



Empowering Sustainable Development: The Role of FPCs in Economic Development

C. Kiruthika¹ & Dr. S. Senthamarai²

¹Ph.D Research Scholar, PG and Research Department of Economics, Holy Cross College (A), Trichy
Affiliated to Bharathidasan University, Trichy, Tamil Nadu

²Associate Professor, PG and Research Department of Economics, Holy Cross College (A), Trichy
Affiliated to Bharathidasan University, Trichy, Tamil Nadu



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Abstract

Sustainable economic development in rural areas requires innovative models that empower communities, encourage collective action, and ensure equitable resource distribution. Farmer Producer Companies (FPCs) play an increasingly pivotal role in India's drive toward sustainable rural development. FPCs as collective organizations owned and governed by farmers, enable smallholders to access markets more efficiently, negotiate better prices and adopt sustainable agricultural practices. This paper investigates the contribution of FPCs to economic empowerment, sustainable agriculture, and social transformation drawing from state wise registration data and selected case studies, with a focus on both conventional and organic models. Findings demonstrate that FPCs facilitate improved market access, collective bargaining power though expansion is challenged by certification barriers, infrastructure bottlenecks, and market volatility. Policy interventions and capacity building are recommended to harness the full potential of FPCs for the advancement of India's sustainable development goals.

Keywords: farmer producer company, sustainable development, economic empowerment, collective bargaining power, infrastructure bottlenecks, sustainable developmental goals

Introduction

Sustainable development combines economic growth, social equity, and environmental protection to meet present needs without compromising the future. In India and other agrarian economies, smallholder farmers face persistent challenge fragmented landholdings, market access issues, low bargaining power and vulnerability to climate change.

A Farmer Producer Company (FPC) is a unique business entity formed by a group of farmers or agricultural producers, designed to strengthen their collective economic power and improve their livelihoods. Registered under the Companies Act,

2013, an FPC aims to enable small and marginal farmers to pool their resources, access better markets, technologies, and credit, and collectively engage in activities such as production, processing, storage, marketing, and export of agricultural produce.

This Research Paper Aims to:

- Examine how FPCs enhance smallholder farmers' access to markets, improve incomes, and promote collective bargaining power.
- Examine the impact of FPCs - conventional and organic on farmers Income and rural market participation.



Statement of the Problem

Rural and smallholder farmers in India continue to face persistent challenges such as limited access to quality markets, inadequate infrastructure, low bargaining power, and dependence on unsustainable agricultural practices. Fragmented landholdings, reliance on traditional methods, and scarce financial and institutional support further limit their ability to compete in modern value chains. Farmer Producer Companies (FPCs) have emerged as a promising solution by enabling collective action, resource sharing, and value addition.

Materials and Methods

This study adopted a mixed-methods design, integrating quantitative analysis of statewide Farmer Producer Company (FPC) and Farmer Producer Organization (FPO) registration data from the Ministry of Agriculture & Farmers Welfare (June 2024) with qualitative synthesis of seven representative case studies. Information on organic FPCs was sourced from APEDA, SFAC, NAFED, and state agriculture department records, while detailed case insights were drawn from government reports, NGO publications, peer-reviewed journal articles, and official FPC websites. Data collected included organizational backgrounds, product portfolios, market linkages, achievements, and challenges. Quantitative trends were examined using descriptive statistics, and qualitative content was thematically coded to identify patterns of economic, social, and environmental impact. Cross-referencing of multiple sources ensured data accuracy and reliability.

Radadiya, A., & Lad, Y. K. (2023). Assessing the Impact of Farmer Producer Companies on Economic Wellbeing. It Examines the implications of FPC membership for economic prosperity, market access, and resource sharing. The study identifies persistent challenges such as limited credit access and governance issues and suggests targeted policy interventions.

Singh, A., & Kaur, J. (2025). An Ecosystem for Building Socio-Economic Resilience of Farmers in

India through FPOs. They discuss FPCs' role in empowering farmers, stabilizing incomes, and increasing resilience to market shocks by promoting collective bargaining, value addition, and entrepreneurial activities.

How FPCs Enhance Market Access, Income, and Bargaining Power

1. Market Access

Aggregation of Produce: FPCs bring together the harvests of multiple smallholders, creating larger lots attractive to wholesale buyers and processors.

Infrastructure Development: Many FPCs invest in packhouses, cold storage, and logistics, which helps preserve quality and reach distant, high-value markets.

