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Farmer Producer Organisations in India

Key Messages

- **Farmer Producer Company is not like other private companies**

  In Farmer Producer Company, unlike other companies, the shareholders have higher stakes than just the shares in the business. All shareholders (that are farmers) are directly involved in core business with the company for selling their produce.

- **Environment sustainability and farmer livelihoods–critical focus areas for FPOs**

  Farmer Producer Company's ultimate objective is to ensure better and stable income opportunity to the farmer members – via direct business operations. Profit earned by the Farmer Producer Company, distributed as dividends amongst stakeholders is of only secondary importance.

- **Strong community institutions is backbone of a successful FPO**

  Engagement with communities for building awareness and ownership of the Farmer Producer organisation amongst the community members is critical for long term sustainability in operations and management.

- **Enabling policies for building and sustaining strong farmer institutions for livelihood security and environmental sustainability is the key**

  A. Responsible Financial investors

  B. Tax and other fiscal incentives

  C. Comprehensive Framework to design and evaluate FPOs performance

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About the Study

The paper is developed under year II of the research project "Transforming the Development Paradigm" supported by Heinrich Böll Foundation.

The Year I (January 2015 - December 2015) of the programme was largely a scoping exercise of the Indian agriculture systems, focusing on semi-arid regions to develop a framework for sustainable agriculture. Year II (January 2016 - December 2016) advanced the work done in the first year and identified Farmer Producer Organisations as a key institution to support farmer livelihoods, food security and environment sustainability – to ensure sustainable agriculture in the country.

The focus of this paper is to study the Farmer Producer Organisations at the practice and policy level and explore policy lessons.

This policy paper attempts to examine the process of formation of the FPOs and strength of the institution. It also assesses the performance of the FPOs by evaluating their business and impact on farmers' livelihoods. The paper offers some recommendations to initiate discussion and debate by the policymakers, financiers and practitioners to evolve consensus to design appropriate policies, governance and performance benchmarks and management practice for FPOs.

The secondary research was substantiated by primary research on case studies of some FPOs, at different maturity and promoted by varied stakeholders – Community based organisations, private foundations and government bodies like SFAC, NABARD. The primary and secondary study were continuously supported by deliberation and discussions with government, practitioners, academicians and other stakeholders to bring together perspectives on key issues of the sector – farmer institutions and sustainable agriculture. Two key events, trialogue 2047 and round table discussion was conducted. The discussions and deliberations have been analysed and put forth in the form of this paper.

Background

The Indian agriculture sector, which bears the responsibility to meet the food and nutrition needs of the country's large population. It also interacts with the natural resource base, while being the source of livelihood for more than half the country's population. This is complemented by the following facts:

- Projections of India's population reaching 1.6 billion by 2050 (UNDESA, 2013) shall entail rapid increase in food requirements.
- Agriculture accounts for 70 percent of total global freshwater withdrawals, making it the largest user of water. At the same time, the food production and supply chain consumes about 30 percent of total energy consumed globally (FAO 2011, Energy-Smart Food for People)
- 58% of India's population is dependent on agriculture and 85% of all farmers are small farmers. Agriculture in India is predominantly characterised by the ***small holding farmer***, and if the trend in Box 1 continues, the small holding character of Indian agriculture will increase and so will the need to collectivise for effective access and pooling of resources for economies of scale.

