

STUDY ON FARMER PRODUCER ORGANISATIONS (FPOS) IN NAGALAND



Study conducted by



Study commissioned by



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We also acknowledge the support of Implementing Partner/Facilitating Organisation and local stakeholders who facilitated field visits, stakeholder consultations, focus group discussions, and interactions with FPOs and farming communities. Their assistance enabled meaningful engagement and enriched the quality of this study.

This report is the result of collective effort, collaboration, and shared commitment from all individuals and institutions involved. We deeply appreciate their contributions and support.

This report is intended to serve as a resource for policymakers, development practitioners, FPO promotion agencies, financial institutions, market actors, and researchers working to strengthen the FPO ecosystem and enhance the livelihoods of small and marginal farmers in Nagaland and across the North Eastern Region. The insights presented aim to support evidence-based decision-making and contribute to the development of resilient, inclusive, and sustainable farmer-owned enterprises.

LIST OF ABBREVIATIONS

| | |
|-----------|--|
| AGM | Annual General Meeting |
| B2B | Business to Business |
| BASIX | Bhartiya Samruddhi Investments and Consulting Services Limited |
| BDP | Business Development Plan |
| BoD | Board of Directors |
| CBBO | Cluster Based Business Organisation |
| CEO | Chief Executive Officer |
| CIG | Common Interest Group |
| CSS | Centrally Sponsored Scheme |
| ECS | Eleutheros Christian Society |
| EMI | Equated Monthly Instalment |
| FIG | Farmer Interest Group |
| FPC | Farmer Producer Company |
| FPO | Farmer Producer Organisation |
| KVK | Krishi Vigyan Kendra |
| KYC | Know Your Customer |
| MOVCD-NER | Mission Organic Value Chain Development- North East Region |
| NABARD | National Bank for Agriculture and Rural Development |
| NCDC | National Cooperative Development Corporation |
| NEIDA | North East Initiative Development Agency |
| NGO | Non-Governmental Organisation |
| ONDC | Open Network for Digital Commerce |
| PODF-ID | Producer Organisation Development Fund – Interest Differential |
| POPI | Producer Organisation Promoting Institution |
| RI | Resource Institution |
| SFAC | Small Farmers' Agri-Business Consortium |
| SFURTI | Scheme of Fund for Regeneration of Traditional Industries |
| SHG | Self Help Group |

EXECUTIVE SUMMARY

This study presents a comprehensive analysis of Farmers Producer Organizations (FPOs) in Nagaland, highlighting their current status, business operations, governance mechanisms, financial health, and integration with broader support ecosystems. Conducted using a mixed-methods approach across 24 FPOs from eight districts, the research explored diverse livelihood sectors including agriculture and agro-processing. The study aimed to generate actionable insights aligned with SELCO Foundation's priorities around decentralized renewable energy and sustainable rural livelihoods. The findings reveal both the potential and constraints faced by these community-based institutions in a geographically and economically challenging environment.

The formation of FPOs in Nagaland has been led and driven by government schemes like MOVCD-NER and Central Sector Scheme for Formation and Promotion of 10,000 FPOs, with most organizations registering under the Cooperative Societies Act. While this has helped establish basic organizational structures and initial operations, it has also faced the challenge of limited ownership and engagement from farmers themselves. From a business perspective, FPOs in Nagaland engage in core agricultural functions such as procurement, marketing, and distribution of inputs. However, limited access to infrastructure, trained personnel, and financial resources has restricted their capacity for value addition and market expansion. Only a few of the FPOs engage in processing, packaging, or branding, and the overwhelming dependence on middlemen for market access hampers profitability. Financially, most FPOs remain small-scale and undercapitalized, with very few accessing formal credit, leading to dependence on short-term grants or informal lending sources. While some organizations have achieved modest profits, sustainability is hindered by low turnover and limited reinvestment capacity.

The study concludes that strengthening FPOs in Nagaland requires a multipronged approach. Recommendations include enhancing capacity building for leadership and members, facilitating access to affordable credit and working capital, investing in infrastructure and renewable energy, and improving market linkages. Additionally, institutional support must shift from short-term, project-based aid to long-term ecosystem development. With targeted interventions and policy support, FPOs in Nagaland can transition into resilient, member-driven enterprises that contribute meaningfully to rural livelihoods and inclusive development.

CHAPTER 1: INTRODUCTION AND METHODOLOGY

1.1 Introduction

1.1.1 Context and rationale

The study on Farmers Producer Organizations (FPOs) in Nagaland was undertaken to develop a comprehensive and evidence-based understanding of the current state of the organisations, business activities, financial health, challenges, and growth opportunities of FPOs. FPOs, including Farmer Producer Companies, and Cooperatives supported by various Cluster-Based Business Organizations (CBBOs), and Resource Institutions (RIs) have emerged as key institutional mechanisms to strengthen rural livelihoods and improve the socio-economic conditions of small and marginal farmers. In the context of the Northeast, which is characterized by remote geographies, socio-political diversity, and infrastructural gaps, the role of FPOs becomes even more significant. These organizations not only serve as platforms for collective action and market access but also hold potential for introducing climate-resilient practices and sustainable technologies.

Despite policy momentum and funding support from central and state governments as well as non-governmental actors, FPOs in the region often operate under constrained conditions. They face multiple challenges such as weak governance structures, limited access to financial services, low capacity for enterprise development, and poor integration into broader institutional ecosystems. Many of them are also grappling with the implications of evolving regulatory frameworks and minimal exposure to modern technology and renewable energy solutions.

This study seeks to understand these gaps by generating insights into the existing landscape of FPOs and understanding the varied experiences of these collectives. It aims to map and profile FPOs across the three selected states, assess their governance mechanisms, financial and business viability, operational capacities, and engagement with ecosystem stakeholders such as government departments, financial institutions and NGOs. Another focus of the study was also to explore how FPOs can better adopt sustainable livelihood practices, particularly in alignment with SELCO Foundation's thematic areas around decentralized renewable energy, livelihood resilience, and inclusive development. By drawing on both quantitative data and qualitative field insights, the study has come up with actionable knowledge that can support programmatic planning, policy formulation, and targeted interventions to strengthen FPOs in the state of Nagaland.

1.1.2 Objectives of the Study

The specific objectives of this study were to:

- Develop a database of all relevant organizations (FPOs, FPCs, CBBOs, POPIs, Cooperatives etc) in the Northeast State of Nagaland providing an overview of the existing landscape.
- Develop a nuanced understanding of the governance structures, grading mechanisms, financial health, and credit access across the three states.
- Build a knowledge base and insights from a representative sample to identify key learnings, challenges, and areas for future development
- Recommendations need to keep in mind SELCO Foundation’s core areas of work and opportunities through engagement with FPOs

1.1.3 Geographical and Sectoral coverage

The study covered the state of Nagaland. Within the state, the study ensured that there is geographical representation of FPOs spread in different regions and districts. The target population for the study were primarily the representatives of livelihood sector FPOs (Governing body members, leadership & management team and members) and the ecosystem stakeholders such as- government institutions, departments, CBBOs and Non-profit Organisations. The study covered FPOs in the state based on the databases of the institutions and organisations with whom they are registered and being promoted. The livelihood sectors covered in the study include Agriculture and allied sectors.

Data collection involved reaching out to FPOs at different stages of organisational maturity and operational scale. It included both emerging and few established entities to capture a range of experiences and capacities. Within each FPO, interactions were held with governing body members, leadership and management teams, and general members to gain a comprehensive perspective on internal governance, decision-making processes, and on-ground challenges. In addition to the FPO members, the study also engaged key ecosystem actors such as Cluster-Based Business Organizations (CBBOs), government departments, financial institutions, and civil society organizations. These stakeholders play a pivotal role in shaping the operational environment of FPOs, and their insights were critical in understanding the support systems, policy environments, and institutional linkages that influence the effectiveness and sustainability of FPOs in these states.

1.2. Methodology

1.2.1 Research Approach

The study followed an exploratory design, using a mixed-method approach combining qualitative and quantitative research methods. The mixed method of quantitative and qualitative methods for the study led to a comprehensive understanding of the current state of the FPOs, the challenges and the possible opportunities. The quantitative data helped in coming up with the database of the FPOs in the state and profiling of these FPOs based on different criteria, as well as to gain quantitative insights on aspects such as size of the FPOs,

financials, business transactions etc. The qualitative data helped in getting a nuanced understanding of the factors such as governance system, management within the FPOs, as well as the challenges and opportunities. The qualitative data also helped in understanding the existing support ecosystem for the FPOs and their effectiveness. With regard to data collection, both primary as well as secondary data were collected as a part of the study. Primary data collection was done from representatives and members of the FPOs, as well as from the ecosystem stakeholders such as government departments, POPIs, CBBOs and Non-Profit Organisations supporting FPOs. Secondary data with regard to the database of FPOs was collected from important stakeholders such as Government Departments and Institutions.

1.2.2. Sampling methodology and sample size

A purposive sampling method was used to ensure diversity in terms of geography, sector, size, and institutional support mechanisms. The selection criteria prioritised active FPOs with varying levels of maturity, market engagement, and operational models. A sample of 24 FPOs from different regions and 9 districts of the state were covered in the study.

| Sl. No. | District | No. of FPOs covered |
|--|------------|---------------------|
| 1 | Tuensang | 6 |
| 2 | Kiphire | 5 |
| 3 | Longleng | 1 |
| 4 | Kohima | 1 |
| 5 | Tseminyu | 2 |
| 6 | Phek | 2 |
| 7 | Mokokchung | 3 |
| 8 | Zunheboto | 2 |
| 9 | Peren | 2 |
| TOTAL | | 24 |
| <i>*A total of 24 FPOs were covered in the study as 4 among the 20 FPOs which had submitted the online questionnaire did not provide time for the IDI. As such 4 additional FPOs had to be covered for the IDI taking the total FPOs covered to 24 FPOs.</i> | | |

1.2.3 Data Collection

Primary Data Collection

- **Online Survey:** Structured online surveys were administered to a purposive sample of 20 FPOs in the state. The survey captured data on aspects such as registration,

supporting institution, governance, business & financial practices, infrastructure and challenges faced by the FPOs.

- **Key Informant Interviews:** 20 In-depth interviews were conducted with Directors, CEOs and shareholders of FPOs. 3 in-depth interviews were conducted with POPI/CBBO representatives and government officials to gather qualitative insights on enabling factors and challenges. These KIIs were conducted both in-person and through telephone calls.
- **Field Visits:** Field visits were made to 8 FPOs in State to observe operational setups, infrastructure, and to document member perspectives.

Secondary Data Collection

Secondary data was sourced from institutional records, registration databases, previous studies, and literature on FPOs in the region. These sources supported the development of a state-wise profile of livelihood-based FPOs.

1.2.4 Data Analysis

Quantitative Analysis- The quantitative component of the study relied on descriptive statistical tools to examine and interpret patterns across key operational and financial parameters of the FPOs. Variables such as membership size, annual revenues, access to formal and informal financial services, and the ownership of physical and infrastructural assets were analysed to construct a foundational understanding of the organizations' scale and economic standing. To assess financial health more specifically, indicators such as revenue, profits, working capital, utilization of credit and loans, and repayment were examined.

Qualitative Analysis- In parallel, the study employed a qualitative research design to deepen the understanding of organizational practices, stakeholder relationships, and context-specific challenges. A thematic analysis approach was used to interpret data gathered through in-depth interviews and focus group discussions with FPO members, leadership teams, and relevant ecosystem actors. Key themes explored included governance mechanisms, leadership dynamics, institutional accountability, market access, financial linkages, and infrastructural or technological constraints. Through this approach, the study was able to capture perspectives of FPO stakeholders, offering insights into how these organizations function beyond what numerical data could convey. To enhance the credibility and reliability of the findings, a process of data triangulation was employed this involved cross-verifying information obtained from different types of respondents and sources, thereby ensuring a well-rounded and validated analysis.

1.2.5 Limitation of the study

- Although database of a large number of FPO were got from Government Departments & Institutions which register and promote FPOs, it was found that many of those were not operational. As such, initially, it was a challenge to identify the 20 sample FPOs as most of the FPOs had reported that they were not operational.
- Contacting the FPOs was also a challenge as many of the contact numbers given in the database were not working and some of the individuals whose contact details were provided were not part of the respective FPOs anymore. A decision to then prioritise the FPOs promoted by NABARD, SFAC, Agriculture Department and Non-Government Organisations for the sample, yielded better responses from the FPOs.
- Many FPOs were not very open to be part of the study or share information related to their FPO, which delayed the data collection process. Many of the FPOs were reluctant to share internal information such as business plans, exact turnover and profit figures, loan repayment details etc. However, all of the FPOs had shared details in ranges in the quantitative online questionnaire, which was used in the study.

