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Performance evaluation of farmer producer organisations in Uttarakhand

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Abstract
Farmer Producer Organisations (FPOs) have emerged as a key institutional mechanism for aggregating smallholder production, strengthening market access, and improving farm incomes in India. Despite rapid numerical growth in FPO registrations over the last decade, systematic evidence on their functional performance remains geographically skewed, with the hill states of the Himalayan region receiving limited research attention. This study evaluated the performance of FPOs operating in four purposively selected districts of Uttarakhand, Tehri Garhwal and Dehradun (Garhwal division) and Almora and Pithoragarh (Kumaon division), using the National Bank for Agriculture and Rural Development (NABARD) Performance Grading Tool. A descriptive research design combining primary and secondary data was adopted, and thirteen FPOs (20 per cent of the 65 FPOs functioning in the selected districts) were assessed across fifteen weighted parameters covering structural, managerial, financial, and operational dimensions. Total grading scores ranged from 66 to 90 out of 100, and a Composite Performance Index, computed by normalising each FPO's score against the maximum attainable score, ranged from 0.66 to 0.90. Eleven of the thirteen FPOs were graded 'A' (ready for credit linkage) and two were graded 'B' (requiring limited capacity building before credit linkage). Governance, share capital mobilisation, member participation in services, and MIS/compliance were uniformly strong across FPOs, whereas financial assistance uptake, annual turnover, and convergence with government schemes showed marked variation and emerged as the principal constraints on overall performance. The findings suggest that while FPOs in the sampled hill districts have achieved a sound institutional and governance base, targeted interventions in financial inclusion, market linkage diversification, and inter-agency convergence are necessary to move moderately performing FPOs toward higher grades. The study offers empirical evidence to guide region-specific policy support for FPO strengthening in hill and mountain agro-ecosystems.

Keywords: Farmer Producer Organisations; Performance grading; NABARD; Composite Performance Index; Uttarakhand; Hill agriculture

1. Introduction

Smallholder and marginal farmers, who together constitute the overwhelming majority of India's agricultural workforce, continue to face persistent constraints in accessing quality inputs, credit, technology, and remunerative output markets. The fragmented nature of landholdings, weak individual bargaining power, and high transaction costs of small-scale market participation have historically limited the ability of such farmers to capture value along the agricultural supply chain. Farmer Producer Organisations (FPOs), introduced through the insertion of Part IXA in the Companies Act, 1956 (subsequently carried forward under the Companies Act, 2013), were conceived as a hybrid institutional form that combines the member-centric, democratic character of cooperatives with the operational flexibility, professional management, and legal standing of private companies (Chauhan, 2015). By enabling farmers to pool resources for input procurement, aggregation, value addition, and collective marketing, FPOs are expected to enhance economies of scale, strengthen bargaining power, and improve farm-level income and livelihood security (Mukherjee *et al.*, 2018) [8]. Government of India has, since the mid-2000s, actively promoted the formation of FPOs through agencies such as the Small Farmers' Agribusiness Consortium (SFAC) and NABARD, and more recently through the Central Sector Scheme for the formation and promotion of 10,000 FPOs (Mukherjee *et al.*, 2018) [8].

This policy push has resulted in a rapid numerical expansion of registered FPOs across the country (Navaneetham *et al*., 2017; Nathan & Palanichamy, 2021). However, a growing body of evidence indicates that mere registration does not translate automatically into functional effectiveness; many FPOs remain dormant, undercapitalised, or unable to achieve the scale of operations required for sustainability (Rashtrapal *et al*., 2022; Padmaja & Ojha, 2023; Bharti & Kumari, 2024) [4, 2] . Consequently, an evaluation of on-the-ground functional performance rather than registration counts alone is essential to understand the true institutional health of the FPO ecosystem. Performance assessment assumes particular significance in hill and mountain states such as Uttarakhand, where fragmented terrain, dispersed settlements, small operational landholdings, and constrained market access pose distinct challenges to collective agri-enterprise relative to the plains. This study evaluates the performance of FPOs functioning in four purposively selected districts of Uttarakhand using the standardised NABARD Performance Grading Tool.