Farmer Producer Organisation

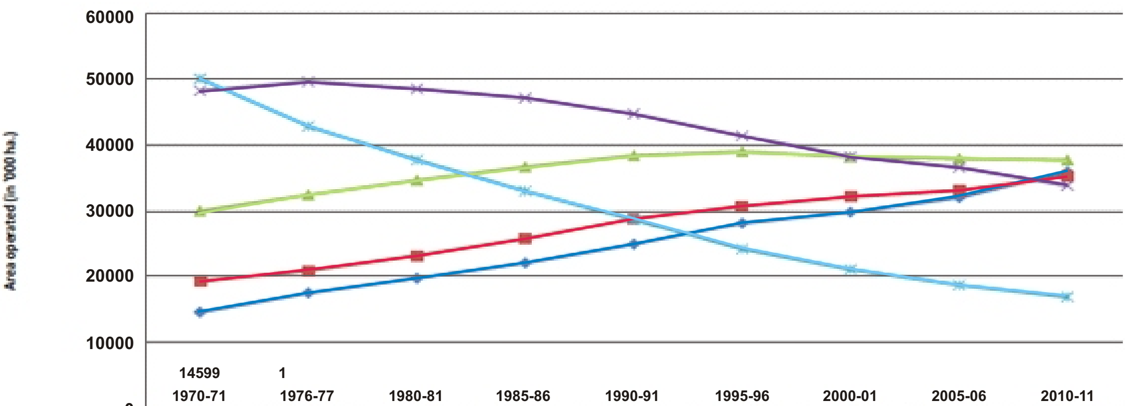
Conditions of small farmers worsened over time with limited resource availability, higher vulnerabilities to climate and market risks. The challenge is to identify solutions that are efficient, environmentally sustainable and also 'inclusive' in terms of addressing the need of small holders.

Farmer Producer Organisations provide one such opportunity. It is primarily seen as an institution that aims to ensure better income for the producers through an organisation of their own. The principle behind Farmer Producer Organisation is that through aggregation, the primary producers can avail the benefit of economies of scale. (NABARD, 2015) Traditionally, FPOs/POs were organised mostly under the cooperative structure. However, due to various legal obstacles and low efficiency, the government support to the cooperatives has declined over the years, and gave birth to producer companies with regulatory framework similar to that of companies while retaining the unique elements of cooperative businesses.

Box1: Small Farmers in Indian Agriculture

85 percent of the total 138 million farmers in India are small farmers having 45 percent of the total land under agriculture (Ministry of Agriculture, 2013). A study in 2012 estimates 51.2 percent of the total food production as being produced by small farmers (Dev, 2012). Small farmers in India face double risk:

- They face production risks due to constraints on natural resource availability – suitable water, land and soil conditions. The production risk is further aggravated with the changing climate resulting in crop failures or reduced crop production.
- The market risks resulting from constraints of limited quantities of raw produce, lack of storage systems, grading or value addition and absence of assured buyers reduces the farm returns for farmers.



	1970-71	1976-77	1980-81	1985-86	1990-91	1995-96	2000-01	2005-06	2010-11
Marginal	14599	17509	19735	22042	24894	28121	29814	32026	35908
Small	19282	20905	23169	25708	28827	30722	32139	33101	35244
Semi-Medium	29999	32428	34645	36666	38375	38953	38193	37898	37705
Medium	48234	49628	48543	47144	44752	41398	38217	36583	33828
Large	50064	42873	37705	33002	28659	24160	21072	18715	16907

Graph 1: Area operated by operational holdings (Agriculture Census, 2011)

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Policy Landscape

Farmer Producer Organisations are of instrumental value for achieving Government's target of doubling income of farmers by 2022. Various initiatives of the Indian Government have focused on Farmer Producer Companies as a means of addressing concerns of small farmers. The Approach Paper to the 12th Five Year Plan reiterates its focus on aggregating the produce of the small and marginal farmers through FPOs, enabling them to reach large and high value markets to realise better price for their produce.

NABARD has also taken an initiative for supporting producer organisations, for which "Producers Organization Development and Upliftment Corpus (PRODUCE) Fund" has been set up since April 2011. Till 2014, NABARD had supported 91 FPOs of different forms by extending credit facility of INR 205 crore and INR 6.30 crore towards complementary measures for capacity and market interventions. Furthermore, many donor organisations are focusing on formation and strengthening of producer companies (PCs). The Ford Foundation has placed a grant of USD 690,000 with the Client Fund of Rabobank Foundation to provide guarantee to the Indian Financial Institutions who would lend to FPOs.

Several initiatives have been taken by the Government, the Apex financial institutions such as NABARD, private donor organisations, financial institutions and many other institutions to support the growth of the FPOs and facilitate their emergence as successful business enterprises. SFAC particularly was mandated by the Government to support formation of FPOs. SFAC (A society promoted by Department of Agriculture and Cooperation, Ministry of Agriculture, Government of India) and NABARD have emerged as a driving force in supporting and formation of FPOs.