CHAPTER 2: FINDINGS OF THE STUDY

The findings of the study are classified into four sections as are listed below-

Section 1: Formation, Governance & Support Received

This section covers the details of incorporation and the support received by the FPO's. The findings related to the governance and systems of the FPOs have also been covered here.

Section 2: Business activities

The business activity related findings have been summarised in this section, such as commodities covered, value chain activities, shareholder engagement, value addition, marketing etc.

Section 3: Finance

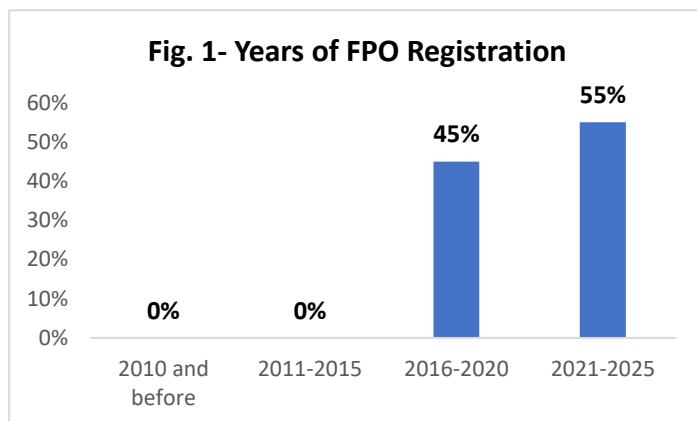
This section covers aspects of revenue, profitability, working capital, and credit access for FPO's.

Section 4: Infrastructure and Machinery

The matters related to the infrastructure of the FPO and the mechanisation of the production process is being captured. In this section use of solar and other forms of renewable energy is also covered.

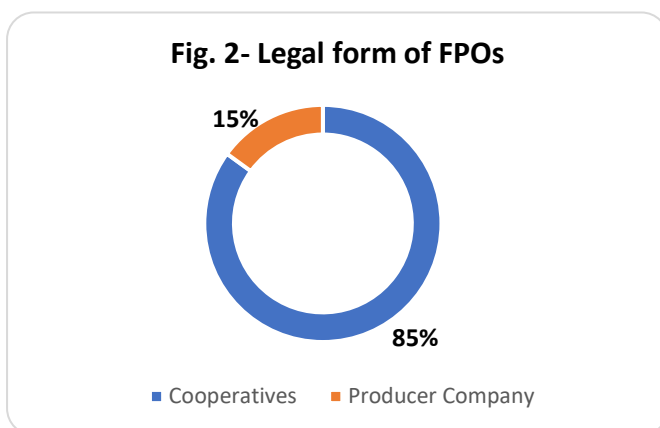
2.1 Section 1: Formation, Governance & Support Received

2.1.1 Formation and overview of the FPOs- Figure 1 shows that between 2016 and 2025, there was a notable rise in the formation of Farmer Producer Organizations (FPOs) in Nagaland, with 45% established between 2016-2020 and 55% between 2021-2025. This increase aligns closely with the rollout of Centrally Sponsored Schemes (CSS) and state-level initiatives aimed at strengthening farmer collectivization.



Schemes (CSS) and state-level initiatives aimed at strengthening farmer collectivization.

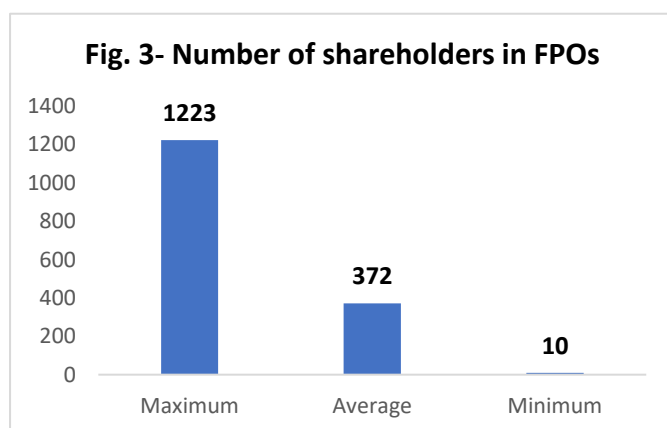
Key programs like the Formation and Promotion of 10,000 FPOs and MOVCD-NER's promotional support were instrumental in driving this surge. These schemes encouraged resource institutions and CBBOs to mobilize farmers into collectives, leading to a structured wave of FPO registrations during this period. The post-2016 policy environment thus marked a shift from sporadic to scheme-driven formation, backed by technical and financial support for initial operations.



As seen in Figure 2, a majority of FPOs in Nagaland (85%) are registered under the Cooperative Societies Act, while only 15% are registered as Producer Companies under the Companies Act. This dominance of the cooperative model reflects the strong role of state departments in promoting FPOs within a familiar statutory framework that aligns with government oversight and

existing institutional mechanisms. While cooperatives benefit from streamlined coordination with state schemes, this structure can also limit autonomy and private-sector flexibility. The relatively lower number of Producer Companies suggests limited uptake of this more market-oriented legal form, which typically offers greater operational independence, scope for equity investment, and business scalability.

As seen in Figure 3, the number of shareholders across FPOs in Nagaland varies significantly, ranging from as few as 10 members to as many as 1,223 members, with an average of 372



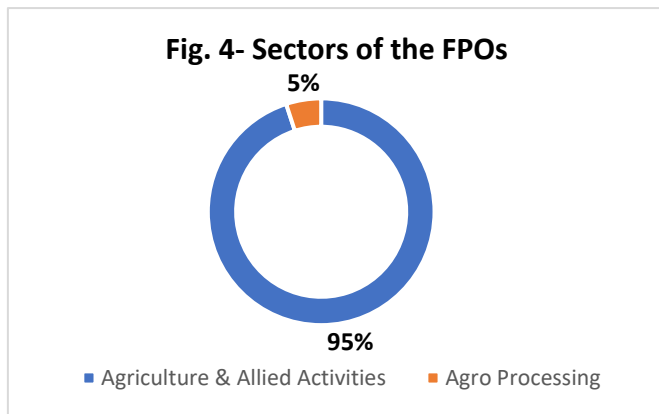
shareholders per FPO. The minimum criteria to become members of FPOs are usually being a small farmer, above 18 years of age, and purchasing of share with one share price ranging from Rs. 100-500. Some of the FPOs were only for married women above 18 years of age. Formation involved organizing farmers into FIGs or CIGs. SHGs were also mobilised by the CBBOs

to form FPOs.

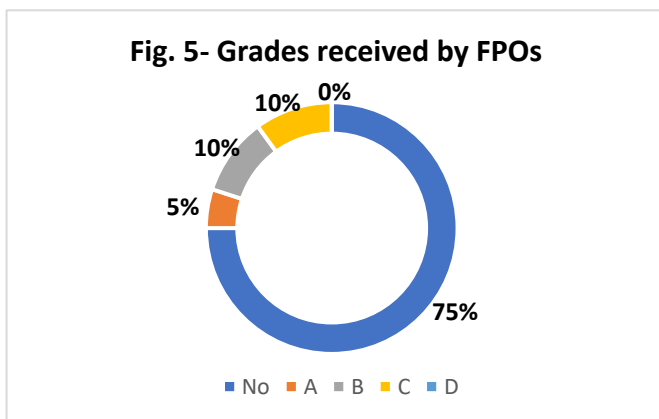
This variation reflects differences in mobilization efforts, geographical coverage, and institutional support received by each FPO. While some FPOs have successfully expanded their membership base often due to strong backing from CBBOs or involvement in input-output services others remain small and localized. However, as per the qualitative findings, an increase in shareholder numbers does not necessarily indicate active participation or organizational strength, as many members are nominally registered but remain disengaged from FPO activities. In most of the cases, the FPOs struggle to pay equity to the shareholders.

As seen in Figure 4, 95% of the FPOs in Nagaland are engaged primarily in the agriculture and allied sectors, focusing on crop cultivation, input distribution, and produce aggregation. Only 5% of the FPOs are involved in agro-processing, reflecting a limited shift towards value addition. This skew highlights the dominance of primary production-based operations and

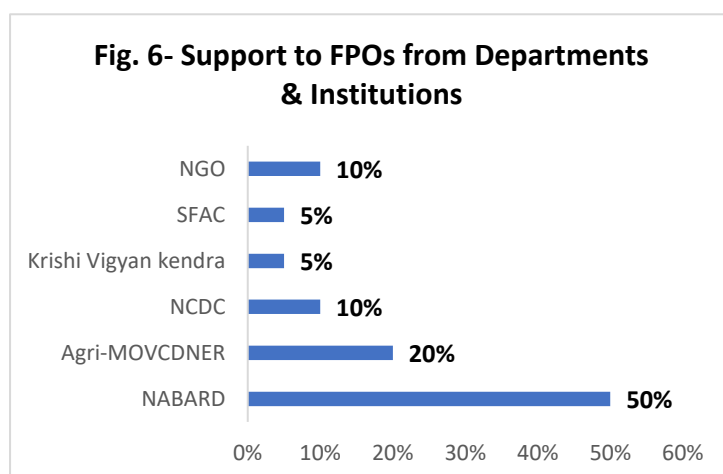
indicates that most FPOs are still in the early stages of enterprise development. The minimal involvement in processing also underscores challenges related to infrastructure, skills, and investment, which restrict FPOs from transitioning into higher-value segments of the agricultural value chain.



Grading of FPOs, a process meant to assess their institutional and financial health has been largely underutilized in Nagaland. Figure 5 shows that 75% of FPOs have not undergone any grading, highlighting a significant gap in systematic performance evaluation. Among those graded, only 5% received an 'A' grade, while 10% each received 'B' and 'C' grades, and none were classified as 'D' grade. This suggests that while a few FPOs have demonstrated strong performance, the vast majority remain unevaluated, limiting opportunities for targeted support, credit access, or upscaling. The absence of regular grading also reflects a broader challenge in the monitoring and quality assurance mechanisms within FPO support frameworks.

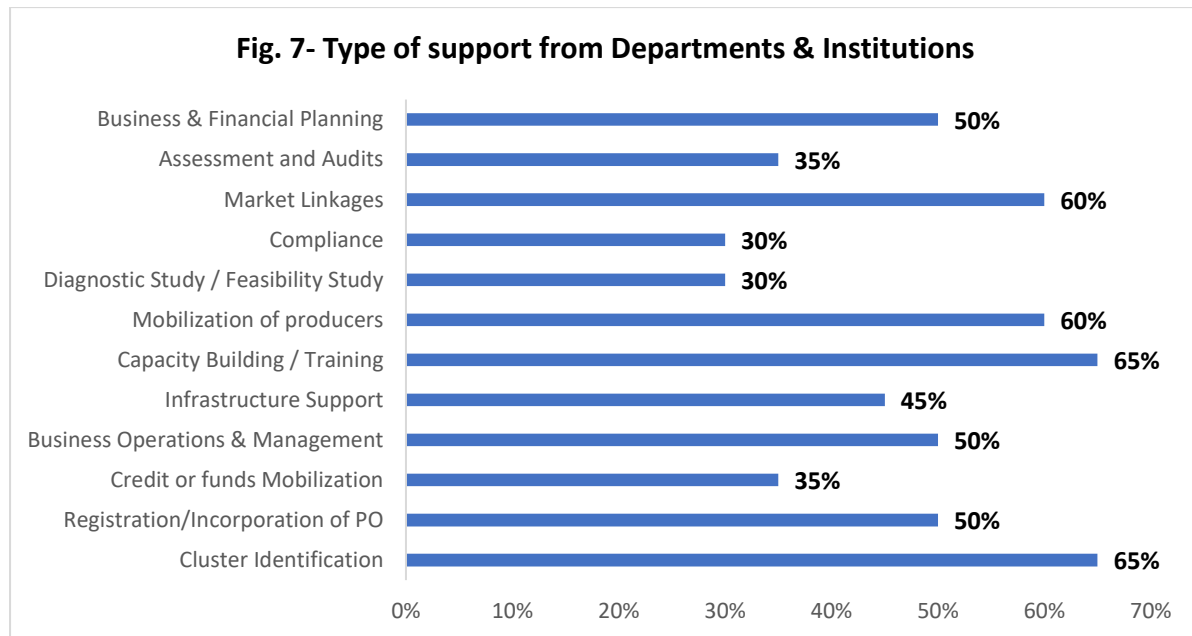


2.1.2 Institutional support received by FPOs during early stages: Departmental support has played a crucial role in the formation and functioning of FPOs in Nagaland. As seen in Figure 6, 50% of FPOs received support from NABARD, making it the most prominent institutional backer, particularly through its CBBO-led implementation under the Formation and Promotion of 10,000 FPOs and Farmer Producer Organizations and PODF-ID (Producers' Organisation Development Fund - Interest Differential) schemes. The Agriculture



Department, primarily through the MOVCD-NER scheme, supported 20% of the FPOs, focusing on organic value chain development. Additionally, 10% received assistance from the National Cooperative Development Corporation (NDCD), while NGOs contributed support to another 10%, often in the form of mobilization and technical

guidance. Smaller shares of support came from Krishi Vigyan Kendras (KVKs) and SFAC, each backing 5% of FPOs. This multi-stakeholder involvement highlights the diverse ecosystem of support, though it also reflects a fragmented approach where coordination and continuity remain areas of concern. FPOs were mostly mobilized by CBBOs such as NEIDA, Eleutheros Christian Society (ECS), BASIX, etc.