2. Materials and Methods

2.1 Research Design and Study Area

The study followed a descriptive research design combining primary field-level data with secondary institutional records. The study area was purposively confined to four districts of Uttarakhand selected based on the highest concentration of registered FPOs, namely Tehri Garhwal and Dehradun from the Garhwal division and Almora and Pithoragarh from the Kumaon division. A combination of purposive and random sampling was employed. Twenty per cent of the FPOs functioning in each selected district were purposively selected for detailed assessment of the 65 FPOs operating across the four districts, out of which 13 FPOs were selected to carry out the study.

2.2 Performance Grading Tool

FPO performance was assessed using the standardised Performance Grading Tool developed by NABARD, which evaluates FPOs across fifteen weighted parameters to a maximum attainable score of 100 as shown in Table 1. FPOs scoring within defined score bands are classified into grades that indicate readiness for credit linkage.

Table 1: Parameters of the NABARD FPO Grading Tool

Sl. No.	Parameter	Maximum Score
1	Age profile of FPO	5
2	Governance	10
3	Management	10
4	Infrastructure	5
5	Membership of FPO	10
6	Percentage of total members contributing to share capital	5
7	Total share capital collected	5
8	Training of Board members	10
9	Business plan	4
10	Financial aspects	2
11	Annual turnover	10
12	Market linkage	4
13	Percentage of members availing services of FPO	10
14	Convergence with Government schemes/corporate	5
15	MIS/Compliance/record keeping	5
	Total Maximum Score	100

Source: NABARD (2024)

3.4 Composite Performance Index

To enable comparative ranking, a Composite Performance Index (CPI) was computed for each sampled FPO by normalising its total grading score against the maximum possible score of 100 (i.e., CPI = Total score obtained ÷ 100). FPOs were subsequently ranked in descending order of CPI, with ties assigned equal rank.

3. Results and Discussion

3.1 Age Profile

A majority of the sampled FPOs, i.e., Adarsh Krishak Swayat Sehkarita, Bharpur Krishak Swayat Sehkarita, Krishi Vani Krishak Swayat Sehkarita, Raika Krishak Swayat Sehkarita, Jata Ganga Farmer Producer Company, Parvatiya Vikas Farmer Producer Company, Himshikhar Farmer Producer Company, and Monal Farmer Producer Company, fell within the 2-3 year age bracket, indicating that most sampled organisations are still in an early consolidation phase. Bhilangana Valley Farmer Producer Company and Saksham Swayatt Sahkarita fell within the 4-5 year age bracket, reflected a more mature stage, while Jai Shri Kisan Swayat Sahkarita, Jaunsar Kisan Producer Company Limited, and Pandav Lok Kisan Producer Company Limited, each operating for more than five years, represented the most institutionally established entities in the sample.

3.2 Governance and Management

All thirteen sampled FPOs demonstrated an unbiased board structure, absence of promoter dominance, and regular conduct of board meetings, reflecting a consistently strong governance foundation across the sample irrespective of age or scale. Management capacity was similarly strong: twelve of the thirteen FPOs were managed by a full-time professional Chief Executive Officer supported by trained, paid staff, with Jai Shri Kisan Swayat Sahkarita being the sole exception, operating with a full-time CEO but without paid supporting staff.

3.3 Infrastructure, Membership, and Share Capital

Eight FPOs possessed a separate office with adequate equipment and furniture, while the remaining five operated from a separate office with comparatively limited infrastructure. Membership size was concentrated in the 201-500 range for eleven of the thirteen FPOs, with Bhilangana Valley Farmer Producer Company and Himshikhar Farmer Producer Company alone reporting larger memberships of 501-1000. Member participation in share capital was uniformly high, exceeding 90 per cent in every sampled FPO, indicating strong collective ownership; however, the total quantum of share capital mobilised varied considerably, with nine FPOs exceeding Rs. 5 lakh and three Saksham Swayatt Sahkarita, Jata Ganga Farmer Producer Company, and Parvatiya Vikas Farmer Producer Company mobilising less than Rs. 3 lakh.

