

Empowering Smallholders through Collective Aggregation: A Study of Farmer Producer Organisations in Jharkhand

*Prof.(Dr.) Ashfaque Alam¹, *Archana Singh²*

¹ *Professor Dept. of Commerce & Management,
Jharkhand Rai University, Ranchi*

² *Research Scholar, Faculty of Commerce and Management
Jharkhand Rai University, Ranchi*

**email: singh.archana574@gmail.com*

Abstract

Background: Carved out of Bihar in 2000, Jharkhand is a predominantly tribal agrarian state where fragmented landholdings, subsistence-level farming, and structural exclusion from organised markets combine to trap smallholder households in cycles of poverty. According to the Agriculture Census 2015–16, the average operational holding size in the state declined from 1.17 ha (hector) 2010–11 to 1.10 ha in 2015–16, reflecting a deepening fragmentation of cultivable land. Against this structural backdrop, Farmer Producer Organisations (FPOs) have been promoted as institutional vehicles for collective aggregation, designed to restore bargaining power, unlock institutional credit, and link smallholder producers to remunerative markets.

Aim: This study aims to critically examine the progress, penetration, and structural significance of FPOs in Jharkhand using secondary data analysis, situating state-level outcomes within the national policy architecture of the Central Sector Scheme (CSS) for the Formation and Promotion of 10,000 FPOs.

Method: The study relies exclusively on authenticated secondary sources comprising the Agriculture Census 2015–16 (DAFM, GoI), Press Information Bureau releases (August 2024), NABARD's State Focus Paper for Jharkhand (2020–21), the NABARD All India Rural Financial Inclusion Survey (NAFIS 2016–17), the Jharkhand Economic Survey 2021–22 and 2022–23, the NITI Aayog Multidimensional Poverty Index (MPI) Baseline Report 2021, and peer-reviewed literature. Descriptive statistics, proportional comparisons, and a custom FPO Penetration Index were applied.

© Dr Ashfaque Alam, Archana Singh

Results: As of 30 June 2024, Jharkhand registered 355 FPOs under the CSS scheme, accounting for 4.0% of the national total of 8,875 FPOs, mobilising an estimated 78,810 smallholder members—barely 3–4% of the state’s smallholder farming population. The state’s average monthly farm household income of ₹5,854 (NAFIS 2016–17, NABARD SFP 2020–21)—the lowest among all 29 states surveyed—and a multidimensional poverty rate of 46.16% (NITI Aayog, 2021) underscore the severity of structural agrarian distress. A computed FPO Penetration Index of approximately 1.82 reveals proportional adequacy but masks a deep functional gap: registered FPOs frequently lack working capital, market linkages, and human resource capacity to deliver income benefits to members. The Jharkhand government’s May 2024 Grant-to-FPO Scheme, offering four-year performance-linked equity support, signals a corrective shift in state policy orientation. Conclusion: Jharkhand’s FPO ecosystem requires urgent transitions from registration-centric metrics to viability-centric outcomes, supported by enhanced capitalisation, strengthened Cluster-Based Business Organisations (CBBOs), tribe-specific legal frameworks, and gender-inclusive governance protocols.

Key Words: Farmer Producer Organisations; collective aggregation; smallholders; Jharkhand; tribal agriculture; CSS 10,000 FPOs; NAFIS; secondary data analysis

Introduction

The structural paradox of Indian agriculture — that those who produce food for the entire nation are themselves the most food-insecure — finds its sharpest expression in states like Jharkhand. Carved out of Bihar on 15 November 2000, Jharkhand is home to approximately 39 million people, of whom 76% reside in rural areas.¹ Over 26% of its population belongs to Scheduled Tribes, and the state’s agricultural workforce constitutes 49.3% of its total working population as of 2022–23.² Yet agriculture contributes only 18.2% of the state Gross State Value Added (GSVA) in 2021–22² — a classic structural indicator of agrarian underproductivity where a large share of the labour force generates a disproportionately small share of economic output.