FPOs in Nagaland have received multifaceted support from government departments and implementing agencies, reflecting a structured but varied approach to institutional strengthening. As seen in Figure 7, 65% of FPOs received assistance in cluster identification and capacity building, which formed the foundation for their geographic and thematic organization. Similarly, 60% were supported in market linkages and producer mobilization, key steps in building both internal cohesion and external value chain connectivity. Half of the FPOs benefited from help with registration, incorporation, business operations, and financial planning, suggesting a standardized but partial roll-out of core organizational support. However, more specialized areas like fund mobilization (35%), infrastructure development (45%), diagnostic studies (30%), and compliance support (30%) were covered to a lesser extent. Only 35% received audits and assessments, indicating gaps in performance monitoring and quality control. While the initial setup processes have been fairly well-supported, these figures underscore the need for deeper, long-term engagement, particularly in areas beyond the foundational phase.

2.1.3 Governance & decision making: Decision-making processes within FPOs in Nagaland are largely concentrated at the leadership level. As seen in Figure 8, 40% of FPOs make decisions jointly between the Board of Directors (BoD) and the CEO, while 35% report that decisions are made solely by the BoD. Only 25% of FPOs involve the general membership in collective decision-making, indicating limited grassroots participation. Qualitative findings further reveal that while BoD meetings are held regularly in many FPOs, the processes are

often not democratic in nature, with decisions being communicated rather than deliberated upon. This centralization of governance reflects a top-down approach, which may affect transparency and member ownership in the long run.

Figure 9 shows that 70% of FPOs in Nagaland organize more than four Board of

Directors (BoD) meetings annually, indicating a relatively high frequency of leadership-level interactions. However, 15% conduct only three meetings per year, and a small share of 5% each hold meetings just once, twice, or four times a year. While the regularity of BoD meetings is a positive indicator of administrative functioning, qualitative insights suggest

Fig. 8- Decision making in the FPOs

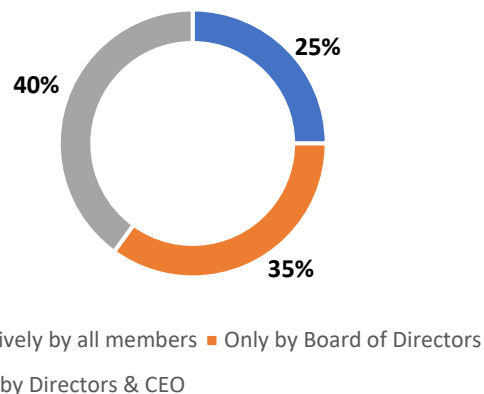
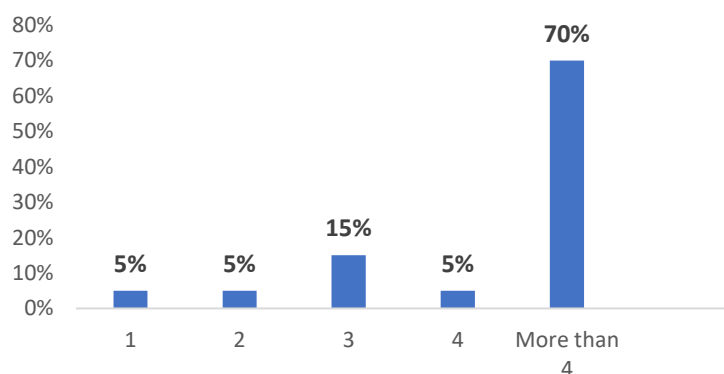
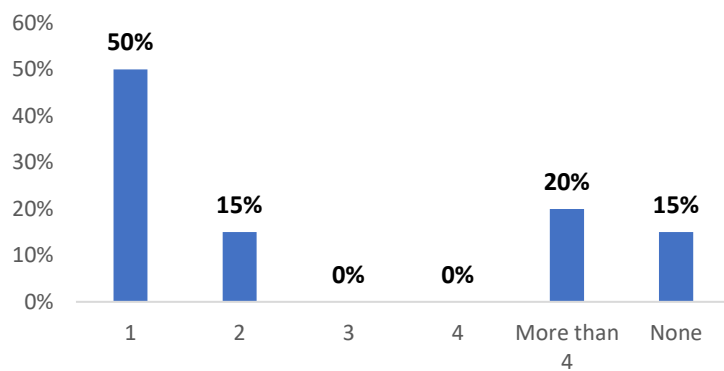


Fig. 9- Number of BoD Meetings



that the depth and inclusiveness of these meetings vary, with many discussions dominated by a few core members. Moreover, limited participation from general members and inconsistent follow-through on decisions can reduce the overall effectiveness of these meetings in driving collective governance.

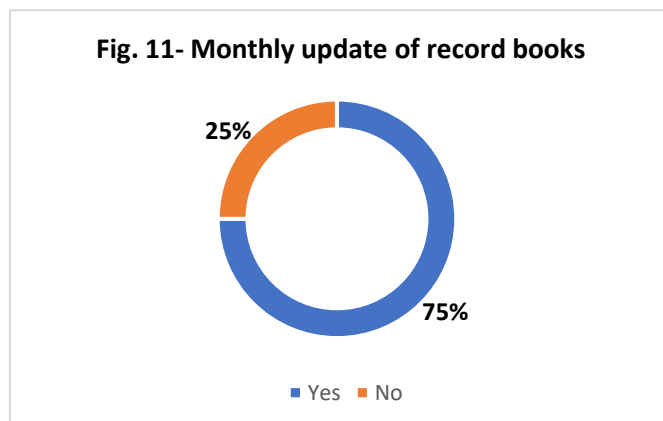
Fig. 10- Number of AGMs



As seen in Figure 10, 50% of FPOs in Nagaland conduct Annual General Meetings (AGMs) once a year, aligning with standard statutory requirements. Interestingly, 20% of FPOs report organizing AGMs more than four times annually, which may reflect efforts to enhance member engagement or meet frequent reporting needs. However, 15% of FPOs hold AGMs only twice a

year, and another 15% do not conduct AGMs at all, which raises concerns about transparency and accountability. The absence or irregularity of AGMs can weaken

democratic governance and reduce opportunities for members to participate in critical decisions, review financials, or hold leadership accountable.

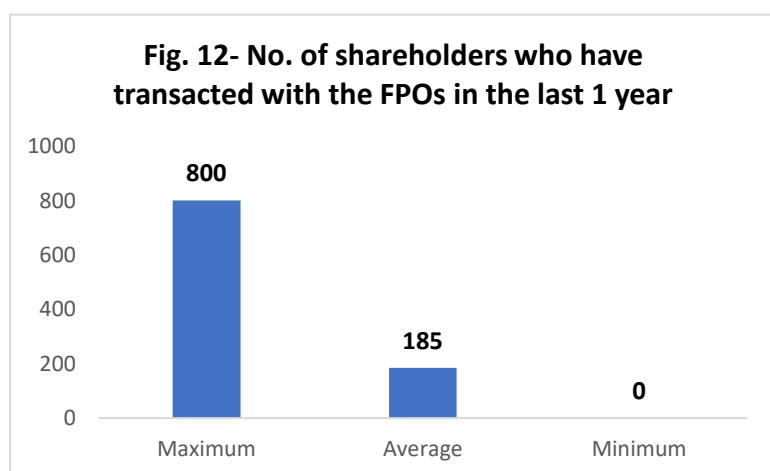


As seen in Figure 11, 75% of FPOs in Nagaland report maintaining record books on a regular basis, which indicates a general adherence to basic documentation and operational norms. However, 25% do not maintain records consistently, pointing to gaps in administrative discipline and internal accountability. Qualitative insights suggest that even among those

maintaining records, the accuracy, completeness, and practical use of these records vary. In many cases, record-keeping is driven more by compliance requirements than by internal planning or monitoring needs, limiting its effectiveness as a tool for informed decision-making and performance tracking.

2.2 Section 2: Business activities of the FPOs

2.2.1 Key commodities and shareholder engagement: The FPOs dealt in farm commodities such as- Ginger, Turmeric, Chilli, Black Sesame, Kiwi, Wild Apple, Gooseberry, Garlic, Persimmon, Potato, Large Cardamom, Perilla, Maize, Rajma, Soybean, Coffee, Areca Nut and Tea. The FPOs primarily deal in horticultural cash crops, which the growers primarily produce for sale, are not easily perishable and can be transported outside the state for sale. Also, there is industrial demand for such produce outside the state which can be tapped by the FPOs.

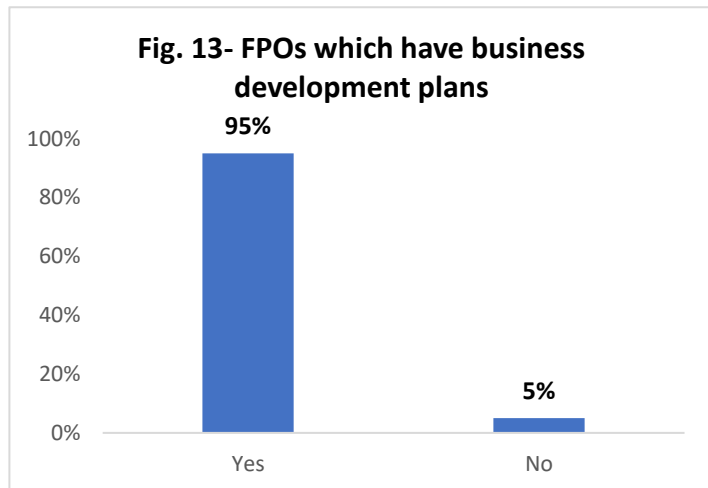


As seen in Figure 12, producer engagement in selling and purchasing through FPOs in Nagaland varies widely, with an FPO reporting as many as 800 active members, while another reported no participation at all. On average, only 185 producers are actively engaged per FPO, suggesting that while membership numbers may be

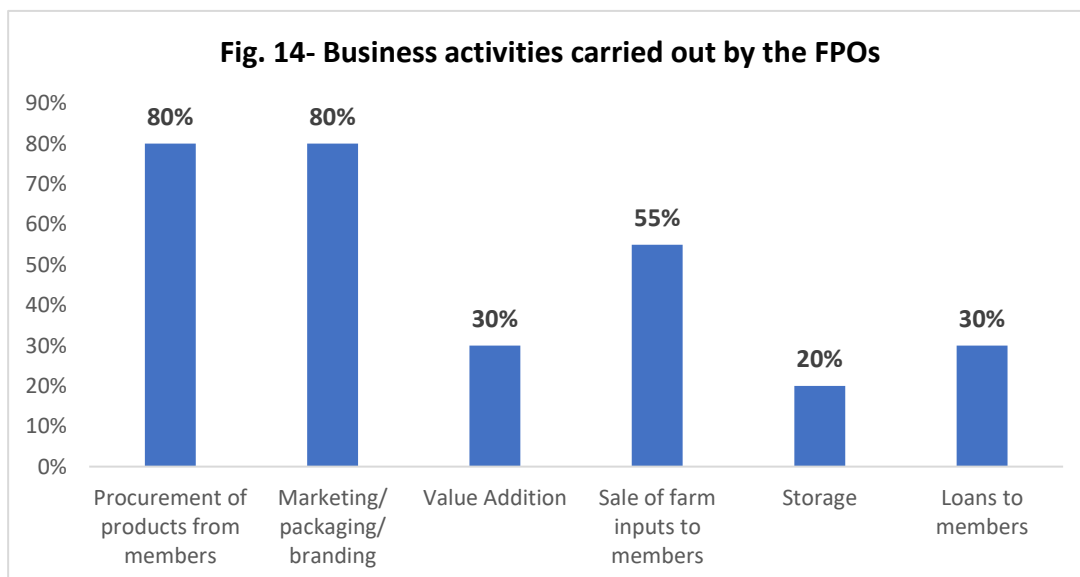
high on paper, actual involvement in core business activities like procurement and sales remains limited. This gap between registration and participation reflects challenges in building trust, awareness, and operational relevance among members. It also points to a

need for stronger member engagement strategies and incentives to ensure that FPOs function as effective, farmer-driven enterprises rather than administrative structures.