- SFAC's initiative, started in 2011-12 under two Central Government Schemes - the National Vegetable Initiative for Urban Clusters (NVIUC) and the Integrated Development of 600,000 pulses villages in rain-fed areas – has since expanded its scope, and includes Special FPO projects being taken up by some State Governments under the Rashtriya Krishi Vikas Yojana (RKVY0 funds and the National Demonstration Projects under the National Food Security Mission (NFSM). SFAC has been designated as a central procurement agency to undertake price support operations under the Minimum Support Price (MSP) programmes for pulses and oilseeds and it will operate only through FPOs at the farm gate.
- The Government has issued the National Policy and Process Guidelines for Farmer Producer Organizations in March 2013, laying the framework for mobilization of FPOs with a dedicated source of funding from the RKVY programmes.
- It also launched the "Equity Grant and Credit Guarantee Fund Scheme" for FPOs in January 2014, enabling the FPOs to access a grant up to INR 10.00 lakh to double members' equity and seek collateral-free loan up to INR 1.00 crore from banks, which in turn can seek 85 percent cover from the Credit Guarantee Fund.
- All major centrally sponsored schemes of the Department of Agriculture and Cooperation (DAC) have incorporated special provisions for promotion and development
- The Union Budget, 2014-15 proposed to supplement NABARD's Producers Organisation Development Fund with a sum of INR 200 crore which will be utilized for building 2,000 FPOs across the country over the next two years.
- Accordingly, NABARD launched its INR 2,000 crore Food Processing Fund in November 2014 where FPOs will be one of the recipients.

In line with these initiatives, the Department of Agriculture and Cooperation announced 2014 as the "Year of the Farmer Producer Organizations". Till October 2014, SFAC organised 238,139 farmers into Farmer Interest Groups (FIGs), in turn, to federate into 218 registered FPOs and 19 more are in the pipeline.

(Sourced from Access Development, 2014)

Overview

Farmer Producer Organisations perform various functions across the value chain (Figure 1), in order to achieve its target of enhancing farmers' income. The paper studies four features related to Farmer Producer Organisations:

- **Formation and Genesis of FPO**

  It includes the thought process in formation of the FPO, including the objectives and functions defined by the FPO.

- **Institutional Strength**

  It highlights the strength of the collective action by assessing the foundations of the FPO, and nature of institution formed, especially looking at the ownership and engagement of the community, for long term institutional sustainability.

- **Business Performance**

  It studies the efficiency and scope of business expansion. The idea is to look at financial sustainability of the FPO by assessing the business model, partnerships and range of products and services offered by the FPO.

- **Direct Benefits to the Farmers**

  It studies the access, use and development of five different types of assets – natural capital (land, water, biodiversity), physical capital (infrastructure, machinery), human capital (labour, skills), financial capital (savings, disposable assets), and social capital (rights, support systems) – for sustainable livelihood strategies of farmer households.

Figure 1: Functions of FPOs across the agriculture value chain

Agriculture Value chain	Input Supply	Agriculture Production	Processing	Marketing
Functions of FPO	• *Access to inputs- seeds, fertilisers, pesticides* • *Management of water, land resources.*	• *Agriculture practice norms* • *Weather information* • *Irrigation support*	• *Gradation of product* • *Drying and sorting* • *Value addition of the products*	• *Storage, branding and distribution of products through marketing channels*

Formation and Genesis of FPO

- **Foundation of FPOs only for market solutions is not enough**
  Production end solutions are critical to be focused either prior or in parallel to formation of FPOs, supported by community based organisations or NGOs. In places where FPOs have been able to enhance income of the farmers, the intervention has involved across the value chain. In the absence of production end solutions, FPOs fall short of its expectation. It tends to only serve as replacement of middle-man with a relatively honest institution but misses the opportunity to incentivise sustainable agriculture and utilise market instruments at demand end to promote sustainable agriculture practice.
- **Shared responsibility from the start is key for ownership by farmers**
  For an FPO to be owned by the farmer members, it is of critical importance to ensure complete awareness about the objective and functions of the FPO amongst the prospective farmer members from the start. Clear role and responsibility of the farmer members as a part of the institution needs to be designed, shared, deliberated and enforced from the start for active involvement and building ownership of the FPOs by the farmer members.
- **No two FPOs are alike**
  Every FPO is unique and so are their needs. The objectives identified and the means to achieve the objectives needs to be determined as per the socio-economic-geographical-agriculture background and the subsequent needs identified based on human capital and aspirations of the region.

