



SELCO Foundation

FPO ECOSYSTEM IN NORTHEAST INDIA

**A JOURNEY TOWARDS
SUSTAINABILITY & VALUE CREATION**

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Farmer Producer Organisations (FPOs) are collective institutions formed by small and marginal farmers to enhance their bargaining power in accessing inputs, credit, technology, and markets. By pooling resources and working as enterprises, FPOs enable farmers to improve productivity, reduce risks, and secure better incomes. As nearly 80% of Indian farmers are small and marginal, FPOs have played a crucial role in enhancing their income generation and activities and provide reliable input and output markets.

The Northeastern region in India has an abundance of agricultural produce from grains to horticulture crops. Across the Northeastern region (NER) of India, FPOs have emerged as the primary institutional mechanism for the socio-economic empowerment of small and marginal farmers. While the sector has seen a surge in numbers due to the effort of public entities like NABARD, SFAC, NCDC and government schemes such as the Mission Organic Value Chain Development for the North Eastern Region¹ (MOVCD-NER) and the Central Sector Scheme for Formation and Promotion of 10,000 FPOs, the landscape is currently characterised by a mix of foundational progress and deep-rooted systemic challenges. As of March 2026, NER has a total of 10,659 FPOs ([FPO Platform for India, TCI](#)),

Assam	3427
Arunachal Pradesh	444
Manipur	2185
Meghalaya	765
Mizoram	661
Nagaland	3014
Sikkim	163
Tripura	681

out of which 532 are newly formed under the DA&FW 10K FPO scheme.

State of the FPO Sector in Northeast India

1. Organisational Landscape and Formation: The FPO movement is largely driven by institutional support from Central and State Governments. In Assam, there are over 700 registered FPOs as of August 2024, with various promoting agencies like NABARD, SFAC, and state departments. In Arunachal Pradesh and Nagaland, the majority of FPOs were formed in the last five to ten years, with Nagaland showing a strong preference for the cooperative

¹ Assam Small Farmers' Agri-Business Consortium (ASFAC). (2025). *Mission organic value chain development for North East Region*. Government of Assam. <https://asfac.assam.gov.in/portlets/mission-organic-value-chain-development-for-north-east-region>

model (85%) over Farmer Producer Companies (FPCs). Sikkim requires all FPOs to register under the Sikkim Cooperative Societies Act, 1978, which facilitates government oversight but limits the flexibility seen in the corporate-style FPC model. Manipur has over 212 FPCs, yet many remain at a nascent stage with significant geographic concentration in the central valley districts like Imphal West and Bishnupur.

2. Governance and Leadership Gaps: Governance remains a critical bottleneck across all six states. Decision-making is frequently centralised among a few members of the Board of Directors (BoD) or the CEO, with limited participation from general shareholders. In Arunachal Pradesh, 40% of FPOs reported that their BoDs lack the necessary skills to run the organisation effectively. Gender representation is another significant gap; female membership in many FPOs is symbolic, often falling short of the 30% threshold for meaningful inclusion. While record-keeping of BOD/shareholder meetings exists on paper to meet compliance, field visits in states like Nagaland and Sikkim reveal that the accuracy and practical use of these books for strategic planning are inconsistent, leading to gaps in governance and inclusive decision-making.

3. Business Operations and Value Chains: Most FPOs in the NER are currently functioning as commodity aggregators rather than value-adding enterprises.

