

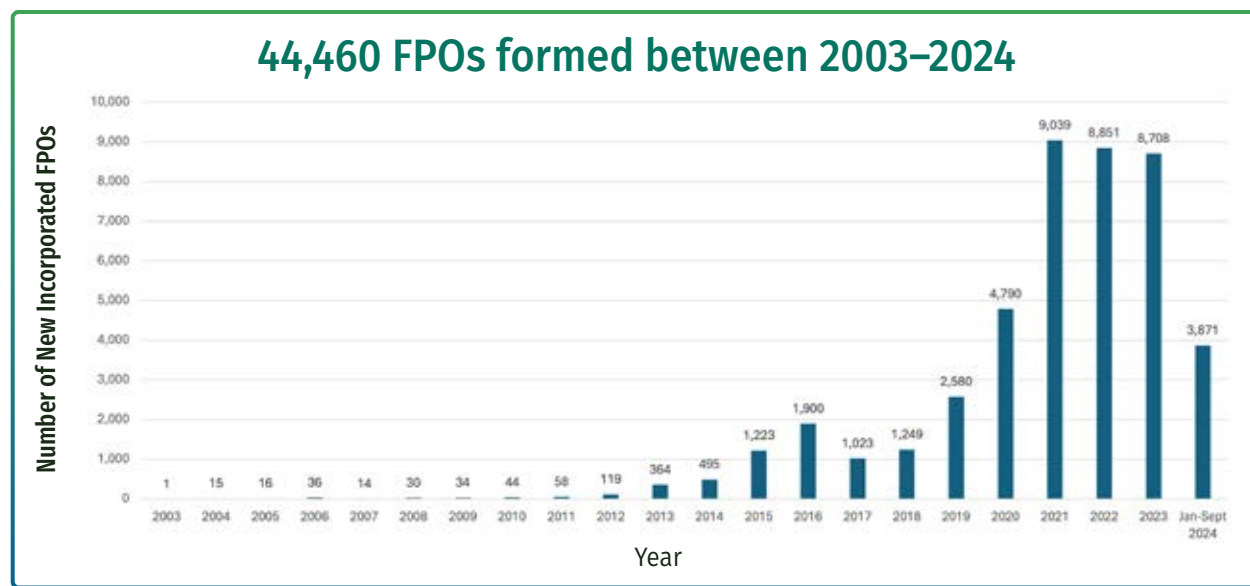
Identifying the Number of FPOs Promoted in India

A centralized database can help make farmer producer companies more effective

India requires a comprehensive system for tracking farmer producer organizations (FPOs). Determining the number of FPOs and accessing FPO-related information is difficult without such a system. A system to identify and track FPO promotion and performance in the country allows for effective policymaking to support these organizations, helps agricultural stakeholders to institute better practices, and promotes effective FPOs to generate change in the agricultural sector.

In a smallholder-dominated agricultural sector like India, FPOs jointly aggregate farmers to help them improve access to credit, inputs, information, and markets. FPOs can potentially improve farm income to enable agricultural development, poverty reduction, and overall economic growth. In 2003, the government made provisions for FPO formation through an amendment to the Companies Act of 1956. A group of 10 farmers or more can form a group, register, and function as a producer company.

The Tata–Cornell Institute for Agriculture and Nutrition (TCI) at Cornell University, using data from the Ministry of Corporate Affairs (MCA), Government of India, has estimated the total number of registered FPOs, promoted in India under the Companies Act of 1956, to be 44,460 until September 2024.¹ The exact number of currently functioning FPOs is debatable; however, our best estimate is somewhere between 15,455 and 26,938. We explain the variation of this figure in this policy brief.

