

# CHAPTER- 06

## CHALLENGES AND OPPORTUNITIES BEFORE FPO: A STUDY ON FPO WITH SPECIAL REFERENCE TO KUMAON REGION OF UTTARAKHNAD

<sup>1</sup>*Dinesh Upadhyay*

<sup>1</sup>*Student, IIHMR University*

<sup>2</sup>*Dr. Ratna Verma*

<sup>2</sup>*Assistant Professor, IIHMR University*

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### INTRODUCTION

India possesses the second-largest agricultural land globally, covering 179.9 million hectares, along with 4% of the world's water resources. Despite this vast agricultural potential, the country faces the challenge of supporting a substantial population. Seventeen percent of the world's human population and 15% of the livestock depend on India's agricultural resources. The nation boasts 20 agro-ecological regions and 15 agro-climatic zones, encompassing 15 major climates globally, as reported by the College of Agriculture Banking, Pune study in 2018. Recognizing the need to harness such resource abundance, there has been a push to encourage institutions like Farmer Producer Organizations (FPOs) [1].

India possesses the world's second-largest agricultural land, covering 180 million hectares, making it a resource-rich country for farming. With 4% of the world's water resources, 20 distinct agro-ecological regions, 15 agro-climatic zones, and representation of 15 global climates, India stands as a diverse agricultural landscape. The country also boasts 46 out of the world's 60 soil types. Despite these advantages, India faces the challenge of supporting 17% of the world's population and 15% of the global livestock population. Agricultural occupation in India has witnessed declining interest due to various factors, including challenges in integrating with the agricultural value chain, inadequate access to financial services, price volatility, risk prediction issues, and crop failures [2].

Addressing these challenges, a group approach has been recognized as effective in enhancing farmers' bargaining power, resource management, and achieving better outcomes through collective efforts. Farmer Producer Organizations (FPOs), as collective institutions, have emerged as a policy tool to uplift farmers' conditions and promote self-sustainability for the future. The government's encouragement for FPO formation is evident in Prime Minister Modi's announcement to establish 10,000 FPOs in the near future. Additionally, initiatives like the Small Farmers' Agri-business Consortium (SFAC) have been introduced to specifically promote and support FPOs, aligning with broader institutional policies such as NABARD [3].

## **RESEARCH OBJECTIVES**

1. To recognise the primary challenges faced by Farmer Producer Organizations (FPOs) operating in the specific Kumaon region.

2. To explore and identify the significant opportunities available to FPOs in the region, including distinctive business prospects.

## **RESEARCH METHODOLOGY**

The study conducted a comprehensive analysis of Farmer Producer Organizations (FPOs) data over a two-month period, spanning from April 28 to May 28. The research was executed in distinct phases, commencing with an in-depth examination of secondary data from 18 diverse sources. The primary focus revolved around three pivotal questions: 1) The reasons behind FPO failures, 2) The major challenges influencing the success of FPOs, and 3) Strategies specific to the Kumaon region that FPOs could formulate for sustainable development. The study predominantly adopts a qualitative approach, centering on FPOs in Kumaon, utilizing interviews as a primary data source and conducting a review of 18 secondary studies, including surveys, FPO studies, and reports from agencies such as SFAC, NABARD, Tata Trust, local NGOs, various development organizations, and individual studies. The qualitative analysis draws insights from interviews with two experienced development professionals from the Kumaon region, providing valuable perspectives on the challenges and potential strategies for FPO sustainability.

## **RESULTS AND DISCUSSION**

The national scenario regarding Farmer Producer Organizations (FPOs) presented a mixed picture. While the government aimed to establish 10,000 FPOs by 2022, the actual status of many existing FPOs was challenging. Those promoted by institutions like NABARD, SFAC, and major NGOs often fared better due to robust financial support, whereas others struggled and may have been declared inactive. The challenges

identified from various sources encompassed financial constraints, training gaps, operational costs, lack of business acumen, policy gaps, and skills among farmer members. These issues were common across different studies, highlighting the financial and operational hurdles faced by FPOs, particularly smaller ones unable to afford essential services like accounting and legal support.

In the specific context of Kumaon, the challenges mirrored the national context, with additional regional issues such as animal encroachment, remoteness, and low yields. Dispersed population posed a challenge for market linkage, and specific challenges in the region included transportation costs, limited market access, and infrastructure gaps. Interviews and secondary sources highlighted the need for addressing high input costs, animal encroachment, and the importance of training. On the flip side, opportunities in Kumaon included tourism, beekeeping, small and medium enterprises, organic certification branding, cluster-based approaches, and region-specific branding for value addition.

## **CONCLUSION**

In conclusion, the evident struggles faced by numerous Farmer Producer Organizations (FPOs) stem from crucial factors such as the lack of management skills among their members, insufficient financial support, and limited access to markets. However, these challenges present opportunities for collaborative solutions through partnerships between FPOs and relevant institutions. The proposition of forming a common service company, collectively managed by groups of 10 or more FPOs, emerges as a promising avenue. Such a collaborative approach has the potential to significantly enhance their overall

performance, address individual farmers' needs, and align with the overarching objectives of FPCs – leveraging collective actions for the common good. This underscores the importance of fostering strategic alliances and innovative models to bolster the resilience and success of FPOs in navigating their operational landscape.

## **REFERENCES**

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