Why does it matter?

Studies (Sankri and Ponnusamy, 2015) reveal that the important processes for the formation of FPOs were creating awareness, building confidence, convincing, identifying appropriate opportunity, building technical and marketing capacities through trainings, demonstrations, exposure visits, facilitating the establishment of Farmer Producer Groups and Self Help Groups, imparting business attitude and skills and sharing the opportunities for availing government support and financial assistance and making farming profitable through collective production, value addition and marketing. A combination of the above mentioned processes has to be appropriately chosen by the external catalyst agency while facilitating the formation of a FPO by NGO or University or line department.

Another study (Efreshglobal) identifies certain issues that need to take care of while formation of FPO. Some of the key issues include assessment of types of small scale producers, sufficient demand in market, willingness of producers to join FPO, features of collective action in a community, vulnerabilities of producers and incentives for joining FPO.

What are the parameters?

Formation and genesis of FPOs need to define the following parameters:

- **Nature of body initiating the FPO**

  The formation of FPO is classified by the nature of organisation that initiates formation of the FPOs. The major classifications here are under three categories: Government bodies or line departments, Private businesses; and Non-Government Organisations.

- **Process of initiation**

  This includes the defining objectives of the FPO, and the expected benefits to farmers from such institution. The process of defining objective is usually based on needs identified, either through studies, consultative process. The initiation phase also designs the organisational structure, including different farmer member groups or self-help groups formed along with organogram with various designations and their respective roles. Roles and responsibilities of farmer members are also defined in the initiation process for clarity and inception of the institution.

Innovative practices

- Bhoomitra Farmers' Producer Company Limited in Yavatmal identified Village Development Association (VDA) (VDA is a voluntary body for overseeing and enabling development in the village formed by Reliance Foundation) as the shareholders of the Farmer Producer Company and defined the Company as owned by VDA. Using the same engine (VDA) for various development initiatives built faith in the community over the company and its objectives.

Institutional Strength

- **Farmer members who own the FPO, need not be managers of the FPO**
  Managing a company involves professional market and business skills for it to optimise profits given the market opportunities available. Expectations from the farmers to eventually own as well as manage the FPO is expecting an entrepreneur to manage the entire agriculture value chain, which does not happen in value chains of any other sector. A strong institution is built with faith of farmer members instituted with involvement and ownership of the institution along with balance of good management professionals as staff, handling the business function of the FPO.
- **Faith in the initiating organisation is the key ingredient to success of FPO**
  The initiating and the supporting agency in formation of FPOs have a vital role to play in the institutional strength of the FPO. Trust in the agency supporting FPOs usually drives the involvement and ownership in such institution. A successful FPO cannot be set-up by an external agency without any community-engagement base in the area prior to building the institution.
- **Farmer members selling their total produce to the FPO indicates strong business**
  If the Farmer Producer Company is seen as one of the many vendors/middlemen available in the market to sell farmers' produce, it has not capitalised on adding enough value to incentivise the farmer member to sell his complete produce to the company. In such cases, FPO is no more than additional middle-men. If the FPO is not able to support the farmer member to earn better incomes than business-as-usual while managing its environment; the mandate of FPO is not achieved.

Why does it matter?

Community institutions in agriculture offer an opportunity for small farmers to increase their productivities, incomes and resource efficiencies. Studies (FAO, 2012) reveal that various institutional arrangements have empowered small scale producers socially, economically and politically as they:

- enhance their access and management of natural resources;
- overcome market constraints by improving their bargaining power and reducing transaction costs;
- build their skills, competencies and improve their access to information and technologies, allowing them to participate more competitively in local, national and international markets.