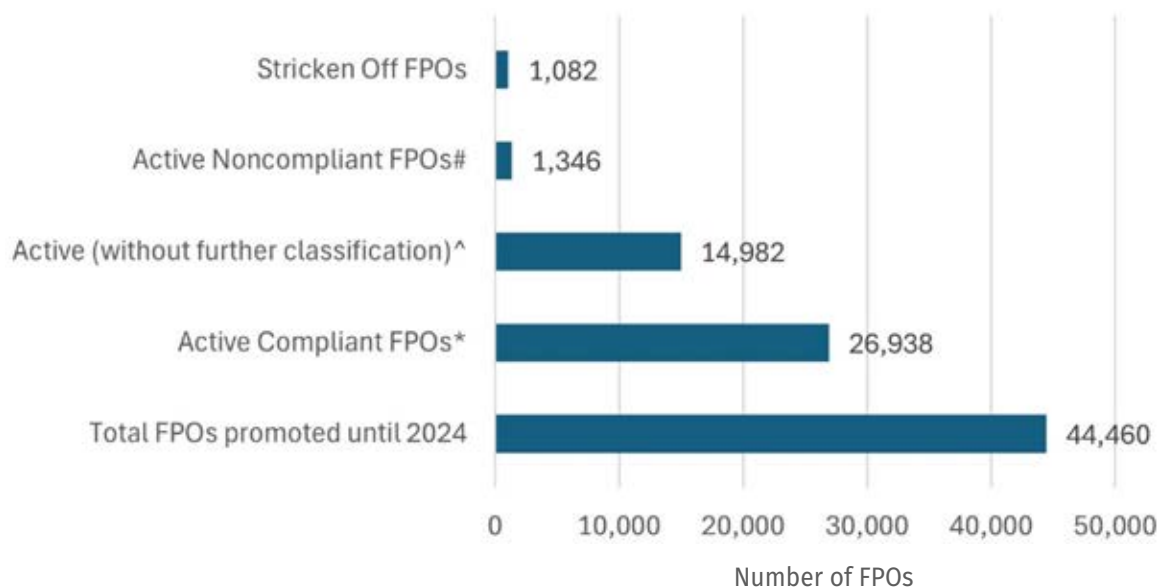


¹ MCA data only includes Farmer Producer Companies and not other forms of aggregation models such as cooperatives, which is why we reference only the Companies Act of 1956. Since these are farmer producer companies, we have also excluded producer companies engaged in nonagricultural activities such as handicrafts, handlooms, metalworks, etc.

FPOs promoted have quadrupled since 2020, but the status of many remains unknown

FPO formation was slow in the initial decade since 2003, but steadily increased. Before 2019, there were 9,201 FPOs formed in India. Since 2020, however, 35,259 FPOs have been formed, a fourfold increase in just four years. In 2021, 9,039 FPOs were formed—the highest number in any given year. Annual FPO promotion is now equivalent to the total number of FPOs in 2019. The MCA's company compliance records show 61% (26,938) of FPOs have active and compliant status. Over 34% (14,982) of FPOs do not have their status updated, and therefore, their compliance remains unknown; 1,346 FPOs are considered noncompliant. From the MCA data we also see that 1,082 FPOs have been stricken off, or are in the process of having their status as companies revoked.

Status of FPOs promoted in India until September 2024



* **Active compliant:** Companies that have complied with all necessary regulatory filings and requirements, especially the e-forms ACTIVE or INC-22A.

#**Active noncompliant:** Companies that are operational but failed to meet some regulatory requirements, such as submitting mandatory forms or returns.

^**Active (without further classification):** Companies are operational, but their compliance status have not been explicitly updated, indicating the status of these companies' compliance is under review or have not been categorized.

The number of functioning FPOs needs further verification

Although 26,938 FPOs are classified as active and compliant, only 57% (15,455) of those FPOs had their financials submitted by 2023. FPOs in India get financial support for 3–5 years. One measure of sustainability for FPOs is their ability to remain compliant after the support period. Of

the over 23,030 FPOs promoted in India until 2021, and currently older than 3 years, 50% of them had filed their current financial statements in 2023. Of the 9,201 FPOs over 5 years old and promoted in India until 2019, 4,021, or 44%, had current filings in 2023. Likely, FPOs promoted before 2019 may no longer have support from their implementing agencies (IAs) or cluster-based business organizations (CBBOs). Data from the MCA also shows that 2,334 FPOs have loans from banks and CBBOs in 2024, reflecting their performance and creditworthiness. The number of FPOs with loans were 2,104 in 2021, and 1,332 in 2019.

Trends in the functioning of FPOs

	Total FPOs formed	FPOs with active status (not stricken off)	FPOs active compliant status	FPOs that have filed tax returns in 2023	Active compliant FPOs with loans from NBFCs* or Banks	Active status FPOs with bank loans
FPOs formed before 2023	40,589	39,400	26,584	15,455	1,210	2,334
FPOs formed before 2021	23,030	21,856	9,797	11,480	1,016	2,104
FPOs formed before 2019	9,201	8,203	3,165	4,021	755	1,332