- **Key Commodities:** FPOs focus on high-value horticultural cash crops like Large Cardamom, Ginger, Turmeric, Mizo Chilli, Kiwi, and Pineapple.
- **Market Linkages:** Dependence on local traders remains overwhelming, with 85% of FPOs in Nagaland and 60% in Sikkim relying on these intermediaries. This reliance results in lower profit margins for farmers and weakens the collective bargaining power that FPOs were intended to provide.
- **Value Addition:** Only a small fraction of FPOs engage in processing, packaging, or branding. In Manipur, only 13.7% of contacted FPOs have adopted a value chain approach. In Mizoram, while there is success in branding products like "Darzo Thingpuife" (tea) and "Mizo Chilli pickles," many FPOs still lack basic on-site grading or standardized quality testing.
- **Financial Health and Sustainability:** The financial viability of the sector is fragile. A staggering 60-85% of FPOs across Arunachal Pradesh, Nagaland, and Sikkim generate less than ₹10 lakhs in annual revenue.
- **Profitability:** While some report modest profits, these are usually under ₹5 lakhs, which is insufficient to cover operational costs like staff salaries and maintenance after the initial three-year government support period ends.
- **Credit Access:** Access to formal credit is a major hurdle. In Arunachal Pradesh, 85% of FPOs have never taken a loan due to stringent collateral requirements and lack of financial history. In Sikkim, the mandate to bank exclusively with cooperative banks

restricts FPOs from accessing the broader range of credit products and digital banking services offered by commercial banks.

Taken together, the governance weaknesses, low revenues, trader dependence, and poor credit access point to a deeper structural problem. Most FPOs in the Northeast do not have limited growth because farmers lack produce, or even because organisations lack intent. They are constrained because they operate in an ecosystem where **the physical conditions required for value creation, such as power, storage, processing and cold chains, access to market beyond local markets are largely absent.** In regions with unreliable electricity and high fuel costs, selling immediately to local traders often becomes the only viable option.

State Specific Insights

Assam: Large Scale, Low Margins

Assam has a high volume of FPOs (over 700), but growth is lopsided. While governance is generally stable, the money isn't following yet.

- **The Problem:** 80% of companies are barely breaking even or losing money; none have a profit margin higher than 1.5%.
- **Infrastructure:** 95% of groups say poor roads and a lack of storage are their biggest hurdles.
- **Energy:** While 90% of farmers want solar irrigation to deal with power cuts, the penetration is limited to 13-18% due to high upfront cost, lack of awareness and service deficits.

Arunachal Pradesh: New Growth & Skill Gaps

Most FPOs here in Arunachal Pradesh are less than five years old and are still trying to strengthen their roots

- **Management:** 40% of boards feel they don't have the skills to run a business. Decisions are often made by a few leaders and shared via WhatsApp rather than discussed as a group.
- **Income:** 60% of these groups earn less than ₹10 lakhs a year.
- **Credit:** 85% have never taken out a formal loan because the paperwork is too difficult.

Manipur: Resilience Amidst Conflict

Manipur's FPOs are concentrated in the valley districts, leaving the hill regions underserved.

- **Leadership:** The state stands out for inclusion, with 60% of groups ensuring women and marginalized communities have a seat at the table.
- **The Conflict:** Supply chains have been hit hard by local ethnic tensions, making it difficult to move goods or attract new investors.
- **Business Model:** Only about 14% have moved beyond collection to value-chain processing.

Nagaland: Cooperative Struggles

In Nagaland, the cooperative model dominates (85% of groups), but this often limits their independence.

- **Management:** 40% of boards are inactive, leaving the day-to-day work to outside promoters.
- **Middlemen:** 85% of groups sell directly to middlemen who take the produce to larger hubs, leaving very little profit for the local farmers.
- **Tech:** While most have some machinery, it is usually basic, and almost none of it runs on renewable energy.

Sikkim: Organic Focus, Regulatory Walls

Sikkim's FPOs are strictly tied to organic crops like cardamom and ginger, but they face rigid rules.

- **Compliance Challenge:** Groups are legally required to bank only with cooperative banks, which limits their loan options.
- **Low Engagement:** Even though an average FPO has 270 members, only about 43 of them actually do business through the organization.
- **Power Issues:** Processing machines often sit idle because the electricity supply is unreliable.

Mizoram: High Potential, High Dependency

Horticulture-based FPOs are demonstrating strong growth potential; however, the lack of adequate cold chain and storage infrastructure continues to constrain their expansion.

- **The CEO Gap:** While performance is high, boards rely too heavily on appointed CEOs to make business decisions.
- **Waste:** Despite growing high-value crops like Mizo Chilli and Pineapple, a lack of preservation, storage and secondary processing facilities leads to significant crop loss.