3.4 Financial Performance and Market Linkage

Financial assistance uptake was closely associated with commercial performance. The eight FPOs that had availed financial assistance, including Jaunsar Kisan Producer Company Limited and Pandav Lok Kisan Producer Company Limited, both recorded annual turnover exceeding Rs. 50 lakh, generally reported moderate to high turnover, whereas the five FPOs without financial assistance clustered in the lower turnover bands of below Rs. 24 lakh. Market linkage followed a comparable pattern; ten FPOs were linked to corporate buyers, while Jai Shri Kisan Swayat Sahkarita, Jata Ganga Farmer Producer Company, and Parvatiya Vikas Farmer Producer Company depended primarily on local markets, exposing them to greater price volatility and weaker bargaining power.

3.5 Service Utilisation, Government Convergence, and Compliance

Service utilisation was high across the sample, with more than 75 per cent of members availing FPO services in eleven of the thirteen organisations, and more than 50 per cent in the remaining two i.e., Jaunsar Farmer Producer Company and Pandav Lok Farmer Producer Company. Convergence with government departments and promoting agencies, however, varied considerably; six FPOs reported full convergence, four reported no convergence, and three reported partial convergence, identifying this as an area of uneven institutional support. In contrast, MIS maintenance and statutory compliance were uniformly strong, with all thirteen FPOs maintaining regular audits and proper records.

3.6 Composite Grading and Ranking

Table 2 presents the parameter-wise scores for all thirteen sampled FPOs against the NABARD grading framework. Total scores ranged from 66 to 90 out of a maximum of 100. Jaunsar Kisan Producer Company Limited and Pandav Lok Kisan Producer Company Limited recorded the highest scores i.e., 90 each, while Parvatiya Vikas Farmer Producer Company scored 66 and Jata Ganga Farmer Producer Company, with 68, recorded the lowest. Eleven of the thirteen FPOs were classified as Grade 'A' (ready for credit linkage), while two FPOs required limited additional capacity building before qualifying for formal credit linkage.

Table 3 presents the Composite Performance Index and corresponding rank for each FPO, derived by normalising total scores against the maximum attainable score of 100. The index ranged from 0.66 to 0.90, indicating a moderate-to-high overall performance band among the sampled FPOs, with Jaunsar and Pandav Lok Kisan Producer Companies sharing the top rank and Parvatiya Vikas FPC ranked lowest.

Table 2: Parameter-wise Performance Scores of Sampled FPOs

Parameters/ FPOs	**Max. Marks**	**Adarsh Krishak Swayat Sehkarita**	**Bharpur Krishak Swayat Sehkarita**	**Bhilangana Valley Farmers Producer Company Limited**	**Krishi Vani Krishak Swayat Sehkarita**	**Raika Krishak Swayat Sehkarita**	**Saksham Swayatt Sahkarita**	**Jai Shri Kisan**	**Jaunsar Kisan Producer Company Limited**	**Pandav Lok Kisan Producer Company Limited**	**Jata Ganga Farmers Producer Company Limited**	**Parvatiya Vikas Farmers Producer Company Limited**	**Himshikhar Farmers Producer Company Limited**	**Monal Farmers Producer Company Limited**
Age	5	3	3	4	3	3	4	5	5	5	3	3	3	3
Governance	10	10	10	10	10	10	10	9	10	10	9	9	10	10
Management	10	10	10	10	10	10	10	6	10	10	10	10	10	10
Infrastructure	5	5	5	3	5	5	3	5	5	5	3	3	3	3
Membership of FPO	10	6	6	8	6	6	6	6	6	6	6	6	8	6
% Members Contributing Share Capital	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Total Share Capital	5	5	5	5	5	5	1	3	5	5	1	1	5	5
Training of Board Members	10	10	10	8	10	10	10	10	10	10	6	4	10	10
Business Plan	4	2	2	2	2	2	2	2	2	2	2	2	2	2
Financial Aspects	2	2	2	0	2	2	2	0	0	0	0	0	0	0
Turnover	10	5	8	5	5	5	5	3	10	10	3	3	5	5
Market Linkages	4	4	4	4	4	4	4	2	4	4	2	2	4	4
% Members Availing Services	10	10	10	10	10	10	10	10	8	8	10	10	10	10
Convergence with Govt./Schemes	5	0	0	5	0	0	3	5	5	5	3	3	5	5
MIS / Compliance	5	5	5	5	5	5	5	5	5	5	5	5	5	5
TOTAL SCORE	100	82	85	84	82	82	80	76	90	90	68	66	85	83
GRADE		A	A	A	A	A	A	A	A	A	B	B	A	A
REMARKS		Ready for credit linkage	Ready for credit linkage	Ready for credit linkage	Ready for credit linkage	Ready for credit linkage	Ready for credit linkage	Ready for credit linkage	Ready for credit linkage	Ready for credit linkage	Credit linkage after little capacity building	Credit linkage after little capacity building	Ready for credit linkage	Ready for credit linkage