*NBFC=Non-banking financial company

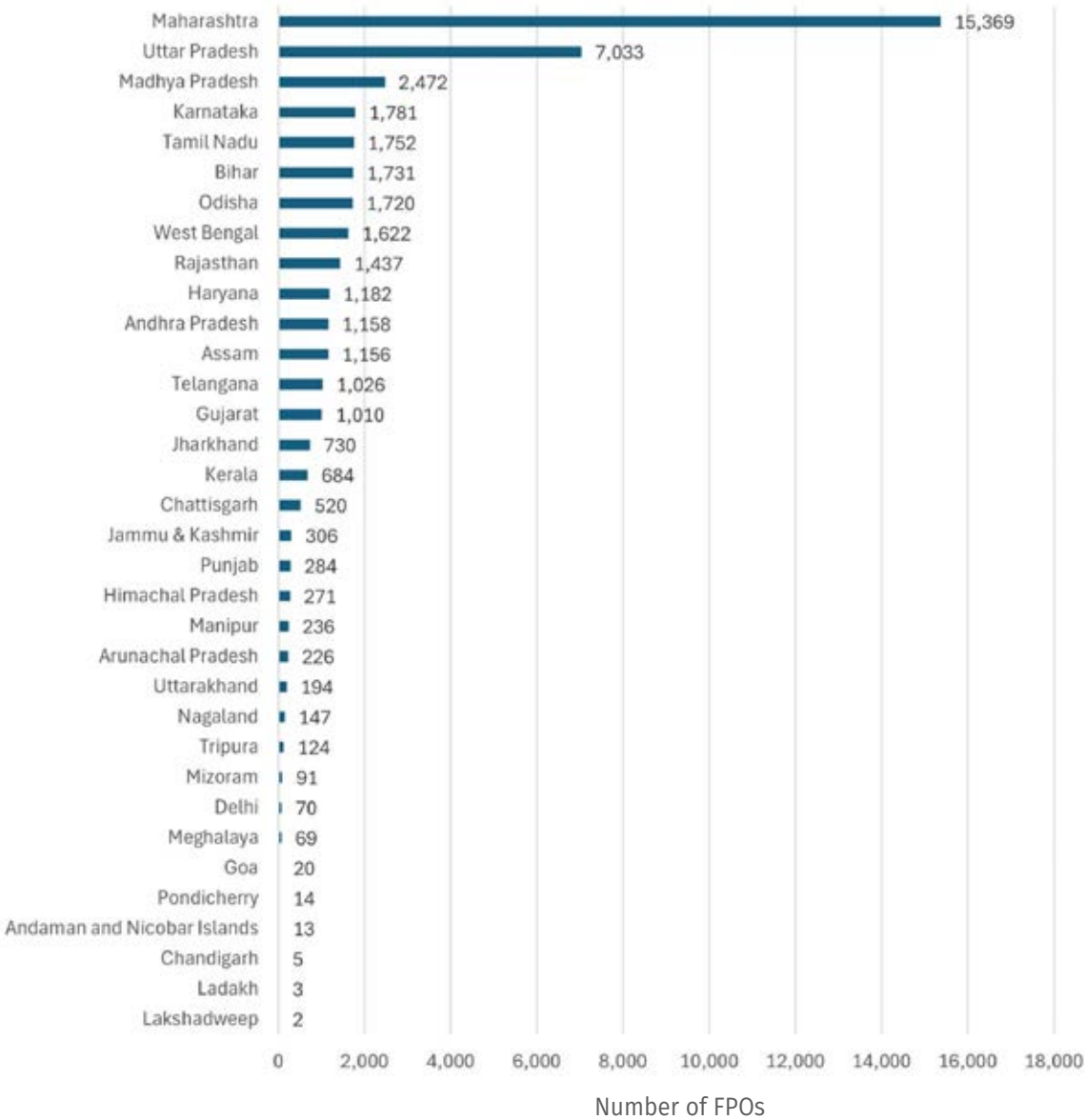
FPO promotion generally follows state size

The larger agricultural states of Maharashtra, Uttar Pradesh, and Madhya Pradesh have the highest number of FPOs, with 15,369, 7,033, and 2,472 FPOs, respectively, as of September 2024. States in the far north and northeast have the lowest number of FPOs. As expected, the larger states have greater numbers of FPOs. Among the agriculturally developed states, Punjab (284) has the lowest number of FPOs.

Northeast and central states have seen the highest FPO growth rates over the last decade

Although the numbers of FPOs are some of the lowest in the northeastern states, the region has witnessed the most robust growth of FPOs in the last 10 years, with FPO compound growth rates ranging from 23–50%. Karnataka (34%) and Maharashtra (30%) are the other two states in which the FPO growth rate has been the highest. Among states with more than 75 FPOs, Punjab, Jharkhand, and Gujarat have the lowest growth rate of FPOs, at 19%, 19%, and 17%, respectively.