Journey Towards Value Creation – A Roadmap for Social, Financial & Environmental Sustainability

The FPO sector in the Northeast is at a critical juncture. While institutional frameworks are established, most organisations remain trapped in low-value trading cycles. Integrating climate-smart solutions along with decentralised renewable energy (DRE), offers a promising pathway to create value by enabling local processing, reducing waste, and increasing financial resilience.

The NER faces a "persistent energy paradox": it is heavily dependent on energy for processing and irrigation but suffers from widespread grid unreliability and high fuel costs

1. Identifying the Energy Crisis: Frequent power cuts, particularly during the monsoon, disrupt critical post-harvest activities such as drying and milling. Many farmers and FPOs resort to costly and carbon-intensive diesel generators, which can increase operational costs by 25–40%. In Nagaland, renewable technology use is almost entirely restricted to household lighting, with zero integration into business operations.

2. Potential Climate Smart Applications for Value Creation: Integrating climate smart solutions can bridge the infrastructure gap and move FPOs from aggregation to processing:

- **Solar Drying:** Essential for crops like cardamom, ginger, and turmeric to maintain uniform quality, reduce moisture content, and minimize post-harvest losses, which are currently high.
- **Solar Cold Storage:** Vital for the region's perishable fruits (Orange, Pineapple, Banana) and fisheries, allowing FPOs to delay sales for better pricing and reach distant urban markets.
- **Solar Processing Units:** Solar-powered mills, pulverisers, and oil extractors can enable value addition even in remote areas with no grid access.

3. Strategic Advantages of Climate-Smart Integration

- **Reducing Operational Costs:** Solar solutions eliminate fuel expenses and have lower maintenance costs than diesel alternatives.

- Improving Quality and Standardisation: DRE-enabled drying and cooling preserve crops at peak quality, which is necessary for organic and FSSAI certifications and export readiness.
- Resilience and Livelihoods: Reliable power stabilises small enterprises, allowing for longer operating hours and higher output.

4. Strengthening Training and Capacity Building

The transition to value-added, climate-resilient FPOs requires sustained investments in capacity building. This includes technical training on operating and maintaining DRE technologies, business and financial management skills for enterprise scaling, and market-oriented training on quality standards, aggregation planning, and value chain integration. Building local technical cadres and leadership within FPOs will be critical to ensure long-term adoption, reduce dependence on external agencies, and enable FPOs to function as self-sustaining rural enterprises.

The experience of Farmer-Producer Organisations in Northeast India reveals a sector that has been successfully built in form, but not yet in function. Thousands of FPOs now exist, yet most remain trapped in low-revenue, trader-dependent models that neither reward farmers adequately nor allow organisations to survive beyond initial government support. Weak governance, limited managerial capacity, constrained access to finance, and fragile market linkages have combined to keep FPOs operating as aggregators rather than as rural enterprises.

At the same time, the Northeast holds a unique comparative advantage: a concentration of high-value horticultural, spice and niche organic crops, and a growing policy emphasis on value-chain-based development. The missing link between this potential and realised farmer income is not only market access or skills, but **reliable, affordable and decentralised infrastructure**, particularly energy for processing, storage and quality control.

Climate-smart and decentralised renewable energy solutions offer a strategic opportunity to break this deadlock. By enabling drying, cold storage, milling, grading and packaging at the local level, these technologies can shift FPOs from distress selling to price negotiation, from bulk commodities to differentiated products, and from grant dependence to commercial viability. More importantly, they can make value addition possible in remote, hilly and off-grid regions where conventional infrastructure has failed to reach.

Access State-wise FPO Reports

For a deeper understanding of the interventions, learnings, and outcomes across each region, you can access the individual state reports below:

- [Assam](#)
- [Manipur](#)
- [Arunachal Pradesh](#)
- [Mizoram](#)
- [Nagaland](#)
- [Sikkim](#)

**Click on the respective state name to open the detailed report.*



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