What are the parameters?

- Ownership: Ownership of institution by the community involved is assessed on following factors: whether farmers identify themselves as owners of the company; whether farmer members manage their own company; regular attendance in the meetings of the institution and financial accountability of decisions to the community.
- Awareness on processes and functions: Awareness about member roles and functioning of the FPO helps to understand the value that community sees in the institution and their willingness to contribute.
- Processes and Protocols: Maintenance of records and effective implementation of by-laws is an indicator of establishing mandates, processes and protocols – an important element of strong institution.
- Capital available: Physical and financial capital accumulated by the institution via funding, grants for internal community resources indicate the strength of the institution.

Innovative practices

- Sittilingi Organic Farmers Association (SOFA), a tribal farmers producer company in Sittilingi, Tamil Nadu was started and supported by Tribal Health Initiative (THI), an NGO working on health issues in the Sittilingi valley for more than 20 years. The immense faith of the community in THI can be assessed by the fact that in the early years of the FPO, farmers gave their produce on faith basis, while getting the price, only after SOFA sold it in the market. This was a local solution found to get initial working capital for FPO.
- Dharani Farmers' Cooperative Limited hires management professionals as well as paid cadre of professionals to manage and provide knowledge support to farmers. With competitive nature of markets, Dharani's approach is to include salaries of technical and management professionals within the costs incurred in Dharani operations. There are constraints due to profit margins, but as of today, Dharani supports salaries of eight working professionals from its own revenue.

Business Performance

- **Financial turnover as the sole performance indicator is too narrow**
  FPOs' business cannot be evaluated by the amount of profits it gives as profit dividends to its shareholders. The primary objective is to ensure better incomes of the member farmers which include various roles to be played by FPO.
- **Innovative market instruments by FPO can be used to incentivise sustainable agriculture practices**
  Differential pricing mechanism and other instruments to incentivise choice of crop based on agro-climatic zone as well as promoting practices of diversification and others can integrate sustainable agriculture at production end with responsible business at the market and consumer end.
- **No FPO can run on one crop a year**
  For efficient and optimum utilisation of assets, an FPO, like any other business needs to identify products and services across the year and one crop production cycle is not enough, both from the point of view of businesses and sustainability in agriculture practices.
- **Value addition at local level is very critical to enhance farmers' incomes**
  The key to enhance income of small farmers largely holds in capturing maximum value of produce at the producer level. Value addition helps in developing a consumer product from the produce and captures the difference in price of raw produce and finished product at the farmers' level by FPOs building their capacity to make and market FMCG products. Excluding middle-men, targeting niche organic or spices market have limited scope in long term income enhancement.

Why does it matter?

The core philosophy of FPO is to create an interface between farmer and market, provide access to permanent risk bearing capital for farmers, manage risk for farmers through diversification, set standards in the market, provide more competitive market conditions and market access to farmers, and to promote economic democracy at the grass root level (Singh, 2013).

Traditionally, FPOs were organised mostly under the cooperative structure. Government support to the cooperatives has declined over the years, and gave birth to producer companies with regulatory framework similar to that of companies while retaining the unique elements of cooperative businesses. (Access, 2014) This shift is indicative of the approach of innovating business solutions to development problems for its long term sustainability and not look for grant based, government supported initiatives.

What are the parameters?

- Total enhancement of income of farmer members per INR 100 Rupee of business done by the FPO.
- Rate of growth of the business from the period of its start helps evaluating the scope and ability of business expansion.
- Diverse Portfolio of products for risk management and business expansion. Value added products and the increase of value from raw produce to final consumer product sold by FPO is an indicators.
- Current ratio reflects liquidity in assets. Liquidity measures provide an overview of financial health of the company to assess whether the company has enough assets at the present value to cover its debts. A current ratio greater than 1 means the business can pay all its debt if company closes.
- A common size income statement (it presents company's income statement in percentages of revenues) provides an idea of how expenses relate to the sales of business.