Maharashtra, Madhya Pradesh, and Uttar Pradesh have the highest FPO numbers in the country (2003-2024)



Tracking FPO information in India is not straightforward

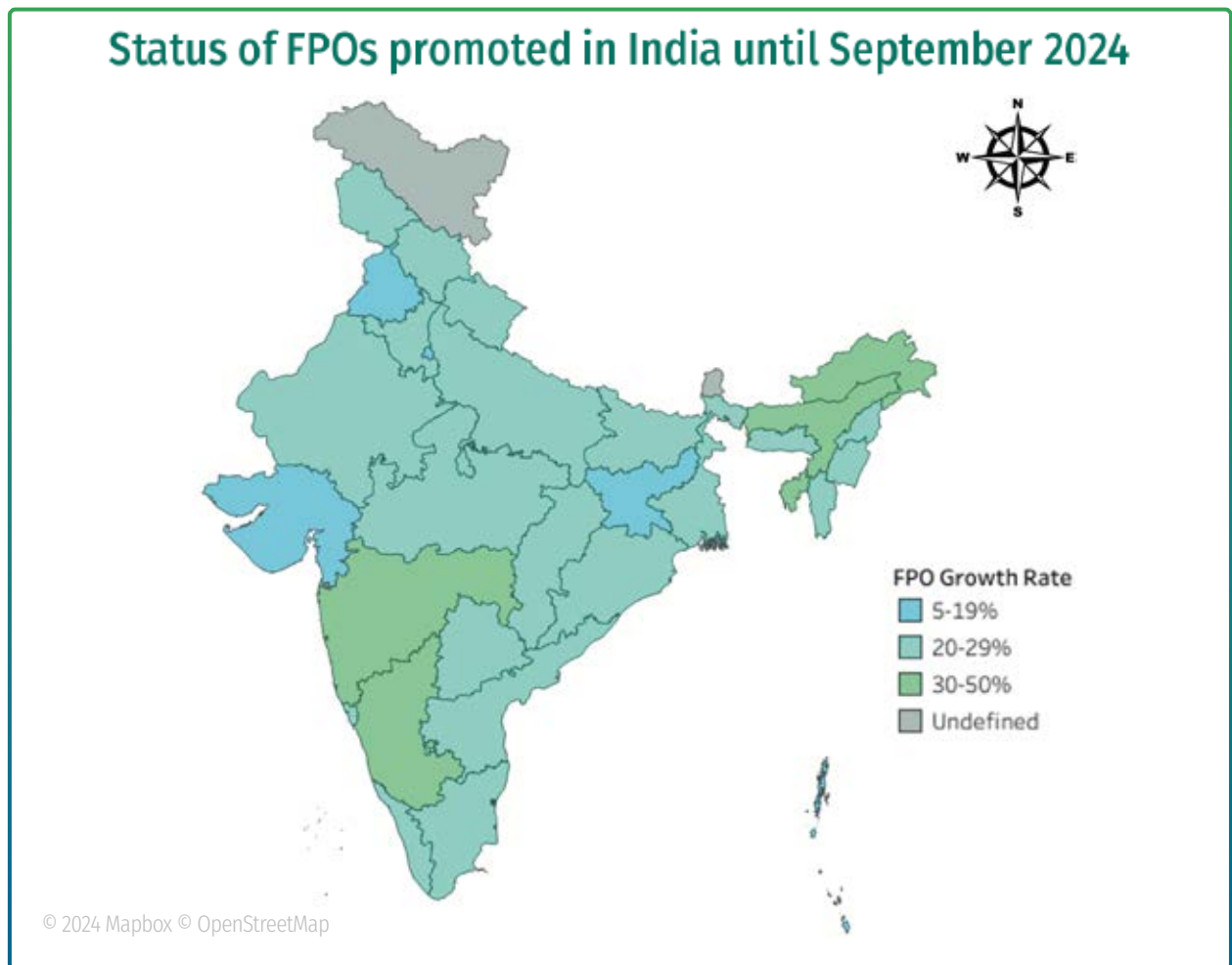
TCI’s estimation of the number of FPOs is critical, because no central entity currently tracks the number of FPOs promoted in India. Since FPOs are formal corporate entities registered with the Government of India’s MCA, the number of FPOs can be closely determined, but the MCA does not explicitly classify producer organizations and requires substantial second-level

Learn about the methodology TCI used to estimate the number of FPOs in India:



<https://tci.cornell.edu/?blog=how-many-fpos-are-there-in-india>

Status of FPOs promoted in India until September 2024



verification to distinguish between all companies, producer companies, and agriculture producer companies.² Although the information reported to the MCA has financial and governance-based information about FPOs, other critical FPO information is still missing.