Marketing and Certification: Through collective bargaining, FPCs secure certifications (like organic or GLOBALGAP), making their products eligible for premium markets.

2. Improved Income Levels

Better Pricing: FPCs negotiate prices with buyers, often selling in bulk and locking in higher rates compared to individual smallholders.

Value Addition: FPCs process, grade, sort, and package agricultural produce, allowing them to sell higher-value goods and products rather than just raw output.

Access to Inputs and Services: FPCs frequently bulk-buy inputs, machinery, and insurance policies, which lower costs and improve efficiency, further lifting member income.

3. Enhanced Bargaining Position

Collective Negotiation: Large, organized farmer groups are better positioned to negotiate favorable terms with buyers and suppliers than small, fragmented producers.

Financial Access: FPCs can access formal credit and government schemes more efficiently due to their organized structure, which boosts negotiating power with banks and policy bodies.



Influence in Value Chains: With control over aggregation, grading, and post-harvest activities, FPCs become price-setters rather than price-takers.

FPCs in Economic Development

Adoption of Sustainable Agricultural Practices Resource Sharing

Bulk Procurement of Inputs: FPCs purchase seeds, fertilizers, and equipment in bulk, providing members with better prices and quality. This reduces per-unit input costs and ensures uninterrupted access to quality resources.

Shared Infrastructure: Members of FPCs benefit from sharing post-harvest facilities like storage warehouses, grading units, and transport networks, which reduce wastage and support larger market transactions.

Value Addition for Rural Producers

Processing and Packaging:

FPCs engage in activities like grading, sorting, and processing raw produce into higher-value products (e.g., jams, juices, ginned cotton). This allows farmers to move up the value chain and access premium markets, resulting in higher prices and income.

Marketing and Branding

By providing collective marketing channels and helping secure certifications, FPCs open new avenues for rural producers to sell branded, value-added, and specialty products directly to consumers, retailers, or exporters.

Expanded Opportunities and Resilience: Value addition brings in more jobs and improves food choices in communities. Studies show businesses supported by value-added producer grants are significantly more likely to survive and create local employment.

Rise in the Number of Farmer Producer Organisations (FPOs) in India: 2022–2025

The Government of India has recognized this potential and launched a major initiative, the Central Sector Scheme for the “Formation and Promotion of

10,000 FPOs,” in 2020 with a five-year implementation plan. This initiative, supported by the Ministry of Agriculture and Farmers’ Welfare, National Bank for Agriculture and Rural Development (NABARD), and Small Farmers’ Agribusiness Consortium (SFAC), has significantly increased the number of registered FPOs across the country.

Between 2022 and 2025, India has witnessed a substantial rise in the number of registered FPOs. As per official reports, the number of Farmer Producer Companies (FPCs), which are a key form of FPOs, stood at around 7,400 in 2022. This number rose to 8,400 by 2023 and further to 8,875 by June 2024, indicating steady growth over consecutive years. Provisional estimates for 2025 suggest that India will likely cross the 9,500 marks, moving closer to the scheme’s target of 10,000 FPOs. This trend demonstrates both policy effectiveness and farmer participation in collective institutions.

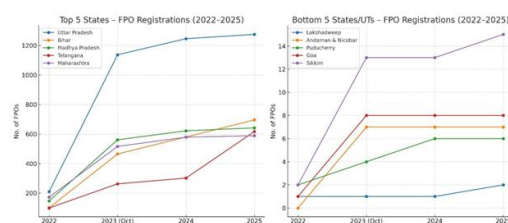


Figure 1 Top 5 and Bottom 5 States/UTs in FPO Registrations (2022–2025)

Source: Ministry of Agriculture and Farmers welfare, Government of India

The data in figure 1 shows a consistent rise in the registration of **Farmer Producer Organizations (FPOs)** across most states from 2022 to 2025, highlighting the strengthening of collective farming institutions in India.

- Top 5 States:** Uttar Pradesh (1,246), Bihar (580), Madhya Pradesh (622), Maharashtra (579), and Rajasthan (533) consistently dominate the FPO registrations. Uttar Pradesh remains the clear leader with well over **1,200 FPOs by 2024–25**, reflecting proactive state support and a large farmer base. Bihar and Madhya Pradesh also show strong upward



momentum, demonstrating how states with predominantly agrarian economies are adopting the FPO model for income stability and market access.