Innovative practices

- Dharani Farmers' Cooperative Limited offers market prices for ground nuts but offers 50% more than the market price in case of millets. The rationale is to promote millets, as they are suitable to the agro-climatic zones of the region & also an important diet component for high nutrient value. The dividends that are distributed are also in proportion to the produce a farmer member sells to Dharani. Farmers selling millets get higher dividend per unit produce than ground nut growing farmers. In this way, Dharani practices price differential mechanisms to promote sustainable agriculture.
- Paddukotai Farmer Producer Company Limited have range of value added products – raw rice, boiled rice and rice flour of many traditional rice varieties of the region namely mappillai, thooyamalli, kavuni, kambu. Dosa mix and millet flours are also amongst other products.

Direct Benefits to Farmers

- **FPO impacts the natural capital of the farmer based on market decisions**

  Agriculture and therefore farmers are directly dependent on natural resources – quality of soil, water availability for their livelihoods. Its long term sustainability is critical for nurturing agriculture systems. The decision of crop choices and agriculture practice that market promotes through FPO as the engine decides the state of natural resources in relation with agriculture.

- **FPOs increase income of the farmers in more ways than one**

  FPO ensures better income of the member farmers which include various roles that it can play – reducing the costs of inputs; increasing the price at which the raw produce is procured through access to markets by the farmer members (i.e. excluding the middle-men); value addition services for greater value generation at the producers' level. Profits earned by FPO are also distributed as dividends to the farmer members. At each of these levels, primary producer that is the farmer gains from the business of FPOs.

Why does it matter?

Smallholder farmers face several constraints related to the small size of the operation. Some of them include the inability to create scale economies, low bargaining power because of low quantities of marketable surplus, scarcity of capital, lack of market access, shortage of knowledge and information, market imperfections, and poor infra-structure and communications. Against this backdrop, a renewed interest in farmer organisation has developed in recent years. Much emphasis has been placed on its potential role for poverty alleviation within a so-called `smallholder revolution' in the 2008 World Bank report. Most of the collective-action literature emphasises increasing economies of scale as well as the lowering of transaction and coordination costs as the main benefits of organizing farmers. (Trebbin and Hassler, 2012)

Apart from institutional benefits and access to market with economies of scale, market choices by FPO decide the use and impact on natural resources, depending on the kind of services provided by the FPO – namely choice of crop that is procured, range of inputs made available will determine the choice of crop by the farmer and the inputs choices by the farmer. Most farmer organisations act as multipurpose organisations and offer a wide range of services across the value chain to their members, independent of the specific type of organisation. (Dwiwedi, 2007)

What are the parameters?

Parameters of sustainable livelihoods from agriculture are (Rao & Rogers, 2006):

- Natural Capital: Any positive changes in land size, land use, fodder availability, water availability, and ground-water shall be considered as positive to livelihoods.
- Human Capital: Increase in the knowledge and capacities to perform agriculture with higher benefits shall be accounted under this component as positive impact on livelihoods.
- Financial Capital: Access to finance for investment, increase in farm incomes shall be accounted here as positive impacts on livelihoods.
- Physical Capital: Availability and access to infrastructure, electricity, and agriculture equipment shall be accounted as positive under this parameter.
- Social Capital: Membership to community organisations, institution building shall be taken as positive indicators under this component.

Innovative practices

- With various levels of value addition from ground nut oil to millet snacks, Dharani Farmers' Cooperative Limited has been able to get back INR 54 Rupees to the farmer of every INR 100 rupee of business done by Dharani. The agriculture practices promoted by Dharani include organic production of millets and other crops congenial to the agro-climate conditions for environment sustainability.

Policy Recommendations

Based on many consultations and one-to-one interviews with experts, policy makers, practitioners and academic scholars, following are some recommendations with respect to formation, management and performance parameters for the FPOs:

Financing FPOs

Advocacy with banks and financial institutions is needed to cater to the credit needs of the FPOs. Interest rates offered by NABARD and other private banks in the range of 11-15 per cent p.a. as a debt fund. Such interest rates for an FPO that is in operation for only 0-5 years, is considered too high. There is a need to attract socially responsible investment towards FPOs.