2.2.2 Business activities of the FPOs: As seen in Figure 13, 95% of the FPOs in Nagaland have prepared Business Development Plans (BDPs), indicating that most have received foundational support in outlining their operational and financial strategies. These plans typically include details on procurement, marketing, input distribution, and projected financials. However, the presence of a BDP does not always translate into effective execution. Qualitative findings suggest that in many cases, these plans are developed with the assistance of CBBOs or consultants and may not be fully understood or utilized by the FPOs themselves. Only 5% of FPOs lack a BDP, highlighting the near-universal coverage of this requirement, though the quality and ownership of the plans remain variable.

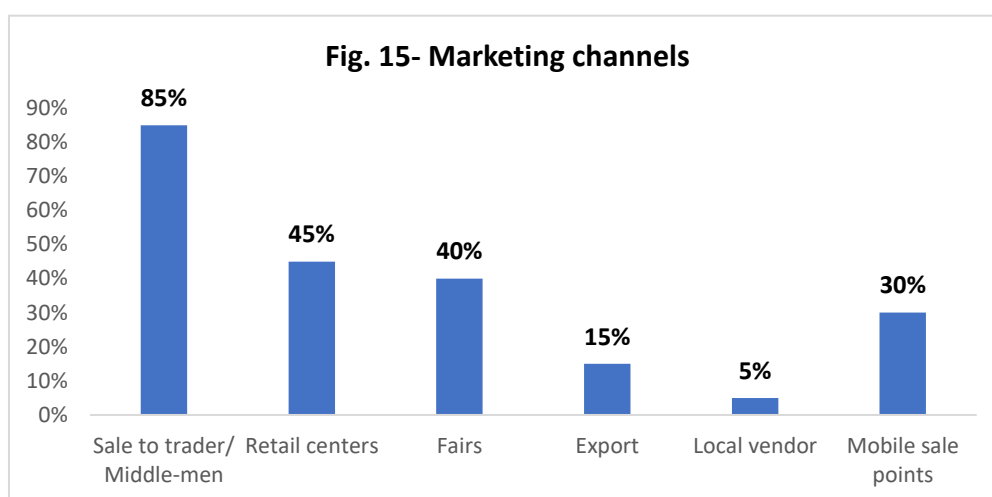


The business activities of FPOs in Nagaland reflect a growing, though uneven, diversification of services. Figure 14 shows that 80% of FPOs are involved in procurement of produce directly from farmers, and an equal percentage are engaged in marketing and basic branding activities. Additionally, 55% supply agricultural inputs such as seeds and fertilizers to their



members, playing a crucial role in reducing input costs and improving access. The Apex bodies like Saramati Beru FPO and Naga Maiki FPO play a crucial role by providing seed input at subsidized rates, but their reach is still limited. Many farmers prefer to reuse stored seeds, citing poor performance of outsourced ones highlighting regional agro-climatic sensitivities.

However, more advanced services remain limited as only 30% of FPOs engage in value addition, such as basic processing or packaging, and 30% provide small loans to members, often in the form of advances against produce. Storage infrastructure is available with only 20%, constraining their ability to manage post-harvest losses or delay sales for better pricing. These figures indicate that while foundational trading activities are well established, higher-value functions like processing, financial services, and storage remain underdeveloped, often due to lack of infrastructure, capital, and technical support.

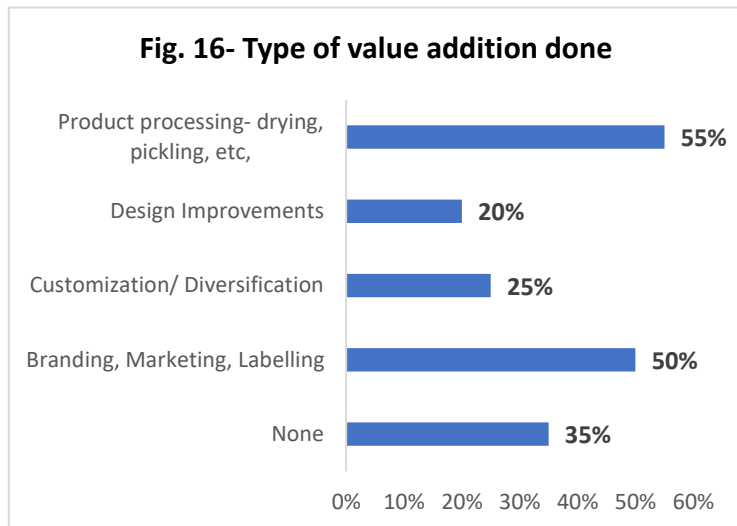


The marketing practices of FPOs in Nagaland remain largely informal and intermediary-driven. As seen in Figure 15, 85% of FPOs sell their products to traders and middlemen who sell their products in Guwahati, Siliguri and Dimapur, reflecting limited access to direct or institutional markets. This reliance on intermediaries often results in lower profit margins for farmers.

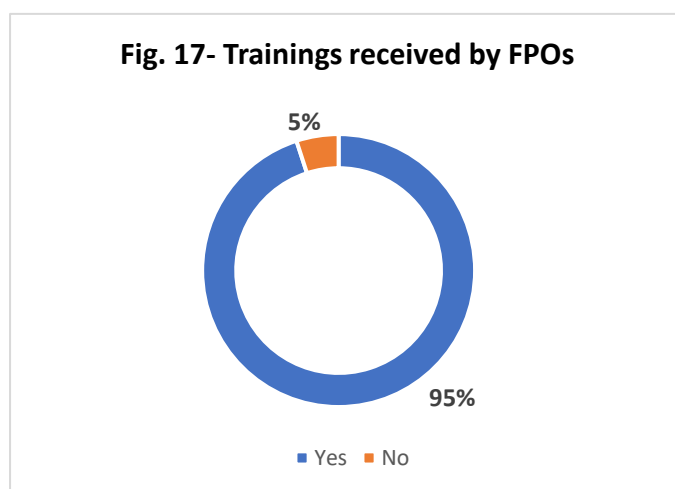
A smaller share of FPOs market their produce through retail centres (45%), agriculture fairs and expos (40%), and mobile sale points (30%), indicating some efforts to explore diversified marketing avenues. However, only 15% of FPOs engage in export, and a mere 5% supply directly to local vendors, underscoring their minimal presence in high-value or localized markets. While some of the FPOs have also conducted B2B marketing activities with major cities such as Delhi, Mumbai and Bangalore. Despite initiatives like ONDC being introduced by CBBOs, digital and organized market linkages are yet to be meaningfully adopted, mainly due to capacity gaps, low volume aggregation, and lack of branding and certification.

The extent of value addition among FPOs in Nagaland remains modest and uneven. As can be seen in Figure 16, 55% of FPOs are engaged in basic product processing, such as drying, sorting, or grinding. Around 50% are involved in marketing, packaging, and labelling, though most of this activity is focused on general promotion rather than strategic branding highlighting that true brand development is still in its early stages. 35% of FPOs do not engage in any value addition at all, indicating that a significant portion continue to function primarily as aggregators of raw produce. A smaller share of FPOs have moved into more

specialized activities like product customization (25%) and design improvements or modifications (20%), such as developing unique packaging or refining product presentation. These trends point to the need for improved infrastructure, technical training, and market-oriented planning to help FPOs shift from primary handling to competitive, value-added enterprises. Overall, product diversity is decent, but most FPOs are still trading in raw produce with minimal branding or value addition.



2.2.3 Capacity building of FPOs: Figure 17 shows that 95% of FPO members in Nagaland have received training in various capacity-building activities, indicating widespread participation in skill development initiatives supported by schemes like MOVCD-NER and the Formation and Promotion of 10,000 FPOs program. These trainings typically cover areas such as marketing, management, record keeping, and new production techniques, aiming to

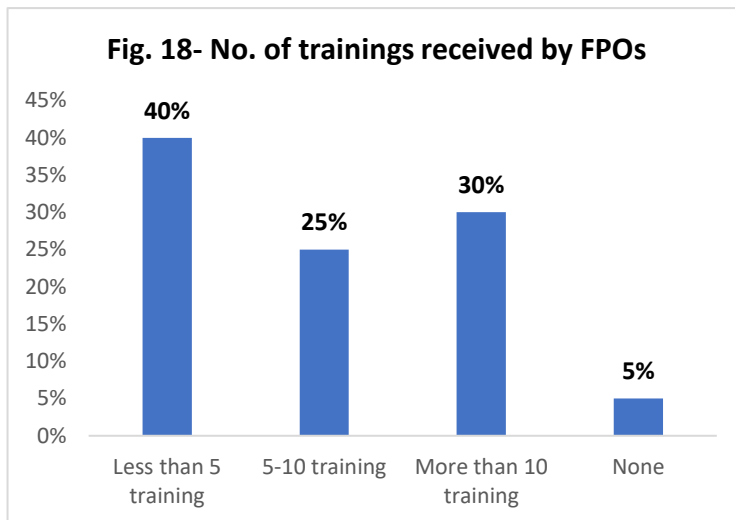


build the operational capacity of FPOs. However, despite this high coverage, qualitative findings reveal that the content and depth of the training often remain basic and repetitive with limited focus on advanced or business-critical topics like digital marketing, branding, governance, or financial compliance. Additionally, while executive staff such as CEOs and BoDs are the primary recipients, general members often lack the same level of

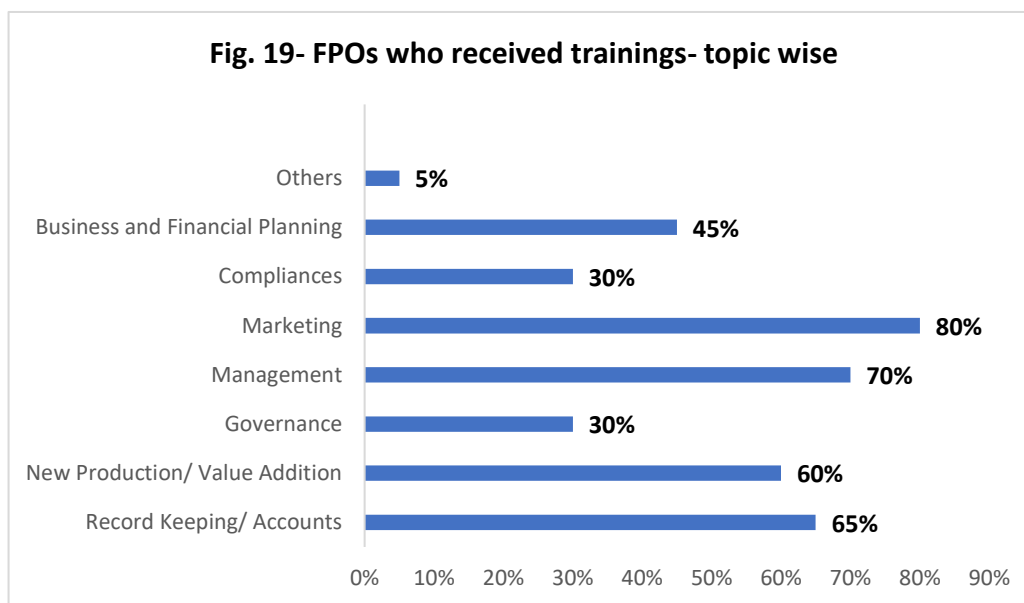
exposure, which contributes to weak grassroots engagement and limited democratic functioning. 5% of FPOs reported receiving no training at all, suggesting gaps in outreach or implementation.

Training exposure among FPOs in Nagaland shows considerable variation. As seen in Figure 18, 40% of FPOs have received fewer than five training sessions, indicating limited engagement in structured capacity building. Meanwhile, 30% have received more than ten trainings, reflecting more intensive support often linked to better-performing CBBOs or donor-backed programs. 25% of FPOs have received between five to ten trainings, and a small portion of 5% reported receiving no training at all, suggesting gaps in outreach or

implementation. While most FPOs have received some form of capacity building, the frequency and consistency remain uneven, which in turn affects the depth of institutional knowledge, member engagement, and operational effectiveness. This highlights the need for standardized, need-based training modules that go beyond introductory topics and are accessible to both leadership and general members.



