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Problems faced by the farmer producer organization members and their suggestion in Manipur

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Abstract

The present study was conducted to analyze the problems faced by members of Farmer Producers Organizations (FPOs) and to identify their suggestions for improving the functioning of FPOs in Manipur. The study was carried out during 2025–2026 in four districts of Manipur, namely Kamjong, Ukhrul, Imphal East, and Imphal West. An ex-post facto research design was adopted for the study. Four FPOs functioning under the Central Sector Scheme for Formation and Promotion of 10,000 FPOs were selected purposively, and a total of 115 respondents were selected randomly from these organizations. The findings revealed that the absence of proper market linkage was the most serious problem faced by both CAU, Imphal and SFAC FPO members, followed by poor credit facilities, non-availability of custom hiring services, complexity in the FPO registration process, and lack of processing units. Members also faced difficulties related to procurement systems, input supply, heavy paperwork, and inadequate awareness about FPO services. The major suggestions provided by the respondents included establishment of proper market linkages, supply of inputs at subsidized rates, enhancement of credit facilities, simplification of registration procedures, reduction in membership charges, and establishment of processing units. The study concludes that strengthening market infrastructure, improving financial support, and simplifying institutional procedures are essential for enhancing the sustainability and effectiveness of FPOs in Manipur.

Keywords: Farmer producer organization, central agricultural university and small farmers agribusiness consortium

Introduction

Agriculture is the backbone of the Indian economy, engaging nearly 65 per cent of the population and providing livelihood support to about 42.3 per cent of the people. The sector also contributes around 18.2 per cent to the national GDP at current prices (GOI, 2024). Despite its importance, small and marginal farmers face several challenges such as lack of market access, low bargaining power, inadequate storage facilities, and limited access to quality inputs and credit. To address these issues, the concept of Farmer Producer Organizations (FPOs) has emerged as an important institutional mechanism.

A Farmer Producer Organization (FPO) is a legally registered organization formed and managed by primary producers such as farmers, dairy producers, fishers, weavers, and other rural producers. FPOs may be registered under the Companies Act, Cooperative Societies Act, or Mutually Aided Cooperative Societies Act. The main objective of FPOs is to organize farmers collectively to achieve economies of scale in production, procurement, processing, and marketing activities. Since many FPOs are registered as Producer Companies, the terms FPO and Farmer Producer Company (FPC) are often used

interchangeably (Bal & Gupta, 2023) ^[1].

The formation of FPOs begins with creating awareness among farmers about the benefits of collective action. Interested farmers become members, and each member has equal voting rights irrespective of the number of shares owned. Government agencies and nominated institutions provide financial support, technical guidance, training, and professional management assistance for establishing and strengthening FPOs. NABARD and other agencies also support FPOs through capacity building, seed capital, storage facilities, and value addition initiatives (NABARD, 2015) ^[6].

FPOs possess several important characteristics. They are producer-owned organizations, registered as legal entities, and operate for the benefit of member producers. These organizations engage in commercial activities related to agricultural and allied products, distribute profits among members, and reinvest surplus funds for future growth and sustainability.

FPOs provide numerous benefits to small and marginal farmers through collectivization. They help farmers access quality inputs at lower costs, improve bargaining power,

reduce transaction costs, and establish better market linkages. FPOs also provide extension services, financial services, market information, processing facilities, transportation, storage, and technology support. Through collective marketing and value addition, farmers can obtain better prices for their produce and improve their income levels (Bizikova *et al.*, 2020; Manaswi *et al.*, 2019) ^[2, 5].

The major objectives of FPOs include collective production and procurement, grading and processing of produce, effective marketing, and promotion of export and import activities related to agricultural commodities. Most FPOs follow the principle of “one organization–one product” to ensure specialization and better market efficiency.