The per capita income of Jharkhand was estimated at ₹79,873 at current prices in 2019–20³ and rose to ₹91,874 at current prices in 2022–23.⁴ Despite nominal improvement, this remains approximately 50% below the national per capita income,² reflecting persistent structural inequality. More critically for farming households, NABARD’s State Focus Paper for Jharkhand records — based on NAFIS 2016–17

© Dr Ashfaque Alam, Archana Singh

— that the average monthly income and surplus of farm households in the state stands at ₹5,854 and ₹310 respectively, the lowest figures among all 29 states covered in the survey.⁵

Farmer Producer Organisations (FPOs) present a policy-endorsed institutional mechanism through which smallholders can overcome individual-level market disadvantages by aggregating production, pooling inputs, and bargaining collectively. The Government of India institutionalised this mechanism at scale through the Central Sector Scheme (CSS) for the Formation and Promotion of 10,000 FPOs, launched in 2020 with an outlay of ₹6,866 crore, targeting 10,000 new FPOs across the country by 2023–24 with five years of follow-on institutional support per entity.⁶

Within this national framework, Jharkhand presents a compelling yet underanalysed case. The combination of extreme landholding fragmentation, tribal tenure complexity, high poverty incidence, and recently strengthened governmental intent makes the state a significant site for examining whether collective aggregation is producing structural change for smallholder farmers. This paper conducts a rigorous secondary data analysis of FPO development in Jharkhand, generating findings that speak both to state-level policy and to broader debates about the role of institutional collectives in transforming agrarian economies.

Review of Literature

The theoretical case for collective aggregation in smallholder agriculture rests on transaction cost economics. When farmers act individually, their costs of market participation — transportation, information search, negotiation, and contract enforcement — are prohibitively high relative to their transaction volumes. Pooling production, inputs, and market access under a shared organisational form reduces per-unit transaction costs and restores bargaining symmetry between producers and value chain intermediaries.

In the Indian context, the empirical record of FPO-based aggregation reveals significant regional variation. A study covering 2015–16 to 2020–21 found that SFAC and NABARD together promoted 3,044 FPOs registered in the country by 2020–21, with NABARD supporting 2,168 (71.22%) and SFAC supporting 876 (28.78%). The central region recorded the highest average number of SFAC-promoted FPOs (194.67), while the eastern region — to which Jharkhand belongs — recorded compound annual growth rates of 9.58% under SFAC and 6.17% under NABARD. The national average membership size was 582 farmers per FPO.⁷

© Dr Ashfaque Alam, Archana Singh

Jharkhand consistently appears among the states with the lowest agricultural household incomes. Farm household income data from NAFIS 2016–17, as documented in the NABARD State Focus Paper for Jharkhand, places the state at the bottom of the national income distribution for farm households, with an average monthly income of ₹5,854 against a national NAFIS average of ₹8,059.^{5,8} Research by Collectives for Integrated Livelihood Initiatives engaged in Adivasi areas of Jharkhand since 2007 demonstrates that group farming collectives with as few as six to ten members can reduce per-unit input costs and enable households to sustain production across 150–250 days per year — a prerequisite for transitioning from subsistence to market-oriented agriculture.⁹

The significance of smallholder concentration is further underscored by the Agriculture Census 2015–16, which establishes that small and marginal farmers holding less than 2 ha account for more than 85% of total operational holdings in India but cultivate only 47.3% of the total crop area.¹⁰ Small landholders in low per capita income states such as Jharkhand, Bihar, Odisha, and West Bengal earn a disproportionately large share of their income from wages and livestock rather than cultivation — a sign of insufficient scale to support commercial farming without collective intervention.¹¹

Objectives of the Study

The study pursues four specific objectives:

1. To characterise the agrarian structure of Jharkhand with reference to smallholder and marginal farmer profiles, based on Agriculture Census 2015–16 data.
2. To quantify the pace and scale of FPO registration in Jharkhand under the CSS 10,000 FPO framework, using PIB and NABARD data.
3. To compare Jharkhand's FPO penetration with selected major states and compute a state-level FPO Penetration Index.
4. To identify structural constraints and emerging enabling conditions in Jharkhand's FPO ecosystem.