Fiscal instruments

Tax rates as high as 30 per cent relaxations are unethical on an organisation mandated for enhancing small farmers' income. High taxes also act as one of the biggest barriers to stability in business performance of the Company. High incomes attract high income tax rates, even as high as 20 per cent. The irony here is that if the Company shows lower income on the balance sheet, it indicates poor business performance and makes it difficult to access credit from banks for operations.

Fiscal instruments should incentivise FPOs that demonstrate organic growth and performance on identified parameters, by differential tax relaxations, interest rate reductions, and mandate of public procurement.

Partnerships

Partnerships are needed at various levels: with technology partners for access to new and appropriate choice of technology for production; with experts for knowledge and support on agriculture production activity and climate and weather related information; financial institutions for expanding the business; retailers and urban market chains for identifying markets for produce; network of practitioners and fellow FPOs for co-learning. Policy should create and nurture such networks for supporting formation and sustainability of FPOs.

Skills and capacities

Inadequacy of managerial skills to successfully operate FPOs in their Governing Boards is common to most of the FPOs. The skill-set of most Governing Boards of Producer Companies substantively lack in managerial, technical and business competencies that are required for running a Farmer Producer Company. The huge skill gap here is a major concern for long term sustainability of Producer Companies.

Policy push needs to identify opportunities of skill building and rural entrepreneurship to ensure enough skill and capacities to run a successful FPO. Local youth should be tapped for co-benefits from training them for FPO management and FPO serving as a job avenue for the rural youth.

Foundational parameters of setting FPO

The formation and genesis of FPO, established and promoted by various stakeholders, especially key agencies like NABARD and SFAC supporting FPOs at a large scale needs to include following parameters:

- The choice of products and services identified by FPOs, should take into account market demands and the environmental conditions in the region.
- Sustainable agricultural production system should be a pre-condition or within the mandate of operations for the initiation and development of a FPO. While designing the objectives and functions of the FPO, relation and impact of its activities on the natural resources needs to be considered.
- Faith and ownership by communities is critical for strength of the institution built for running the FPO. A community based organisation or an NGO in which community has resided their faith; is an enabler for nurturing and handholding support to FPOs during its establishment and maturation phase.
- Formation of FPOs should aim for ownership of the FPO by the community. This may not necessarily mean management of the FPO by the community as running an FPO requires technical and management professional skills that may not be available within capacities of the local communities.

Performance benchmarks

Performance of FPO by the funders, resource organisation & financial investors should be evaluated on three parameters:

- Business performance of the FPO should be evaluated for efficiency and financial sustainability and scope of the business venture is needed. It is important to move beyond only financial turnovers to incremental performance, based on degree of value addition, diversity of product portfolio and total additional profits incurred by farmer members due to FPO. Percentage of produce that the farmer member sells to the FPO is an interesting indicator to track the utility of business to the farmer member.
- Benefits to farmer members in terms of enhancing all five capitals – natural, physical, financial, human and social – should be assessed, with special focus on total profits incurred by farmer members per unit business made by the FPO; and the impact on natural resources of the region because the business generated.

FPO development initiatives should adopt an integrated approach that invests in building a supportive ecosystem that includes availability of credit support, human resources and skills support and technology support. It should look at scaling up the idea of the FPO for support and participation by large proportion of the community at the local level.

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Development Alternatives (DA) is a premier social enterprise with a global presence in the fields of green economic development, social equity and environmental management. It is credited with numerous technology and delivery system innovations that help create sustainable livelihoods in the developing world. DA focuses on empowering communities through strengthening people's institutions and facilitating their access to basic needs; enabling economic opportunities through skill development for green jobs and enterprise creation; and promoting low carbon pathways for development through natural resource management models and clean technology solutions.

About Heinrich Böll Stiftung

Heinrich Böll Stiftung (HBF) is the Green Political Foundation from Germany. Headquartered in Berlin and with about 28 international offices, HBF conducts and supports civic educational activities and projects world-wide. HBF is present in India since 2002, with the HBF India office in New Delhi coordinating the interaction with local project partners. HBF India's programme activities are focused on three areas: Climate and Resources; Gender & Socio-Economic Policies; and Democracy & Dialogue.

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