00)
SFAC	72 (69)	33 (31)	105 (100.00)
MSAMB	586 (75)	199 (25)	785 (100.00)
Self Promoted	20 (100)	0 (0.00)	20 (100.00)
MSRLM	14 (100)	0 (0.00)	14 (100.00)
Total	801 (77)	242 (23)	1043 (100.00)

(Figures in the parentheses indicates percentages to the respective total)

Self-promoted FPOs and those supported by the Maharashtra State Rural Livelihoods Mission (MSRLM) have a 100 per cent active status, with 20 and 14 FPOs, respectively. The data highlights that while most FPOs in Maharashtra are functioning, a significant proportion has become inactive, particularly those promoted by SFAC and MSAMB. This indicates the need for better institutional support, financial assistance, and capacity-building measures to enhance the long-term sustainability of FPOs in the state.

### Conclusion

The study reveals that the organizational structure of Farmer Producer Organizations (FPOs) across various sectors is well-defined and hierarchical, promoting democratic governance and operational efficiency. Successful FPOs consistently demonstrated robust participation through general body meetings, active boards of directors, functional committees, and the strategic involvement of CEOs and staff.

At the national level, NABARD has emerged as the leading promoter of FPOs, particularly in the South, East, and West zones, while the Central Sector Scheme (CSS) played a dominant role in the Northeast. Maharashtra, in particular, has taken a pioneering role in FPO promotion, with over 1,000 organizations supported predominantly by the Maharashtra State Agricultural Marketing Board (MSAMB), followed by NABARD and SFAC. However, the significant number of FPOs marked as “strike off,” especially under MSAMB and SFAC, signals critical challenges in sustainability, financial viability, and managerial capabilities.

Despite impressive growth in numbers, regional disparities and institutional limitations persist. These findings underscore the need for stronger policy frameworks, enhanced financial and technical support, continuous capacity building, and performance monitoring to ensure the long-term sustainability and scalability of FPOs, particularly in regions with high attrition. With targeted interventions, FPOs can fulfill their intended role of improving market access, income security, and collective bargaining power for smallholder and marginal farmers.

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