

FPOs (Farmer Producer Organizations) in Kashmir; Structure, Performance and Pathways for Inclusive Agrarian Transformation

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Abstract— Farmer Producer Organizations (FPOs) have emerged as a critical institutional mechanism to empower small and marginal farmers by enhancing their market access, improving income, and promoting collective action. This study examines the operational and financial performance of Shejaar Vegetable FPO, located in Baramulla district, Jammu & Kashmir, as a case study to understand the socio-economic and technological impact of FPOs. Established in 2019 under the Companies Act, the FPO has grown from 232 members at inception to 468 members by 2024, with a mixed gender composition. Analysis of financial data reveals a significant increase in annual turnover from ₹ 3.12 lakh in 2019–20 to ₹ 41.21 lakh in 2023–24, accompanied by consistent profit growth. The FPO undertakes diverse activities including vegetable production, input supply, custom hiring, and rural marketing, supported by government subsidies and NABARD assistance. Capacity-building interventions and exposure to improved farming practices have led to a 20% rise in member income and adoption of better production techniques. Marketing strategies such as collective sales and branding under “SHEJAAR” have improved price realization, while technology adoption remains limited to basic farm-level practices with minimal ICT integration. The findings underscore the role of FPOs in fostering financial discipline, institutional credit access, and socio-economic upliftment, while highlighting challenges related to market information and digital literacy. Policy recommendations include strengthening digital capacity, expanding infrastructure, and promoting value addition to sustain growth and resilience of FPOs.

Keywords— Capacity building, FPOs, Gender, Kashmir, NABARD.

I. INTRODUCTION

Agriculture continues to be the backbone of the Indian economy, employing nearly half of the workforce and contributing significantly to rural livelihoods. However, small and marginal farmers, who constitute more than 85% of the farming community, face persistent challenges such as fragmented landholdings, limited access to institutional credit, inadequate market linkages, and vulnerability to price fluctuations.

These constraints often result in low bargaining power and reduced income, perpetuating rural poverty.

To address these issues, the Government of India and development agencies have promoted Farmer Producer Organizations (FPOs) as a collective institutional model. FPOs enable farmers to pool resources, aggregate produce, and access markets collectively, thereby improving economies of scale and negotiating power. Beyond economic benefits, FPOs also play a crucial role in capacity building, technology dissemination, and social empowerment.

Based on recommendations of the Alagh Committee in 2002, the idea of Farmer Producer Organizations (FPOs) as a platform of aggregation for small holding farmers to facilitate reduction in input costs, and bolster the bargaining power and give a new dimension to the value chain for the commodities grown by the farmers, is now under the phase of consolidation. It has spanned its wings all over India and this study aims to understand how the advent of FPOs in the state of Jammu & Kashmir (J&K), the FPO model is increasingly positioned as a vehicle for resilience amid fragmented landholdings, logistical constraints, and conflict-related disruptions. Through this paper the evolution of the FPOs has been studied using the recent public datasets, government program documents, and sectoral studies to assess the evolution of FPOs in Kashmir, their current scale, sectoral focus, and ecosystem support (NABARD, SFAC, HADP, MIDH, PMFME, ONDC). The findings point out that the footprint of FPO is growing in the state of Jammu and Kashmir flavoured with heterogeneity, active role played by the State apparatus in facilitating support through saturation drives and licensing/on-boarding to digital marketplaces; but it is tempered with the constraints in professional management, infrastructure and market integration. The significance of FPOs has been recognized in policy frameworks such as the Central Sector Scheme for Formation and Promotion of 10,000 FPOs, which aims to strengthen farmer collectives across the country.



International Journal of Recent Development in Engineering and Technology
Website: www.ijrdet.com (ISSN 2347-6435(Online) Volume 15, Issue 01, January 2026)

Despite these efforts, the performance and sustainability of FPOs vary widely, influenced by factors such as governance, financial health, infrastructure, and member participation.

As per the Agriculture census of 2015-16, the total number of small and marginal farmers in Jammu and Kashmir indicating a significant proportion of small and marginal farmers in the region. With such large number of Small and marginal farmers in J&K, the FPO model provides the solution for disadvantages in inputs, technology, finance, and market linkages by organizing farmers as a collective entity with defined business objectives. Since emergence of the concept in 2002, the volume of literature on performance of FPOs underlines that through aggregation demonstrable benefits have been attained in bulk input procurement, aggregation, reduced post-harvest losses, and improved bargaining power, however it has also pointed out that the trajectory of growth of the FPOs is uneven and penetration is limited and there are instances of closure of the FPOs if the ecosystem support is not provided sustainably. [nabard.org], [agricultur...ournal.org].