Table 3: Ranking of Sampled FPOs Based on Composite Performance Index

Sl. No.	FPO	Composite Index	Rank
1	Jaunsar Kisan Producer Company Limited	0.90	1
2	Pandav Lok Kisan Producer Company Limited	0.90	1
3	Bharpur Krishak Swayat Sehkarita	0.85	2
4	Himshikhar Farmers Producer Company Limited	0.85	3
5	Bhilangana Valley Farmers Producer Company Limited	0.84	4
6	Monal Farmers Producer Company Limited	0.83	5
7	Adarsh Krishak Swayat Sehkarita	0.82	6
8	Krishi Vani Krishak Swayat Sehkarita	0.82	7
9	Raika Krishak Swayat Sehkarita	0.82	8
10	Saksham Swayatt Sahkarita	0.80	9
11	Jai Shri Kisan Swayat Sahkarita	0.76	10
12	Jata Ganga Farmers Producer Company Limited	0.68	11
13	Parvatiya Vikas Farmers Producer Company Limited	0.66	12

3.7 Discussion

The results indicate that FPOs in the sampled districts of Uttarakhand have achieved a comparatively sound institutional base, characterised by unbiased and active governance, professional management, high member ownership of share capital, and strong statutory compliance, notwithstanding the relatively young age of most organisations. This finding is consistent with Gorai and Wason (2022) [6], who identified sound interpersonal relations and collective governance as key predictors of FPO success, and with Padmaja *et al.* (2019) and Prabhavathi *et al.* (2023) [11], who linked competent managerial support and market-oriented leadership to stronger business performance. The uniformly high share capital contribution recorded in this study (exceeding 90 per cent of members in every FPO) corroborates Kumar *et al.* (2023), who established paid-up capital as a strong predictor of turnover and business growth.

At the same time, the variation observed in financial assistance uptake, annual turnover, and government convergence points to capital access and inter-agency linkage rather than governance or compliance as the binding constraints on higher performance within the sample. This pattern parallels the findings of Kumar *et al.* (2023) and Balasubramanian *et al.* (2024) [1], who identified capital constraints and limited institutional support as principal hurdles to FPO success elsewhere in India, and is broadly consistent with Ravikishore *et al*. (2025) [12], who reported comparable inter-FPO grade variation using the same NABARD tool in Andhra Pradesh, driven primarily by market-price and market-linkage constraints. Taken together, the evidence suggests that the two lower-graded FPOs in the sample, both characterised by limited share capital, no financial assistance, weaker market linkage, and only partial government convergence, represent the segment most likely to benefit from targeted capacity-building and credit-facilitation support, while the majority of sampled FPOs are institutionally prepared for expanded credit linkage and business scaling.

4. Conclusion

This study applied the NABARD Performance Grading Tool to assess the functional performance of thirteen FPOs across four hill districts of Uttarakhand. The findings show that sampled FPOs, have established strong governance, management, and compliance foundations, with eleven of thirteen FPOs graded 'A' and ready for credit linkage. Performance differentiation among FPOs was driven primarily by financial depth, share capital mobilisation and access to financial assistance together with the strength of market linkage and convergence with government schemes, rather than by governance quality, which was uniformly strong across the sample. These results suggest that policy and promotional support for FPOs in Uttarakhand's hill districts should prioritise facilitating access to formal credit and financial assistance, strengthening linkages with corporate and organised buyers, and improving convergence with government departments and schemes, particularly for the moderately performing FPOs identified in this study. Given the limited existing evidence base on FPO performance in Himalayan hill agro-ecosystems, the study contributes region-specific empirical insights that can inform more targeted, terrain-sensitive FPO promotion strategies going forward. Future research employing a larger sample across a wider set of hill districts, and tracking performance longitudinally, would further strengthen the evidence base for policy design.

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