Determining who promotes FPOs

Smallholder farmers often do not have the expertise, time, or finances to benefit from FPOs by forming groups, registering, and governing themselves as companies. Therefore, India's central and state governments fund FPO promotion through IAs. The National Bank for Agriculture and Rural Development (NABARD), Small Farmers Agri-Business Consortium (SFAC), and National Cooperative Development Corporation (NCDC) are currently the largest IAs promoting FPOs.³ Additionally, private philanthropic

² As producer companies can be formed by any primary producers in any sector, not all producer companies are involved in agriculture.

³ Other IAs include National Agricultural Cooperative Marketing Federation of India (NAFED), North Eastern Regional Agricultural Marketing Corporation Limited (NERAMAC), Tamil Nadu–Small Farmers Agri-Business Consortium (TN-SFAC), Small Farmers Agri-Business Consortium Haryana (SFACH), Watershed Development Department (WDD) of Karnataka, and Foundation for Development of Rural Value Chains (FDRVC), Ministry of Rural Development (MoRD).

foundations also fund the promotion of FPOs in India. Although we can determine most FPOs promoted by NABARD and SFAC, other FPOs, especially the ones promoted by philanthropic initiatives, are impossible to determine.

Determining who supports FPOs

IAs engage the services of CBBOs, which are national and international civil society organizations, consultancies (such as PricewaterhouseCoopers LLP, Grant Thornton Bharat LLP), and companies' Corporate Social Responsibility (CSR) initiatives (such as Bayer CropScience Limited, Patanjali Foods Limited, ITC Limited) to set up FPOs. The CBBOs support FPOs for up to five years, helping them aggregate, register as companies, link to input and product markets, and establish governance systems to function as a group.

Usually, no information is collected about CBBOs and the corresponding IAs supporting them. The diverse pathways used to set up FPOs and the absence of a centralized system for tracking formation make counting FPOs and understanding their primary characteristics difficult.

Essential FPO-based information is still missing

Understanding essential characteristics of FPOs, such as crops that they grow, services they provide, market linkages, and gender composition, among others, are characteristics that are not reported. Understanding the characteristics and outputs of FPOs can help us determine the drivers of performance and enable better promotion of FPOs in India.

FPO-Led Small Farm Market Access Models

Utilizing a data-driven, analytical approach to the challenges facing FPOs, TCI is helping pave the way for smallholder farmers to grow their livelihoods while providing nutritious food to an expanding world. TCI's project on FPO-Led Small Farm Market Access Models aims to create lessons, tools, and resource pathways to strengthen small farm aggregators, while simultaneously catalyzing a community of practice of funders, implementers, and policy stakeholders.

FPO Hub

The cornerstone of this project is TCI's FPO Hub. A part of TCI's Center of Excellence in Delhi, India, the Hub serves as a repository of research, information, and knowledge for the advancement of FPOs in India. Philanthropic actors, government, and private entities that promote FPOs can use the Hub as a resource to access information, technical help, and guidance.

FPO Platform for India

TCI's FPO Platform for India brings together information on thousands of

FPOs to facilitate research on small-farm aggregation models and facilitate connections between FPOs and other stakeholders in the agricultural sector. Through the interactive, web-based dashboard, researchers and others can access a wealth of data, such as crops produced by FPOs, their founding years, and sponsoring agencies.

Learn More

Visit the FPO Hub and FPO Platform for India:
<https://tci.cornell.edu/center-of-excellence/fpo-hub/>





TATA-CORNELL INSTITUTE FOR AGRICULTURE AND NUTRITION • 375 Warren Hall • College of Agriculture and Life Sciences
Cornell University • Ithaca, NY 14853-7801 • Phone: 607-255-4416 • Email: tc.cals@cornell.edu
Website: tci.cornell.edu • Twitter: [@TataCornell](https://twitter.com/TataCornell) • Facebook: [@tatacornellinstitute](https://facebook.com/tatacornellinstitute) • Instagram: [@tatacornellinstitute](https://instagram.com/tatacornellinstitute)