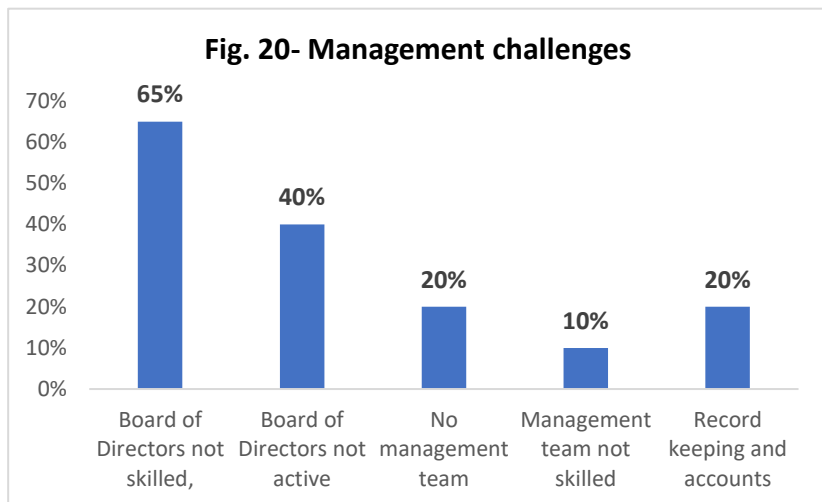
The study reveals that while most FPOs in Nagaland have undergone capacity-building sessions, the training content is concentrated in a few core areas. Specifically, 80% of FPOs received training on marketing, followed by 70% on FPO management and 65% on record-



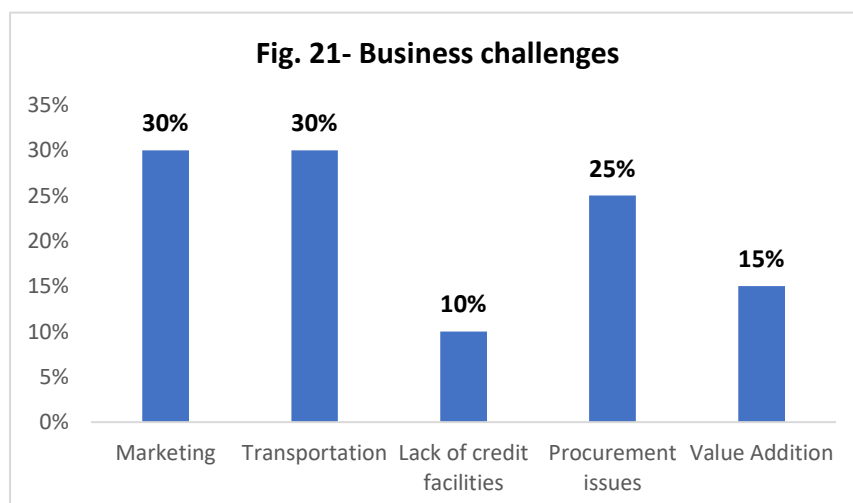
keeping, all of which are foundational for daily operations. Additionally, 60% received training on new production techniques, which supports improvements in farm-level practices. However, more strategic and institutional areas are less addressed as only 45% of FPOs received training in business and financial planning, and just 30% each in governance and compliance. A minimal 5% of FPOs received training in other specialized areas, reflecting a limited focus on topics such as branding, export readiness, or digital systems. This pattern indicates that while basic trainings are widely conducted, critical themes for enterprise growth and sustainability remain underrepresented, pointing to the need for more comprehensive, advanced, and role-specific capacity-building modules.

2.2.4 Management & Business Challenges:

The study highlights significant governance and operational capacity gaps within FPOs in Nagaland. 65% of FPOs report that their Board of Directors (BoDs) lack the necessary skills, which affects decision-making, compliance, and overall



management efficiency. Furthermore, 40% of FPOs have inactive BoDs, meaning that even when structures exist, they are not functioning effectively. In addition, 20% of FPOs operate without a formal management team, making it difficult to execute day-to-day operations or drive long-term planning. Another 20% face challenges in maintaining records and managing shareholder information, which undermines transparency and internal accountability. Alarming, 10% of FPOs lack any skilled management personnel, severely limiting their ability to function as business entities. These findings suggest that many FPOs remain dependent on external support and are not yet institutionally equipped to operate as independent, farmer-owned enterprises. Capacity building focused specifically on governance, leadership, and systems management is urgently needed to bridge these gaps.



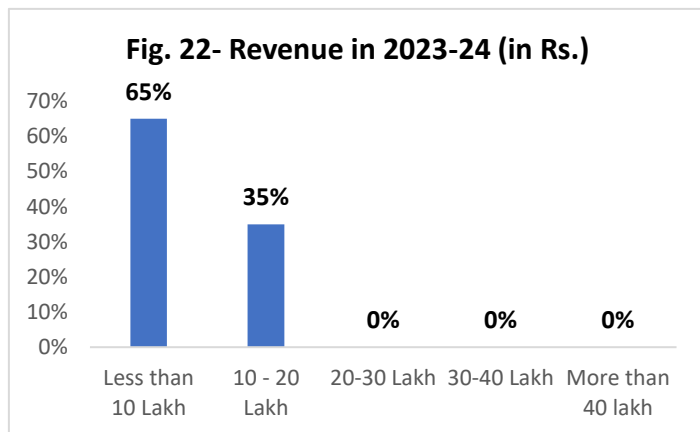
Farmer Producer Organizations (FPOs) in Nagaland face a range of operational and structural challenges that hinder their growth and sustainability. As seen in Figure 21, 30% of the FPOs struggle with marketing due to limited access to institutional buyers, over-reliance on

intermediaries, and lack of branding strategies. An equal percentage (30%) face transportation issues, often caused by poor infrastructure and high logistical costs in the hilly terrain. Additionally, 25% report difficulties in accessing raw materials, largely due to fragmented supply chains and dependence on locally stored seeds or inputs not suited to the region. Value addition remains a bottleneck for 15% of the FPOs, constrained by the absence of basic infrastructure such as drying units and packaging facilities. Lastly, 10% of FPOs lack access to credit, primarily because of weak financial systems, limited collateral,

and hesitation among financial institutions to engage with small, informal farmer groups. These challenges underscore the need for coordinated support in marketing, logistics, input systems, infrastructure, and finance.

2.3 Section 3: Finance

2.3.1 Revenue and profits of the FPOs: As seen in Figure 22, the revenue performance of Farmer Producer Organizations (FPOs) in Nagaland remains modest, with 65% of the FPOs generating less than Rs. 10 lakhs annually and 35% earning between Rs. 10-20 lakh. Notably, none of the FPOs reported annual revenues exceeding Rs. 20 lakhs, indicating that most are still operating on a small scale with limited commercial reach.



This low revenue generation is closely linked to several structural constraints identified in the study such as weak market access, limited value addition, minimal storage infrastructure, and dependence on local or informal markets. While many FPOs are actively engaged in primary production and procurement, few have been able to transition into higher-value operations due to lack of capital, technical expertise, and business development support. These figures underscore the need for more robust interventions aimed at scaling operations, enhancing processing capabilities, and building stronger linkages with institutional and retail markets to improve overall profitability.

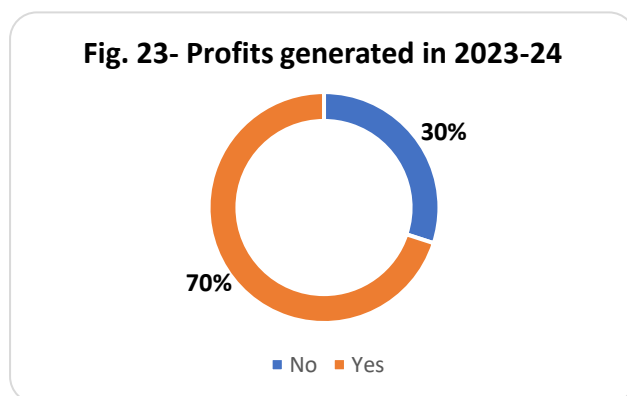
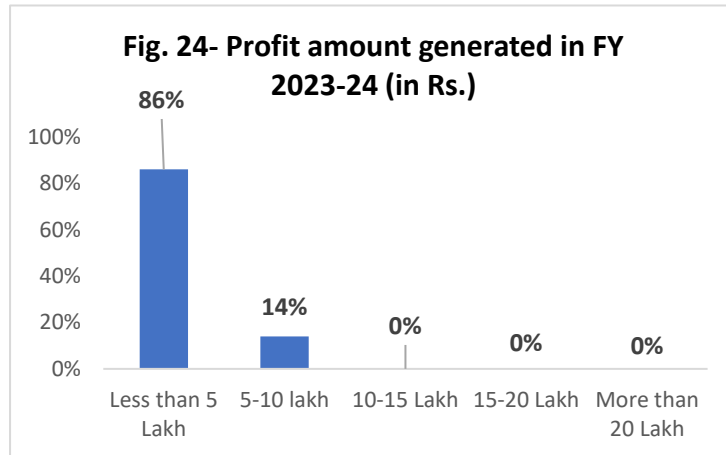


Figure 23 shows that, 70% of Farmer Producer Organizations (FPOs) in Nagaland reported generating profit in the last financial year, while 30% did not achieve profitability. This variation in financial outcomes reflects the uneven development and operational maturity of FPOs across the state. The FPOs that earned profit typically benefitted from better market access, moderate levels of institutional support, and involvement in input supply or basic aggregation services.

However, despite generating profits, the scale remains modest as most FPOs earning less than ₹5 lakh indicates limited value addition and restricted business growth. On the other hand, the 30% of FPOs that failed to generate profit often faced issues such as inadequate

market linkages, lack of working capital, poor governance, and low member participation. The findings suggest that while some FPOs are on a viable growth path, a significant portion continues to struggle with foundational challenges that hinder their financial sustainability.

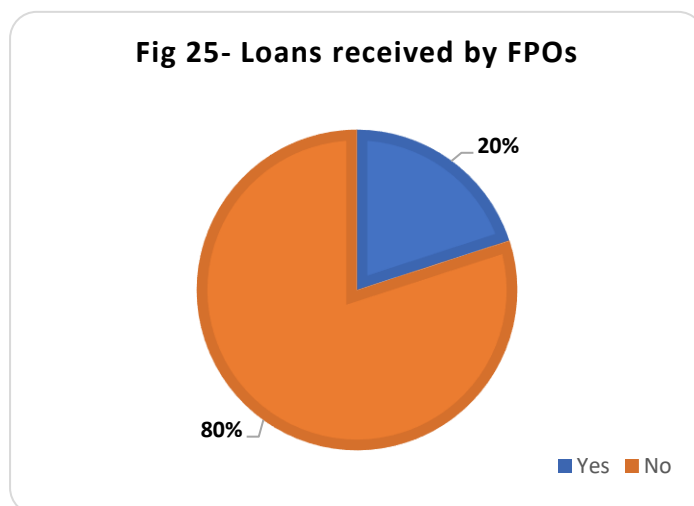
Among the Farmer Producer Organizations (FPOs) in Nagaland that recorded profits, a



significant 86% earned less than Rs. 5 lakhs, while only 14% managed to generate profits between Rs. 5-10 lakhs. Notably, none crossed the Rs. 10 lakhs threshold, underscoring the limited scale and scope of commercial operations within most FPOs. These modest profit margins are largely the result of small-scale aggregation, minimal

value addition, and limited access to high-value markets. Despite receiving foundational support, many FPOs continue to face structural barriers such as inadequate infrastructure, lack of business planning, and over-reliance on traditional marketing channels. This highlights the pressing need for sustained investment in infrastructure, advanced training, and strategic market linkages to help FPOs evolve into competitive and financially viable enterprises.