This study focuses on Shejaar Vegetable FPO, located in Baramulla district of Jammu & Kashmir, as a case example to understand the operational dynamics and impact of FPOs in a conflict-prone region. Established in 2019 under the Companies Act, Shejaar FPO has grown from 232 members at inception to 468 members by 2024, with a mixed gender composition. The organization undertakes diverse activities including vegetable production, input supply, custom hiring, and rural marketing, supported by government subsidies and NABARD assistance.

II. OBJECTIVES

The objectives of this research are: (1) To analyse the financial performance and growth trajectory of Shejaar FPO; (2) To assess the impact of FPO membership on farmers' income, market access, and technology adoption; and (3) To identify challenges and opportunities for strengthening FPOs in similar socio-economic contexts.

III. LITERATURE REVIEW

The concept of Farmer Producer Organizations (FPOs) has gained prominence in India as a strategy to address structural challenges faced by small and marginal farmers. According to Nikam et al (2023), by their ability to facilitate backward and forward linkages, FPOs emerged as a potent platform to provide a platform between small and marginal farmers and the world outside.

Through the platform of FPOs, these members were able to articulate their voices, access to the markets, increased bargaining power, better price realization and economies of scale. FPOs enhance farmers' bargaining power by enabling collective procurement of inputs and aggregation of produce for better market access. By its structural ability to have a better interface towards institutional credit, capacity building and dissemination of technology, FPOs have facilitated in improved rural livelihoods according to NABARD. (NABARD, 2020).

Several studies highlight the economic benefits of FPOs. It was found by Birthal et al. (2017) that collectivization facilitated reduced transaction costs and improved price realization for farmers through the FPOs. Similarly, Kumar et al. (2021) observed that FPO membership leads to higher income and improved access to government schemes. However, sustainability challenges persist, including inadequate infrastructure, weak governance, and limited digital literacy (Chatterjee & Sarangi, 2019).

A key aspect associated with the advent of FPOs has been the increased adoption of technology collectively and it has been studied by quite a lot of researchers. Sharma et al. (2020) argue that FPOs facilitate dissemination of improved farming practices and resource-efficient technologies, though ICT integration remains low in rural areas. Owing to advent of the FPOs, enhanced participation of women in the decision making process has emerged and has paved the way for women empowerment in a big way through availing of land-title deeds as well. (Rai, 2024).

While at the national level the outreach and impact of FPOs has been significant, it continues to face the hurdles in the form of constraints like price volatility, lack of market intelligence, and dependence on external agencies for capacity building (Rao & Joshi, 2018). The government's initiative to form 10,000 FPOs under the Central Sector Scheme underscores the policy thrust toward collectivization, yet empirical evidence on FPO performance in conflict-prone regions like Jammu & Kashmir remains limited.

IV. METHODOLOGY

Shejaar Vegetable FPO, established on 1st August 2019, is a farm-sector FPO based in Khanpeth, Singhpora, and Baramulla. Registered under the Companies Act, 2013. Interestingly, this FPO has also the legacy of evolving from the previous group based activities like SHG and FPO, in the instant case the FPO emerging from NABARD's Farmer's Club Programme.

The evolution of the FPO underlines a grassroots initiative aimed at collectivizing small and marginal farmers for better market access, input procurement, and income enhancement.

Descriptive case study is the methodology adopted in this study to do the analysis of operational and financial performance of Shejaar Vegetable Farmer Producer Organization (FPO) and its impact on member farmers.

Collection of primary data was facilitated through a structured questionnaire shared with the management of the FPO and members. The all-encompassing questionnaire, included areas like organizational profile, financial performance, capacity-building interventions, marketing strategies, and socio-economic impact. Secondary data was sourced from NABARD reports, government policy documents, and relevant literature to contextualize findings.