2. **Bottom 5 States/UTs:** Smaller regions such as Sikkim, Goa, Andaman & Nicobar, Puducherry, Ladakh, and Lakshadweep show very low numbers, often in single digits. This is due to limited cultivable land and smaller farmer populations. However, their low FPO numbers do not necessarily indicate weaker agricultural performance; for instance, **Sikkim became the first 100 per cent organic state in 2016**, shifting its focus to sustainable farming practices rather than large-scale FPO expansion.
3. **Trends:** The **larger agrarian states** are rapidly increasing FPO formations as part of policy

pushes like the **Central Sector Scheme on Formation and Promotion of 10,000 FPOs (2020)**. In **smaller states/UTs**, the numbers remain stable or stagnant, but these regions are often moving towards **niche agricultural strategies** (organic farming, cash crops, or agri-tourism) where FPOs may not be the primary vehicle of development.

4. **Implication:** The expansion of FPOs is not uniform across India; instead, it reflects a combination of **state agricultural policy, farmer base size, and chosen development strategy**. For sustainable development, both large-scale FPO promotion and alternative models like Sikkim's organic farming pathway will play complementary roles.

Case studies of organic Farmer Producer Companies (FPCs) in India

FPC	Background and Formation	Products and Activities	Market linkages	Achievements	Challenges
Jivamrit Organic FPC (Uttarakhand)	Founded by Mr. Vijay Pal, a retired Air Force officer inspired by organic sugarcane cultivation starting in 2005. Registered as FPC in 2017, covering 22 villages in Haridwar district. Supported by Uttarakhand Organic Board and NABARD.	Organic jaggery powder and jaggery; mustard oil, pulses, vegetables, honey, rice, wheat flour, cane vinegar. Owns and operates three processing mills and packaging units; approx. 2,500 tonnes jaggery powder yearly	Strong alliances with companies like 24 Mantra Organic, Safe Harvest, Gavyadhar Organic, plus regional buyers and exporters, ensuring assured markets both domestic and international.	Winner of NABARD Award of Excellence (2018), Best FPO (2017), Managing Director awarded Krishi Pandit Saman (2016).	Initial yield declines during organic conversion, need for farmer motivation and free inputs, certification hurdles, scaling quality and production.
Kurinji Sustainable Agriculture	Incorporated in 2015 in Dindigul	Cultivation and marketing of organic	Primarily local and regional	Recognized for promoting organic farming,	Transition challenges to organic



Producer Company (Tamilnadu)	district to promote sustainable and organic farming among 192 farmers converting 600 acres. Supported by NGO networks and state agriculture bodies.	millets, pulses, vegetables, and fruits. Provides organic seeds and input support; facilitates organic certification; supports cattle-related activities.	organic markets, collective marketing, and certification linkages through organic farming networks.	strengthening farmer capacities and sustainable agri-practices in Tamil Nadu's organic corridors.	methods, limited market development and competition from conventional supply chains.
Maharashtra state FPC limited-	Formed as a federation model to support more than 100 FPCs/FPOs across Maharashtra, linking farmers to policy support and market access.	Offers backward linkages (input supply), forward linkages (marketing, commodity trading), and training support for multiple commodities and agribusiness ventures.	Connects member FPCs to financiers, government schemes, and markets at state, national, and export levels. Promotes corporate partnerships.	Has successfully enhanced policy dialogue, agribusiness promotion, and farmer entrepreneurship culture statewide.	Managing coordination among diverse and multiple FPCs, sustaining financing and scale-up efforts across Maharashtra.
Bhoomitra Farmer Producer Company (Maharashtra)	Established 2011 in Yavatmal district to pool resources and market soybean and pigeon pea collectively for 2,500 farmers across 24 villages.	Focuses on aggregated marketing, produce procurement, and community welfare activities aligned with sustainable agriculture.	Strong regional market links, collective procurement power, and connections to mandi and institutional buyers.	Noted for economies of scale, community growth, and farmer empowerment at grassroots levels.	Market price volatility, logistics in aggregation, and infrastructure limitations in rural areas.
Chetna Organic Agriculture Producer	Formed by farmer groups to promote	Organic cotton production, training on	Collaborates with organic value chain	Success in building local farmer capacities	Limited technical expertise