2.3.2 Access to credit: Roughly 80% of the Farmer Producer Organizations (FPOs) in Nagaland have accessed loans to support their operations, indicating a growing reliance on credit to meet working capital needs, procure inputs, or invest in basic infrastructure. These

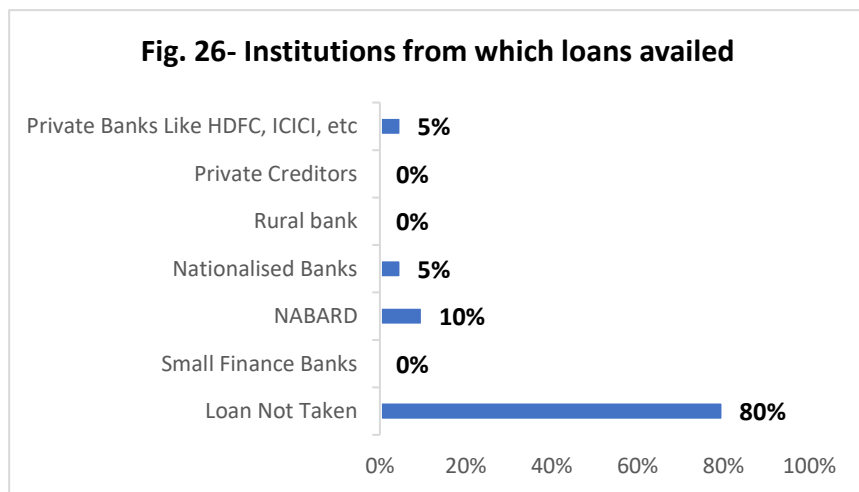


loans have often been facilitated through centrally sponsored schemes or with support from institutions like NABARD and NCDC. Access to credit has enabled some FPOs to scale procurement, improve member services, and maintain day-to-day operations. However, 20% of the FPOs have not accessed any loans, primarily due to lack of collateral, inadequate financial literacy, or limited institutional support. Many of

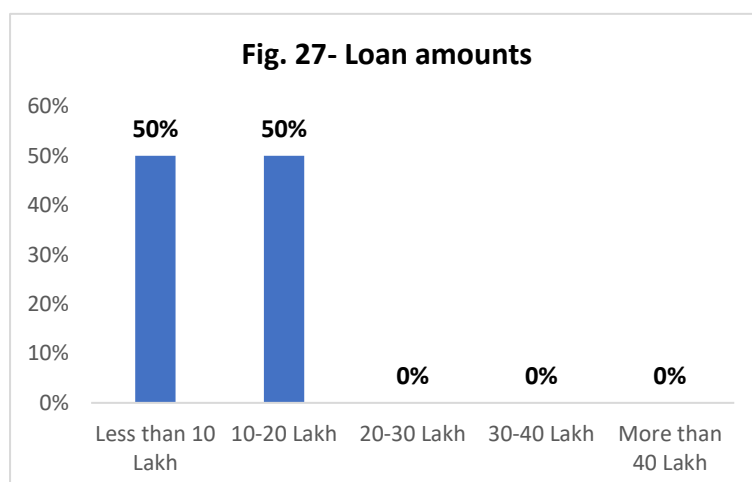
these FPOs continue to operate at a subsistence level, relying on member contributions or small grants. The disparity in credit access underscores the need for tailored financial products, simplified loan procedures, and targeted capacity building to ensure equitable access to capital across all FPOs in the region. At an individual level, cooperative Society has

offers a subsidised loan amount of Rs. 10,000 at an interest rate of 9% per annum to individual farmers. Overall, access to finance remains a serious bottleneck. Most farmers rely on SHGs or moneylenders, not formal institutions.

According to the study, only a small proportion of Farmer Producer Organizations (FPOs) in Nagaland have accessed formal credit through institutional channels. Figure 26 shows that just 10% have availed loans from NABARD, 5% from nationalized banks, and another 5% from private



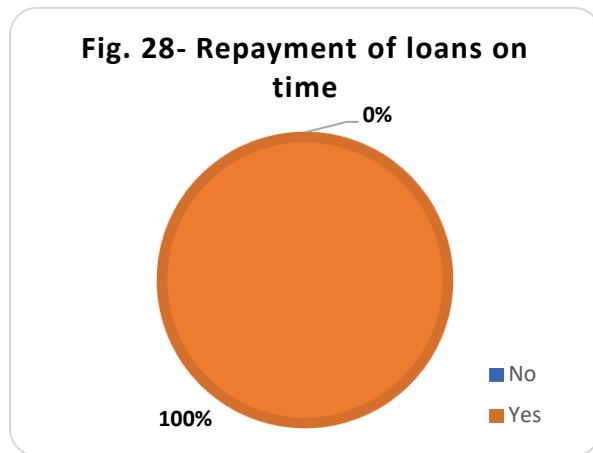
banks, while a striking 80% of FPOs have not taken any loans at all. This low uptake of formal credit reflects several structural barriers, including lack of collateral, insufficient financial documentation, low creditworthiness, and limited awareness of available financial schemes. Despite the existence of credit-linked support programs under centrally sponsored schemes, many FPOs especially those in early stages struggle to meet eligibility criteria or navigate complex application processes. The heavy dependence on grants or internal resources for operational expenses highlights a critical financing gap that limits business expansion, infrastructure development, and long-term sustainability. Addressing these constraints through simplified loan procedures, credit guarantees, and financial literacy training is essential to improve credit access for FPOs across the state.



Among the FPOs in Nagaland that have accessed credit, the loan amounts remain relatively modest. As seen in Figure 27, 50% of these FPOs availed loans of less than Rs. 10 lakhs, while the remaining 50% secured loans ranging between Rs. 10-20 lakh. Notably, none of the FPOs have accessed loans exceeding Rs. 20 lakhs, indicating limited

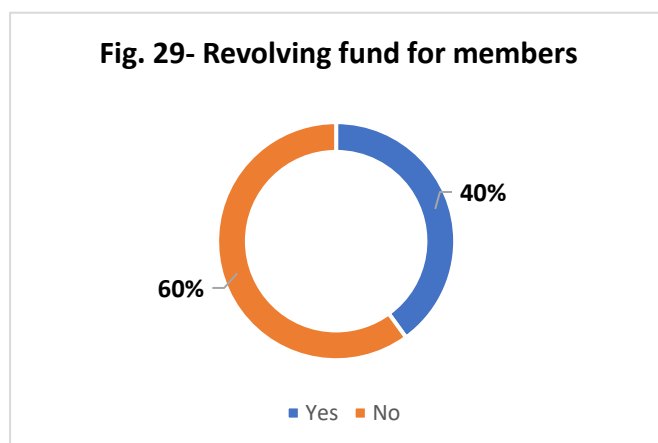
financial leverage and conservative lending practices by financial institutions. This modest loan uptake reflects broader challenges such as lack of collateral, inadequate documentation, and low creditworthiness assessments of FPOs. The small scale of credit

also restricts their ability to invest in critical infrastructure, scale operations, or engage in value-added activities ultimately impeding their growth into viable agribusiness entities.



While Figure 28 shows that 100% of FPOs who availed loans are either repaying or have repaid their EMIs on time, discussions with NABARD officials reveal a contrasting ground reality. Despite official records showing full repayment compliance, field-level experiences suggest that loan recovery remains a significant challenge, particularly in cases where FPOs are not generating consistent revenue or lack robust financial systems. This discrepancy highlights potential

issues in loan monitoring, reporting accuracy, or the presence of informal rescheduling practices that mask repayment difficulties. It underscores the need for better credit risk assessment, ongoing financial mentoring, and transparent tracking mechanisms to ensure that loans are not just disbursed, but also effectively utilized and sustainably repaid.



As seen in Figure 29, 60% of FPOs in Nagaland have access to a revolving fund, which allows them to provide short-term credit or input support to their members. These funds are crucial for maintaining liquidity, especially during procurement seasons or when immediate working capital is needed.

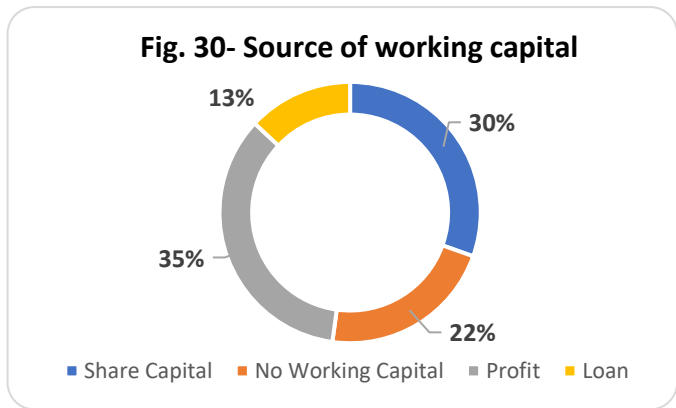
However, 40% of the FPOs lack any revolving fund, limiting their ability to

offer timely financial assistance to members or manage basic operations. This absence often forces farmers to rely on external sources such as moneylenders or SHGs, which may not always be affordable or reliable. The uneven distribution of revolving funds points to a gap in fund mobilization strategies and underscores the need for dedicated support in setting up and managing such internal financial mechanisms.

2.3.3 Working capital: The study shows that FPOs in Nagaland rely on multiple sources for their working capital, though overall access remains limited. 35% of FPOs generate working capital from their own profits, indicating a basic level of financial sustainability. Another 30% rely on share capital contributed by members, reflecting internal mobilization efforts.

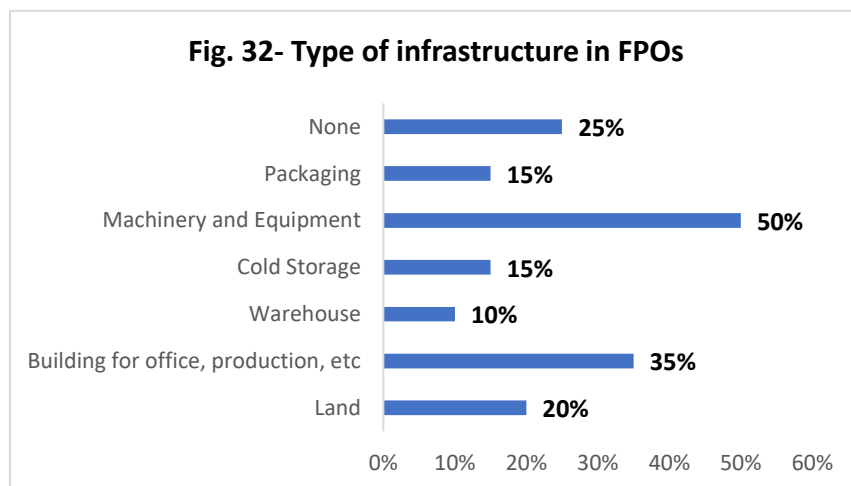
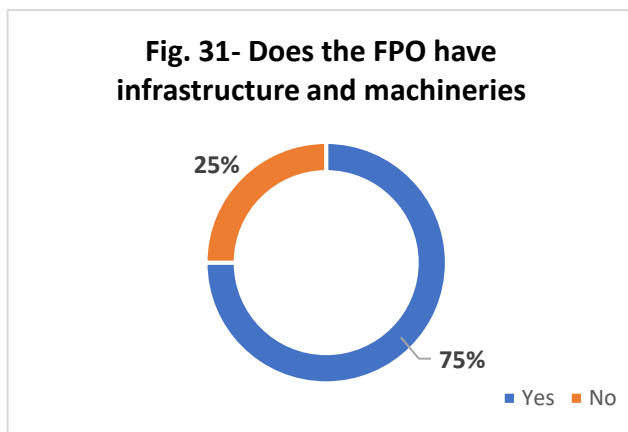
A smaller share of 13% depend on external loans, likely due to challenges in securing credit or meeting lending requirements. Alarming, 22% of FPOs reported having no working capital at all, which severely constrains their ability to carry out core functions such as input

procurement, aggregation, or value addition. This lack of liquidity undermines day-to-day operations and exposes these FPOs to financial vulnerability, highlighting the need for improved financial planning and access to flexible funding instruments.



2.4 Section 4: Infrastructure & machinery

2.4.1 Infrastructure availability and type: As seen in Figure 31, 75% of FPOs in Nagaland reported having their own infrastructure and machinery, which includes assets such as power tillers, solar dryers, packaging units, or basic processing equipment. These facilities support key operations like aggregation, drying, storage, and transportation. However, the scale and quality of infrastructure vary widely, and many of these assets are either underutilized or donor-dependent. In contrast, 25% of FPOs do not have any infrastructure or machinery, leaving them reliant on external agencies or forced to operate informally. The absence of physical assets in a quarter of the FPOs restricts their ability to carry out even basic post-harvest activities, limiting their capacity to engage in value addition or scale operations. This disparity underscores the urgent need for targeted infrastructure investment, especially in processing, storage, and transportation facilities.