The case study focuses on Shejaar Vegetable FPO, located in Singhpora Block, Baramulla District, and Jammu & Kashmir. The data obtained represents a time line of five financial years from 2019–20 to 2023–24. Quantitative data on turnover and profit was analysed using trend analysis and growth rate computation to assess financial performance. Qualitative responses were categorized under thematic areas such as governance, marketing, and technology adoption. Charts and tables were prepared to visualize membership growth, gender composition, and financial trends.

V. RESULTS AND DISCUSSION

5.1: Membership Dynamics:

Remarkable growth was exhibited by the Shejaar Vegetable FPO since its inception in 2019. From the time of registration, when the membership was 232, it increased to 468 members by 2023–24. Of the total 468 members in the FPO, it is predominated by Small & Marginal Farmers, 452 out of 468 members being small and marginal farmers. The FPO covers members from 8 villages in Singhpora Block, Baramulla District. Doubling of the membership within a period of five years is a strong pointer towards strong farmer confidence in the collective model. Doubling of the members within five years could have been catalysed by perceptible benefits like market access, input supply, and institutional support. The CEO holds an M.Com degree and is TALLY-certified. While 6 board members are graduates, 8 are illiterate, indicating a diverse governance structure.

5.2: Gender Participation:

The analysis of the gender composition of the FPO points that of the total members construct, 67% are male and 33% female. At the surface level it might appear as a moderate participation, but the numbers are a pointer to the fact that women are associating in the collectives for betterment of their lives qualitatively and quantitatively. Mandatory requirement of having three women in the board of the FPOs has been fulfilled by Shejaar FPO as three women were found present on the Board of Directors.

5.3: Financial Performance:

Robust growth and operational viability has been the defining trajectory of Shejaar FPO. Turnover of the FPO increased from ₹ 3.12 lakh in 2019–20 to ₹ 41.21 lakh in 2023–24, while net profit rose from zero to ₹ 4.12 lakh during the same period. This 13-fold increase in turnover and consistent profitability indicate effective resource mobilization and fine-tuned market strategies.

5.4: Support and Funding received by the FPO :

The FPO has received financial support from various funding agencies associating with the FPO programme at the National and the State level. ₹ 8.10 lakh was provided by the Agriculture Dept. for Custom Hiring Centre, ₹ 1.10 lakh for solar pump set ₹ 1.76 lakh for polyhouse. Creditably ₹ 5 lakh working capital loan was provided from J&K Bank. Besides, ₹ 16.50 lakh under PODF was provided by NABARD for training and capacity building of ₹ 4.50 lakh as Business Development Assistance from NABARD. Besides, ₹ 3.45 lakh was provided for a mobile rural mart (TATA ACE vehicle).

5.5: Marketing Impact and Brand Building:

Creation of a brand for the product has been one of the key determinants of success of the FPO programme and “Shejaar”, FPO has successfully achieved it by creating a brand “SHEJAAR” which has significantly improved price realization for members, apart from creating a pride among the members as belonging to the identity “Shejaar”. The products are sold by the FPO at the fa

5.6: Capacity Building and Technology Adoption:

One of the most important outreaches of the FPO initiative is capacity building and encouraging adoption of technologies and the members of Shejaar FPO have associated with regular training programs focused on marketing, compliance, and improved farming practices.

Apart from facilitating enhancement of knowledge of the members, a sense of financial discipline has also been inculcated amongst the members. Among the primary objectives of encouraging technology adoption through the platform of FPOs has been adoption of soil testing and grading of the produce, and all the members have undergone the training on both these aspects. By increased adoption of soil testing, members of the FPO have ensured calibrated administration of inputs based on the soil analysis. Significantly, the directors regularly receive specialized training in Marketing Compliance, Technology Stakeholder engagement etc. Training has been reported as highly useful, contributing to improved financial discipline and a rmgate, village and roadside markets, APMC markets etc., and to the border districts like Leh and Kargil.

With the creation of a brand identity, the FPO aspires to be in a better position economically as far as addressing the challenge of price volatility is concerned and also equipping themselves with proper market intelligence.

5.7: Socio-Economic Outcomes:

Association with the FPO has led to a 20% increase in member income, improved access to institutional credit, and reduced dependence on informal lenders.