The Government of India has adopted a cluster-based strategy for the formation and promotion of FPOs. Under this approach, FPOs are formed in geographically similar areas producing similar agricultural commodities, known as “Produce Cluster Areas.” Cluster identification is carried out with the support of government departments, monitoring committees, and Cluster-Based Business Organizations (CBBOs). CBBOs conduct baseline surveys and feasibility studies to identify production potential, infrastructure gaps, and opportunities for sustainable business development (GOI Guidelines, 2020).

Under the Central Sector Scheme for the Formation and Promotion of 10,000 FPOs, financial assistance and incubation support are provided for five years to strengthen FPOs and make them economically sustainable. The scheme includes support for awareness programmes, training, professional handholding, and infrastructure development. In plain areas, an FPO must have at least 300 farmer-members, while in North-Eastern and hilly regions, a minimum of 100 members are required. As per the Press Information Bureau (PIB, 2025) ^[7], all 10,000 targeted FPOs have been registered across the country by July 2025.

Research Methodology

The present study on Farmer Producer Organizations

(FPOs) in Manipur was carried out during 2025–2026 using an ex-post facto research design, which is appropriate for studying situations where the independent variables cannot be manipulated by the researcher. The design helped in assessing the status, challenges, prospects, and effectiveness of FPOs functioning under the Central Sector Scheme for Formation and Promotion of 10,000 FPOs.

The study was conducted purposively in four districts of Manipur, namely Kamjong, Ukhrul, Imphal East, and Imphal West. These districts were selected based on the presence of well-performing FPOs. One FPO from each selected district was chosen purposively for detailed investigation. From each selected FPO, 10 per cent of the total members were selected randomly, resulting in a total sample size of 115 respondents.

Finding and Discussion

Problems faced by the Farmer Producer Organization members and their suggestion

1. Problems Faced by CAU, Imphal FPO Members

The study revealed that the major problems faced by members of the CAU, Imphal FPO were mainly related to marketing, finance, and institutional support (Table 1). The absence of proper market linkage was reported as the most serious problem by 90.00 per cent of the respondents and ranked first. Poor credit facilities (86.67%) and complexity in the FPO registration process (83.67%) were also major constraints. Other important problems included non-availability of custom hiring services (76.67%), lack of proper input supply (70.00%), and non-existence of a procurement system (66.67%). Respondents also faced issues such as lack of processing units (63.33%), heavy paperwork and bookkeeping (60.00%), inadequate knowledge about FPO services (56.67%), and high initial share capital or membership charges (53.33%). Overall, inadequate market access and financial limitations were the most critical challenges experienced by the members.

Table 1: Problems faced by CAU, Imphal FPO members

S. No.	Problems	CAU n=30		Rank
		F	%	
1.	Poor credit facilities	26	86.67	II
2.	Non-existence of a procurement system	20	66.67	VI
3.	Non-availability of custom hiring services	23	76.67	IV
4.	Lack of processing unit	19	63.33	VII
5.	Absence of proper market linkage	27	90.00	I
6.	Complexity in the FPO registration process	25	83.67	III
7.	Lack of proper input supply	21	70.00	V
8.	High initial share capital or membership charge	16	53.33	X
9.	Inadequate knowledge about various services provided by FPO	17	56.67	IX
10.	Heavy paperwork and bookkeeping	18	60.00	VIII

2. Problems Faced by SFAC FPO Members

Among SFAC FPO members (Table 2), the absence of proper market linkage was also identified as the most serious problem, reported by 91.76 per cent of the respondents. This was followed by poor credit facilities (90.59%) and non-availability of custom hiring services (84.71%). Other significant constraints included non-existence of a procurement system (78.82%), lack of

processing units (74.18%), and complexity in the FPO registration process (70.69%). Inadequate knowledge about FPO services (58.82%), heavy paperwork and bookkeeping (56.47%), high membership charges (52.94%), and lack of proper input supply (47.06%) were also reported. The findings indicate that marketing difficulties, inadequate financial support, and institutional barriers were the major issues affecting SFAC FPO members.