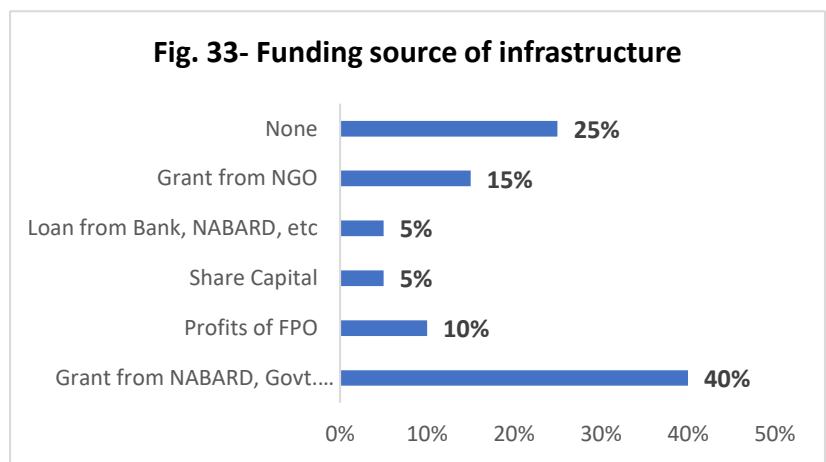


The study reveals that while a majority of FPOs in Nagaland possess some physical infrastructure, the availability and type of assets vary significantly across organizations. 50% of FPOs have machinery and equipment, enabling

them to undertake basic post-harvest operations such as drying, cutting, or grading. 30%

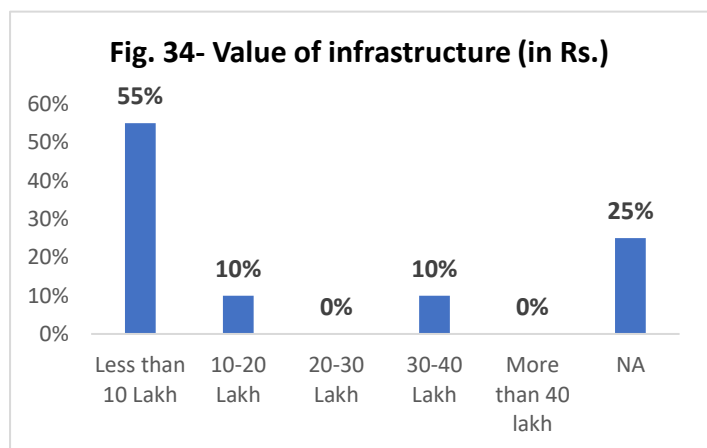
have their own building or production units, allowing for centralized operations and potential value addition. However, more advanced or critical infrastructure remains limited, only 15% have access to cold storage and packaging facilities, which are essential for perishable goods and market readiness. Furthermore, just 10% of FPOs have a warehouse, restricting their ability to store bulk produce for better price realization. Notably, 20% of FPOs reported having no infrastructure at all, making it difficult for them to function as organized enterprises. This highlights the need for sustained investment in both shared and individual infrastructure to bridge the gap between basic aggregation and enterprise-level functioning.

2.4.2 Source of funding for infrastructure and machinery: The funding landscape for



infrastructure development among FPOs in Nagaland is largely dependent on external institutional support. Figure 33 shows that, 40% of FPOs have received infrastructure funding from NABARD and other government departments, making these agencies the primary

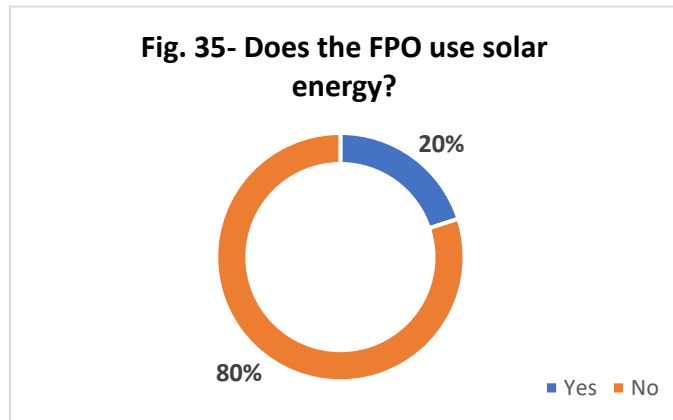
financiers of physical assets like buildings, equipment, or storage units. A smaller share of 15% benefited from grants provided by NGOs, reflecting donor engagement in strengthening grassroots organizations. Internally sourced funding remains limited: only 10% of FPOs financed infrastructure through profits, 5% through share capital, and another 5% through loans. Additionally, 5% of FPOs reported receiving no grants or funding for infrastructure, which likely contributes to operational constraints. This distribution highlights a strong reliance on short-term project-based funding, with limited internal resource generation, underscoring the need for long-term infrastructure financing mechanisms and capacity to mobilize institutional credit.



The study indicates that the asset value of infrastructure held by most FPOs in Nagaland remains relatively low. Specifically, 55% of FPOs reported infrastructure valued at less than ₹10 lakh, reflecting limited investment in facilities such as buildings, machinery, or storage units. Another 25% have infrastructure worth between Rs. 10-

20 lakh, and 10% each fall in the Rs. 20-30 lakh and Rs. 30-40 lakh brackets. This distribution suggests that while some FPOs have accessed moderate levels of investment likely through government or donor funding, the majority operate with minimal infrastructure. The limited asset base hampers their ability to undertake value-added activities, manage large volumes, or ensure proper storage and quality control, ultimately constraining their market competitiveness and scalability.

2.4.3 Use of solar energy: The study shows that the adoption of renewable energy technologies among FPOs in Nagaland is extremely limited. Only 20% of FPOs reported using renewable technology, while a vast majority 80% do not incorporate it into their operations. The renewable technologies used by the FPOs are solar drier and solar cold storage.



Where it exists, renewable energy use is typically restricted to household-level applications such as solar lamps or cookers, rather than being integrated into agricultural or processing activities. Despite the frequent power fluctuations in the region, the use of renewable energy has been largely limited to household activities. Solar panels, solar lights, solar lamps are commonly employed in homes to meet basic energy needs, such as lighting, cooking, and small-scale heating. However, their use has not yet been extended to larger-scale activities like agricultural processing or industrial operations, primarily due to technical limitations, high initial investment costs, and a lack of infrastructure to support wider application. As a result, while renewable energy has proven beneficial for domestic purposes, its potential for powering larger systems and contributing to more sustainable practices in agriculture and business remains underutilized.

CHAPTER 3- ANALYSIS AND DISCUSSION

Based on the findings from the quantitative as well as qualitative data, the following is the analysis of the different components of the FPO ecosystem in Nagaland-

3.1 Section 1: Formation, Governance & Support Received

3.1.1 Formation Phase: The mobilization of Farmer Producer Organizations (FPOs) in Nagaland gathered momentum between 2016 and 2017, aligning with national and state-led initiatives such as MOVCD-NER, Central Sector Scheme for Formation and Promotion of 10,000 FPOs, and SFURTI, with major institutional backing from NABARD, NCDC, and the Department of Agriculture. While initial attempts were made to identify older FPOs through government and cooperative databases, many of these organizations were found to be either inactive or untraceable. The formation process is largely externally driven, seldom initiated by farmers themselves. Typically, Resource Institutions (RIs) and CBBOs such as NEIDA, Eleutheros Christian Society (ECS), BASIX, Better Life Foundation, etc. lead the process through diagnostic studies, feasibility assessments, and the mobilization of Farmer Interest Groups (FIGs) and Common Interest Groups (CIGs). Support is then extended for registration, business planning, capacity building, and in some cases, initial infrastructure setup. These interventions are usually limited to a 3-year support window, within which the FPOs are expected to achieve operational sustainability.

3.1.2 Legal Structure: Most FPOs in Nagaland are formed under government-supported schemes, and as a result, 85% are registered under the Cooperative Societies Act, while 15% are registered as Producer Companies. While cooperative registration offers stronger linkages to government programs and departmental oversight, it can also influence organizational autonomy. Producer Companies, though fewer, have greater flexibility in governance and market-oriented operations, but are less commonly adopted in the state.

3.1.3 Membership Trends: The motivation behind joining FPOs is largely scheme-driven, aimed at accessing subsidized inputs, government benefits, or training opportunities. There is a visible increase in shareholder numbers, with some FPOs growing from under 100 to over 1,000 members. However, in spite of this numerical growth in number of shareholders, the number of shareholders who undertake transaction with the FPOs is much lesser. Many members remain uninvolved in daily operations, and some join only to avail scheme-linked benefits, which indicates low interest in the collective initiative.

3.1.4 Governance and decision making: FPOs in Nagaland are generally structured with a Board of Directors (BoD), a Chief Executive Officer (CEO), an accountant, and in some cases, village-level promoters. In terms of governance practices, 70% of FPOs conduct at least four BoD meetings annually, which indicates a baseline of operational engagement. However,

15% of FPOs do not conduct Annual General Meetings (AGMs), a concerning gap that limits member accountability and transparency. Communication between leadership and members is often carried out through WhatsApp groups, phone calls, or village-level promoters, which may exclude digitally unconnected or less active members. Meeting discussions typically cover procurement coordination, training updates, and marketing plans. However, it has been found that strategic deliberation or participatory planning are usually not carried out during the BoD meetings or AGMs.

3.2 Section 2: Business activities of the FPOs

3.2.1 Key commodities covered by the FPOs: The data reflects rich agro-climatic diversity across Nagaland's districts, with each district specializing in distinct products that align with its local ecology and farming practices:

- High-altitude and temperate districts like Phek, Tuensang, and Kohima focus on crops such as kiwi, wild apple, cabbage, garlic, and persimmon, suggesting potential for high-value horticulture and temperate fruit processing.
- Mid-altitude districts like Peren, Kiphire, and Zunheboto emphasize ginger, turmeric, cardamom, and soya bean, which are well-suited for spice processing and export markets.
- Districts like Mokokchung and Tseminyu show potential in coffee and areca nut tea, niche crops with growing domestic and export demand.

The district wise crops and value chains covered by the FPOs are given below-

| Sl. No. | Districts | Key commodities |
|---------|------------|--|
| 1 | Peren | Turmeric, Chilli, Ginger, Black Sesame, Bamboo Shoot |
| 2 | Phek | Kiwi, Wild Apple, Gooseberry, Garlic, Persimmon, Potato, King Chilli |
| 3 | Tuensang | Large Cardamom, Ginger, Perilla, Kiwi, Potato, Millets, Kidney Beans, Soy Bean |
| 4 | Kiphire | Maize, Kidney Beans, Soy Bean, Ginger, Turmeric, Cardamom, Honey |
| 5 | Zunheboto | Ginger, Cardamom, Turmeric, Soy Bean |
| 6 | Mokokchung | Coffee, Areca Nut, Tea, Ginger |
| 7 | Kohima | Kiwi, Potato, Piggery, Poultry |
| 8 | Tseminyu | Cardamom, Ginger, Yam, Coffee, Piggery, Poultry |

| | | |
|---|----------|---------------------------------|
| 9 | Longleng | Large Cardamom, Ginger, Millets |
|---|----------|---------------------------------|

3.2.2 Business Activities: It has been found that the core business activities of the FPOs are procurement of farm produce, marketing of farm products, sale of agricultural inputs like seeds and fertilizers to farmers, credit support to members, storage and warehousing services. While these are promising steps, business expansion is constrained by the lack of processing infrastructure, trained personnel, and working capital. A few FPOs attempt minimal value addition such as drying, sorting, or packaging but processing tools like dryers, slicers, sealers, or sorting devices are largely not available with the FPOs. In some cases, FPOs like Saramati Beru and Naga Maiki act as apex bodies that supply seeds and inputs to other FPOs, creating minor horizontal linkages.

3.2.3 Value Addition: Despite the diversity of crops handled, only 30% of FPOs engage in any value addition activities. Among these, most efforts are limited to basic primary processing, such as manual drying or packaging. Although 50% of the FPOs have reported to be involved in packaging, branding, and labelling, in practice, most are focused on trading activities rather than actual brand building. Since most of the FPOs do not engage in any value addition, this significantly constrains their ability to command better market prices or reach higher-value markets. Factors such as lack of modern processing equipments and business & marketing strategies remains a key barrier to building recognizable agricultural brands.

3.2.4 Marketing: Marketing remains a major bottleneck in the FPO value chain. 85% of FPOs rely on middlemen or local traders, limiting their profit margins and control over pricing. While digital platforms such as ONDC and e-commerce tools have been introduced by CBBOs, their usage remains minimal. FPOs lack the digital literacy, product readiness, and volume assurance needed to succeed in such platforms.

3.2.5 Capacity Building of the FPOs: Capacity building is a core mandate under both the MOVCD-NER and the Central Sector Scheme for Formation and Promotion of 10,000 FPOs. In practice, the majority 95% of the FPOs in Nagaland have undergone some form of training. However, the depth and regularity these training programs have been found to vary. A key concern that emerges is the asymmetry of knowledge and capacity between core management (CEOs, BoDs, accountants) and general FPO members. While executive staff and promoters are generally familiar with operational procedures, most farmers remain disengaged or unaware of the functioning and decision-making processes. This has led to low grassroots participation and weak internal accountability.

3.3 Section 3: Finance

3.3.1 Revenue and Profitability: The financial performance of FPOs in Nagaland remains modest, with most operating on a small scale. As per the study, 65% of FPOs generated less than ₹10 lakhs revenue in the financial year 2023-24, indicating limited transaction and

business volume. While 70% of the FPOs reported generating profits, 86% of those earned less than ₹5 lakh profit, which makes reinvestment into operations, infrastructure, or member services difficult. This scale of profitability reflects the continued dependence of FPOs on trading in raw agricultural produce with minimal value addition or limited market access. Without a steady increase in turnover and profits, many FPOs struggle to transition from subsistence-level operations to financially sustainable enterprises.