VI. CONCLUSION

The case study of Shejaar Vegetable FPO in Baramulla district demonstrates the transformative potential of Farmer Producer Organizations in strengthening rural livelihoods. Since its inception in 2019, the FPO has achieved significant progress in membership expansion, financial performance, and market integration. It registered an enhanced turnover thirteen-fold over five years, accompanied by consistent profitability, indicating operational viability and scalability. Collective marketing strategies, branding under “SHEJAAR,” and capacity-building interventions have contributed to improved price realization and a 20% rise in member income. Case study of the FPO points out that apart from the economic gains, association of the members with the FPO has facilitated access to institutional credit, government schemes, and improved farming practices, inculcating financial discipline and socio-economic empowerment. However, challenges persist in areas such as market intelligence, price volatility, and limited ICT adoption. Gender participation through the platform of FPOs has the potential to encourage promotion of an-all Women FPO.

The findings of the study underline the prominent role of FPOs in promoting collectivization, reducing transaction costs, and enhancing resilience amongst member farmers.

Strengthening digital literacy, expanding infrastructure for value addition, and fostering gender-inclusive governance are essential for sustaining the growth and impact of FPOs in similar socio-economic contexts.

Shejaar Vegetable FPO stands as a model of inclusive, community-driven agricultural enterprise in a sensitive region. With strong institutional support, diversified activities, and a clear growth trajectory, it exemplifies the transformative potential of FPOs in enhancing rural livelihoods and market integration.

Table 1

Membership Growth Over Time

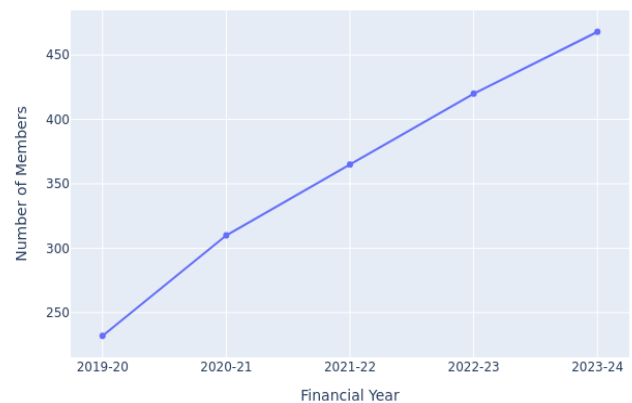


Table 2:

Gender Composition of Members

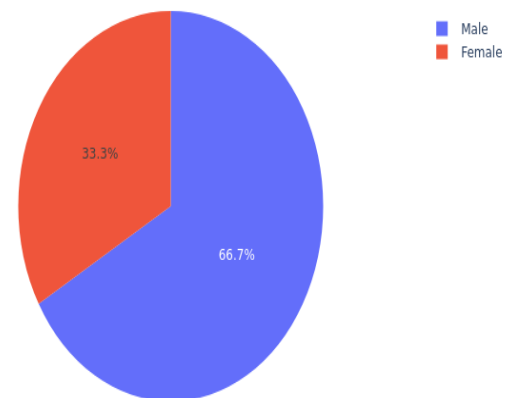
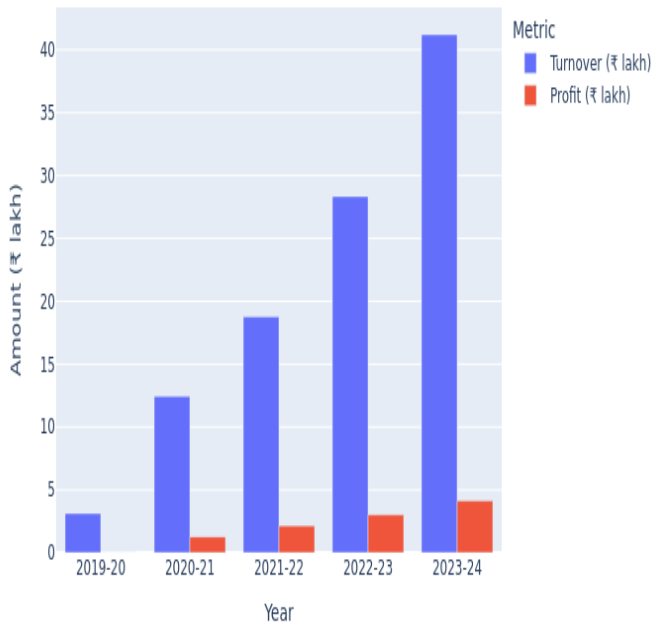


Table 3

Financial Performance Trends



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