Company (Chhattisgarh)	organic cotton and sustainable agriculture. Operates participatory guarantee system (PGS) for organic certification locally.	pest management, organic certification facilitation, and input supply. Engages in organic cotton value chain development.	actors, NGOs, certification agencies; linkage to niche organic Fiber markets.	for organic cotton; enabling PGS certification adoption and access to premium markets.	among farmers, certification compliance, and market expansion challenges.
Baliraja Krishak Producer Company (Maharashtra)	Supported by UNDP and Maharashtra Organic Farming Centre to help farmers transition from chemical to organic farming, supported via seed bank and PGS certification.	Produces indigenous organic seeds, grains, pulses; supports sustainable farming practices; empowers farmers through collective action.	Markets through local organic consumer groups, cooperatives, and regional organic fairs; seed bank strengthens seed sovereignty.	Recognized for successful organic transition model and farmer-led certification innovations.	Certification costs; ensuring product quality consistency; scaling production sustainably.
North Eastern Region FPCs (MOVCDNER)	Supported under Central Scheme launched in 2015 to create organic value chains in NE states, focusing on cluster development, certification, processing, and marketing infrastructure.	Certified organic spices, fruits, vegetables; value addition via processing, packaging, branding, cold chain development.	Developing infrastructure for aggregation, cold storage, transport; connecting farmers to export markets and govt. procurement.	Enhanced organic farm incomes; government backed value chain strengthening and cluster development.	Difficult terrain logistics, limited scale for economies, need for capacity building in certification and post-harvest handling.

For commercial scale and export potential, Jivamrit Organic FPC stands out with its diversified portfolio, strong branding, established processing units, and assured buyer networks in both domestic

and international markets. For large-scale statewide influence, MahaFPC demonstrates the strength of a federation model by supporting the largest footprint of farmer collectives in Maharashtra and creating



systemic linkages across value chains. For certification and niche market leadership, Chetna Organic has emerged as a pioneer in organic cotton, successfully securing premium markets through robust certification and market integration. For a model of organic transition, Baliraja Krishak Producer Company provides an exemplary case of farmer-led organic conversion, sustainable practices, and seed sovereignty.

Findings and Results

Analysis of state wise registration data revealed a total of 8,875 Farmer Producer Companies (FPCs) in India as of June 2024, with Uttar Pradesh leading (1,246), followed by Madhya Pradesh, Bihar, Maharashtra, and Rajasthan, reflecting strong agricultural bases and active promotion programs. Case studies demonstrated significant socio-economic benefits, including reported income increases of 10–20% for members in well-linked FPCs, strengthened market access through collective marketing, and value addition via processing infrastructure. Jivamrit Organic FPC, for example, achieved substantial turnover through jaggery exports, while federated models like MahaFPC improved input affordability and policy engagement. Women's participation was notable in several organic FPCs, particularly in northeastern clusters, underscoring the role of FPCs in both economic empowerment and social inclusion.

Interpretation and Discussion

The findings underscore the pivotal role of Farmer Producer Companies (FPCs) in advancing inclusive rural economic growth and sustainable agriculture in India. By aggregating production and facilitating collective marketing, FPCs enhance farmers' bargaining power, reduce input costs, and enable access to premium domestic and export markets. Organic-oriented FPCs, such as Jivamrit and Chetna Organic, demonstrate additional environmental benefits through chemical-free farming, soil restoration, and biodiversity conservation. Federated structures like MahaFPC illustrate how scaling collective action can amplify policy influence and

market penetration. However, operational challenges persist, including high certification costs, limited post-harvest infrastructure, logistical constraints in remote regions, and market price volatility. Addressing these barriers through capacity building, financial support for certification, infrastructure development, and diversified market linkages is essential to maximize the developmental impact of FPCs and align their growth with the Sustainable Development Goals.

Conclusion

Farmer Producer Companies (FPCs) have emerged as a transformative force in rural economic development and sustainable agriculture. They address the key challenges of smallholder farmers by improving market access, facilitating collective bargaining, promoting the adoption of sustainable practices, and enabling value addition. Strengthening FPCs is therefore not only about farmer collectivization but also about driving structural changes in agriculture—empowering smallholders, ensuring fairer incomes, and embedding sustainability into rural livelihoods. To sustain this momentum, policies must prioritize capacity building, infrastructure investment, and innovative market models, while fostering stronger partnerships among governments, private players, and grassroots institutions. With such support, FPCs can continue to drive inclusive growth, reduce regional disparities, and position agriculture as a cornerstone of India's sustainable development journey.

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