Table 2: Problems faced SFAC FPO members

S. No.	Problems	CAU n=30		Rank
		F	%	
1.	Poor credit facilities	77	90.59	II
2.	Non-existence of a procurement system	67	78.82	IV
3.	Non-availability of custom hiring services	72	84.71	III
4.	Lack of processing unit	63	74.18	V
5.	Absence of proper market linkage	78	91.76	I
6.	Complexity in the FPO registration process	60	70.69	VI
7.	Lack of proper input supply	40	47.06	X
8.	High initial share capital or membership charge	45	52.94	IX
9.	Inadequate knowledge about various services provided by FPO	50	58.82	VII
10.	Heavy paperwork and bookkeeping	48	56.47	VIII

3. Suggestions by CAU, Imphal FPO Members

The respondents of CAU, Imphal suggested several measures to improve the functioning of FPOs (Table 3). Establishment of proper market linkages was ranked first with 83.67 per cent, indicating the urgent need for better marketing opportunities. Provision of inputs at subsidized rates (80.00%) and enhancement of credit facilities (76.67%) were also highly prioritized. Simplification of the FPO registration procedure (73.33%) and reduction in membership charges (70.00%) were considered important

for encouraging greater farmer participation. Other suggestions included establishment of processing units (63.33%), improvement in procurement systems (60.00%), and conducting awareness programmes about FPOs (56.67%). Availability of Custom Hiring Services at lower rates (50.00%) and training on record-keeping (46.67%) were also recommended. Overall, respondents emphasized the need for improved market access, affordable inputs, financial support, and institutional reforms.

Table 3: Suggestion by CAU, Imphal FPO members

S. No.	Suggestion	CAU n=30		Rank
		F	%	
1.	Input supply on subsidiary rate	24	80.00	II
2.	The procurement system is to be improved	18	60.00	VII
3.	The availability of CHS should be made at lower rates	15	50.00	IX
4.	Credit facilities can be enhanced	23	76.67	III
5.	Proper market linkages can be made	25	83.67	I
6.	The FPO registration procedure should be made simple	22	73.33	IV
7.	An awareness programme about FPO needs to be conducted	17	56.67	VIII
8.	Training on record-keeping	14	46.67	X
9.	Establishment of processing units	19	63.33	VI
10.	The membership charge should be reduced	21	70.00	V

4. Suggestions by SFAC FPO Members

The major suggestion put forward by SFAC FPO members in table 4 was input supply at subsidized rates, reported by (83.53%) of the respondents. Proper market linkages (82.35%) and reduction in membership charges (81.18%) were also considered highly important. Enhancement of credit facilities (80.00%), simplification of the FPO registration procedure (78.82%), and improvement of procurement systems (76.47%) were other major suggestions. Respondents also emphasized the need for

awareness programmes about FPOs (69.41%), establishment of processing units (67.06%), and provision of Custom Hiring Services at lower rates (52.94%). Training on record-keeping (47.06%) was ranked last but still considered useful for improving management efficiency. Overall, the findings suggest that respondents mainly demanded subsidized inputs, stronger market linkages, financial assistance, and simplified institutional procedures for strengthening FPO performance and sustainability.

Table 4: Suggestion by SFAC FPO members

S. No.	Suggestion	SFAC n=85		Rank
		F	%	
1.	Input supply on subsidiary rate	71	83.53	I
2.	The procurement system is to be improved	65	76.47	V
3.	The availability of CHS should be made at lower rates	45	52.94	IX
4.	Credit facilities can be enhanced	68	80.00	IV
5.	Proper market linkages can be made	70	82.35	II
6.	The FPO registration procedure should be made simple	67	78.82	VI
7.	An awareness programme about FPO needs to be conducted	59	69.41	VII
8.	Training on record-keeping	40	47.06	X
9.	Establishment of processing units	57	67.06	VIII
10.	The membership charge should be reduced	69	81.18	III

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