3.3.2 Access to Credit: Credit access remains a major challenge for FPOs in the state. Only 20% of FPOs have accessed formal loans, and even those who did received relatively small amounts—50% borrowed less than ₹10 lakh, and the rest between ₹10–20 lakh. No FPO reported availing loans beyond ₹20 lakh, highlighting the cautious lending environment and the FPOs' limited borrowing capacity. Although 100% of loan-receiving FPOs reported timely repayment, field-level discussions with NABARD officials suggest otherwise—loan recovery has been difficult in practice, with delayed repayments and low confidence in repayment systems. FPOs face persistent hurdles in accessing formal credit due to systemic banking constraints. These include the lack of adequate documentation, particularly KYC, land records, and financial statements. Many FPOs also lack the collateral required by financial institutions and face poor linkages with banks. The fear of default and lack of familiarity with institutional credit processes also deter FPOs from applying for loans. As a result, most continue to rely on small grants or advances from SHGs, cooperatives, or informal lenders, which offer little scope for scale or investment.

3.3.3 Institutional Support: FPOs in Nagaland receive financial and operational support primarily from NABARD (50%), followed by the Agriculture Department under MOVCD-NER (20%), and NCDC (10%), with additional contributions from NGOs and FKVKs. While this institutional support has been instrumental in the formation and early functioning of FPOs, it is typically project-based and short-term, with funds often earmarked for staff salaries, basic operations, and bookkeeping.

3.3.4 Improvement in the incomes and livelihood of farmers: Based on the findings of the study, there has been some improvement in the status of farmers associated with FPOs in Nagaland, although the extent of progress varies across regions and organizational maturity. The formation of FPOs has also led to improved access to agricultural inputs and exposure to new farming techniques through capacity-building programs. It has been seen that formation of FPOs have led to a modest increase in farm incomes, particularly for those involved in high-value crops such as cardamom, ginger, kiwi, and turmeric.

3.4 Section 4: Infrastructure

3.4.1 Existing Infrastructure and Their Usage: The study reveals that while 75% of FPOs in Nagaland have some form of infrastructure, the scale and quality of these facilities vary. 50% of FPOs own machinery, such as power tillers or basic processing tools, while 30% have production units that enable limited in-house processing or aggregation activities. More advanced infrastructure is less common—only 15% of FPOs possess cold storage or

packaging facilities, and a mere 10% have access to warehouses, which are essential for managing bulk produce and minimizing post-harvest losses. However, many of these assets are underutilized, often acquired through project-based funding with limited provision for long-term maintenance or upgrades. Most FPOs lack the operational budgets or technical capacity to optimize the use of these facilities, which restricts their ability to transition into fully functional agri-business entities.

3.4.2 Usage of Renewable Energy: Despite frequent power outages and high dependence on diesel for basic operations, the adoption of renewable energy among FPOs is extremely limited. Only 5% of FPOs reported using solar power, and even then, it is restricted to household-level uses like lighting and cooking, rather than integrated into business functions. There is currently no reported use of solar-powered dryers, irrigation pumps, or cold chains, which could otherwise address key infrastructural and energy challenges. This underutilization of renewable energy highlights both a lack of awareness and access to technical solutions, as well as missed opportunities to enhance operational sustainability and reduce long-term costs for FPOs operating in remote and energy-deficient regions.

3.4.3 Machinery requirements of the FPOs: Below are the different types of machinery and infrastructure support that the FPOs have identified that would be useful for them-

| Categories | Machinery Type |
|-------------------------|--|
| Production & Harvesting | Solar water pump, tractor, grass cutter, mini power tiller |
| Post harvest | Solar dryer, Pick-up truck, slicer, pulveriser, Oil extractor machine, cold storage, rice & millets mill, cleaning machine, thresher |
| Packaging | Automatic packaging machine, grading machine |
| Renewable Energy | Solar lights, Sower power |

3.5 Section 5: Major challenges faced by the FPOs

The major challenges faced by the FPOs can be categorised as following:

3.5.1 Governance: Internal governance and operational issues are challenges for many FPOs. Weak coordination among producers and Board of Directors (BoDs) hinders decision-making and execution of strategies. In some cases, farmers are unfamiliar with the FPO model and are hesitant to participate actively without receiving allowances for meetings or awareness programs, affecting overall engagement and unity.

3.5.2 Market Access: Market access and marketing difficulties are another major concern. Many FPOs struggle to establish strong buyer networks and often rely heavily on local intermediaries. This reliance limits their ability to secure consistent orders and competitive

prices. The lack of exposure and limited branding further restricts their reach beyond local boundaries.

3.5.3 Value Addition: Value addition remains a major challenge for FPOs in Nagaland, primarily due to the lack of infrastructure, technical skills, and financial resources. Many FPOs are unable to engage in processing, drying, grading, or packaging activities, which restricts them to selling raw produce at low margins. Although FPOs shared that there is demand for value-added products such as pickles, juices, and spices, most FPOs lack the necessary equipment and training to undertake such operations. Even those aware of the potential benefits face barriers like limited access to capital and inadequate support for setting up processing units.

3.5.4 Finance: Financial constraints significantly hinder operations. After the conclusion of initial support received from schemes like SFURTI or the Formation and Promotion of 10,000 FPOs program, many FPOs are left with minimal operational funds. This financial shortfall impacts their ability to procure produce from farmers, pay staff salaries, or invest in infrastructure. Moreover, access to loans remains limited due to lack of necessary collateral, and low awareness of available credit schemes.

3.4.5 Infrastructure: The absence of infrastructure and capacity for value addition continues to be a major barrier. Most FPOs lack basic facilities such as processing units, storage structures, packaging machines, and drying equipment. Without these, FPOs are forced to sell raw produce at low margins, missing out on the potential of higher earnings through value-added products.

3.4.6 Transportation: One of the most critical challenges faced by FPOs in Nagaland is transportation. Poor road connectivity, especially in remote areas, and long distances to commercial hubs like Dimapur result in high logistics costs. These challenges make it difficult for FPOs to transport produce efficiently and economically, ultimately affecting their competitiveness and ability to reach broader markets.

3.4.7 Technology: Technological gaps further limit productivity and efficiency. A lack of access to modern agricultural tools, machinery, and digital platforms impairs efforts to modernize operations. Many FPOs also lack the skills and resources to adopt digital tools for marketing, record-keeping, or quality control, which are essential for scaling up operations.

3.4.8 Quality Control: Quality control and production volume are recurring concerns. The absence of standardization mechanisms reduces buyer confidence, while low and inconsistent supply from smallholder farmers makes it difficult to meet large or institutional orders. These challenges restrict the FPOs' ability to build credibility and expand their market presence.

3.4.9 Delayed payments: Delayed payments and unreliable buyers present another layer of difficulty. FPOs often face issues such as delayed credit settlements and dealing with non-genuine buyers, which creates financial uncertainty and affects cash flow. At the same time,

high labour costs further reduce the profitability of operations, particularly for FPOs with limited resources.

3.4.10 Limited Awareness: Lastly, limited awareness among farmers and low participation in FPO activities continues to be a challenge. Many farmers are yet to fully understand the benefits of collective marketing and enterprise development, making it difficult for FPOs to mobilize members and achieve economies of scale. These compounded issues highlight the urgent need for integrated and sustained support in finance, infrastructure, capacity building, and institutional linkages.

CHAPTER 4: RECOMMENDATIONS & CONCLUSION

4.1 Recommendations

Based on the findings of the study, the following are the key recommendations for the strengthening and promotion of functional and sustainable FPOs in Nagaland-

4.1.1 Government or institutional support during formation stage: As support from Government departments and promoting institutions has played an important role in promotion of FPOs, such governmental support and schemes can be tapped in FPO promotion initiatives. Such schemes have the required resources, through which FPOs can receive crucial support.

4.1.2 Capacity building of Directors and CEOs: To enhance the success and sustainability of Farmer Producer Organizations (FPOs), it is essential to strengthen the leadership and governance capacity of their Boards of Directors (BoD) and CEOs. This can be achieved by providing targeted training on governance, business planning, and member-centric approaches to ensure leaders understand that FPOs are owned by shareholder farmers and exist to improve their incomes.

4.1.3 Clear business plans: As most FPOs did not have a clear business plan as to how they would take their work forward, it is important to support the FPOs have a workable and simple business plans, that is created by involving the Directors, CEOs and the shareholders. Having a business plan, that can be understood by the Directors and CEO is one of the most crucial aspects of a strong FPO.

4.1.4 Organizational Development: A few FPOs highlighted the importance of organizational development, particularly in terms of clarifying BoD roles, improving governance, and building long-term strategic plans. Promising FPOs can be supported towards creating business development proposals and expressed the need for expert guidance in strategic planning, HR systems, and future goal-setting. Strengthening the internal structure is seen as essential for professionalizing the FPO model and ensuring sustainability.

4.1.5 Value Addition and Product Diversification: FPOs can be supported in value addition and marketing of products which has the potential to fetch better price realisation and revenues for the FPOs. FPOs can be supported in the value addition process through trainings on value addition, packaging and by helping the FPOs acquire the required machinery.

4.1.6 Marketing: Many FPOs struggle with figuring out where to sell their products and how to connect with larger traders and companies. Support is required by the FPOs in developing marketing strategies, connecting to larger traders or companies and improving product branding for value added products. Access to reliable buyer networks, particularly for

organic and value-added products, is seen as vital to boost profitability and ensure long-term viability.

4.1.7 Support for working capital: To address the critical issue of financial sustainability, there is a need to improve FPOs' access to working capital and credit. This includes helping the FPOs get equity grants through Govt. schemes, support in loan application processes, financial literacy and connecting with possible financial grant support. The FPO BoD and leadership needs to be trained in expenditure planning and financial & credit management skills, so that the financial resources of the FPO are utilised in a frugal and productive manner. Many FPOs seek direct financial assistance or grants to support value addition initiatives, purchase machinery, and scale their operations.

4.1.8 Strengthening of systems & legal compliance- Support should be provided to the FPOs for building internal capacity in record-keeping, accounting, and legal compliance. This can include training BoD members and key staff in basic financial management, maintaining simple accounts and basic documentation. Additionally, efforts should be made to gradually reduce dependence on POPIs and consultants in this regard, so that the FPOs build their internal capability.

4.1.9 Machinery support: It is recommended that targeted support be provided to Farmer Producer Organizations (FPOs) to address critical infrastructure gaps, including the establishment of processing units, storage facilities, packaging stations, and transport solutions. A key area identified for intervention is the provision of appropriate machinery and equipment—such as dryers, mills, and slicers—to enhance productivity and enable value-added processing. In several cases, infrastructure development is essential for scaling up production, improving post-harvest handling, and meeting organic or quality standards.

4.1.10 Support for transportation: Several FPOs emphasized the need for transport vehicles and logistics support to reduce dependency on costly third-party transport. Better transportation would improve market access, especially for those operating in remote areas with poor road connectivity. Efficient logistics are also essential for the timely delivery of perishable and value-added goods.

4.1.11 Support for renewable energy: Support can be provided to FPOs to facilitate the adoption of solar-powered energy solutions, especially given the frequent disruptions caused by unreliable electricity supply and voltage fluctuations, particularly during the monsoon season.

4.2 Conclusion

Based on the comprehensive study of FPOs in Nagaland, it is evident that the state has made significant strides in mobilizing and institutionalizing farmer collectives through multiple government and non-government interventions. The formation of FPOs under schemes like

MOVCD-NER and the Central Sector Scheme for Formation and Promotion of 10,000 FPOs has expanded access to agricultural inputs, increased awareness about collective enterprise, and introduced basic governance structures. Many FPOs have also begun engaging in input supply, aggregation, and in some cases even value addition, with some early signs of positive impact on farmer incomes, particularly in high-value crops like cardamom, ginger, and kiwi.

However, despite this progress, FPOs in Nagaland face multiple systemic and operational challenges that hinder their transition into sustainable agribusiness enterprises. Issues such as low farmer participation, inadequate internal governance, poor market access, and weak financial performance are common across many FPOs. Infrastructure and equipment needed for processing and value addition remain sparse and underutilized, while limited capacity in business planning, marketing, and digital literacy restricts their ability to scale. Access to formal credit remains a persistent barrier due to insufficient collateral, documentation challenges, and institutional hesitance from lenders, making many FPOs dependent on short-term project funds.

To fully realize the potential of FPOs in Nagaland, a more integrated and long-term approach is needed—one that goes beyond formation to sustained capacity building, financial support, infrastructure development, and market integration. Stronger linkages with buyers, improved governance systems, targeted investments in value chains, and greater inclusion of farmers in planning and decision-making will be critical. With coordinated support from government departments, financial institutions, and civil society, Nagaland's FPOs can evolve into robust platforms that not only enhance farm incomes but also empower rural communities through collective enterprise and entrepreneurship.