Data and Methodology

Data Sources

This study draws exclusively on secondary data from the following verified government and institutional sources:

© Dr Ashfaque Alam, Archana Singh

Source	Data Utilised
Agriculture Census 2015–16, DAFM, GoI ¹⁰	Operational holding size, fragmentation trends, marginal/small farmer shares
PIB Press Release PRID 2040845, MoA&FW, 2 Aug 2024 ¹²	State-wise FPOs registered under CSS 10,000 scheme (as on 30 June 2024)
NABARD State Focus Paper 2020–21: Jharkhand ⁵	Farm household income (NAFIS 2016–17), credit data
NABARD NAFIS 2021–22 ⁸	National average farm income baseline (citing 2016–17 figures)
NITI Aayog MPI Baseline Report 2021 ¹³	State-level multidimensional poverty headcount
Jharkhand Economic Survey 2021–22 ³	Per capita income 2019–20, GSDP data
Jharkhand Economic Survey 2023–24 ⁴	Per capita income 2022–23
NITI Aayog Summary Report: Jharkhand 2025 ²	Agriculture GSVA share, workforce distribution
Agarwal & Goyal (2022), Indian Journal of Agricultural Sciences ⁷	National FPO progression, CAGR, SFAC/NABARD data 2015–21
Caritas India / NABARD Jharkhand ¹⁴	Ground-level FPO formation data, Simdega–Gumla corridor
TeamLease RegTech Legal Research, May 2024 ¹⁵	Jharkhand Grant-to-FPO Scheme details
CSS Operational Guidelines, MoA&FW, 2020 ⁶	Equity grant structure, minimum membership criteria
Census of India 2011 ¹	ST/SC population shares, rural–urban distribution

© Dr Ashfaque Alam, Archana Singh

Analytical Method

The study employs descriptive statistics including frequency distributions, percentage shares, and comparative ratio analysis. An FPO Penetration Index (PI) is computed as:

$$PI = (\text{Jharkhand's share of national CSS FPOs}) \div (\text{Jharkhand's estimated share of national SMF population})$$

A PI greater than 1.0 indicates proportional over-representation in FPO formation relative to farmer population weight; below 1.0 indicates under-representation. Average per-FPO membership and capitalisation figures are derived through arithmetic operations on published aggregate national data and then contextualised for Jharkhand's structural conditions.

Jharkhand's Agrarian Structure: The Smallholder Profile Landholding Fragmentation

According to the Agriculture Census 2015–16, the average size of operational land holdings across all size groups in Jharkhand declined from 1.17 ha in 2010–11 to 1.10 ha in 2015–16.¹⁰ The total area under operational holdings in the state was 30,90,734 ha in 2015–16, a reduction from 31,65,283 ha recorded in 2010–11, indicating that both the average holding size and the aggregate operated area contracted during this period — a result of inheritance-driven sub-division and conversion of agricultural land to non-farm uses. The area under marginal holdings (less than 1 ha) stood at 7,54,009 ha in 2015–16.¹⁰

Table 1 places Jharkhand within a comparative state-level context:

Table 1: Average Operational Holding Size — Selected States (Agriculture Census 2015–16)

State	Avg. Holding Size (ha)
Punjab	3.62
Madhya Pradesh	1.70
India (National Average)	1.08
Jharkhand	1.10
West Bengal	0.74
Bihar	0.39

Source: Agriculture Census 2015–16, DAFM, GoI¹⁰; (compiled)

© Dr Ashfaque Alam, Archana Singh

While Jharkhand’s average holding of 1.10 ha marginally exceeds the national mean, the distributional skew within the state is the critical analytical concern. The dominance of marginal and small holdings — approximately 79% of operational holdings being below 2 ha — means most farmers operate at sub-commercial scales where individual market participation entails prohibitive transaction costs. The small landholders of Jharkhand earn a disproportionately large share of income from wages and livestock rather than from crop sales, mirroring the pattern observed in comparable eastern Indian states.¹¹

Poverty and Income Deprivation

Jharkhand’s agrarian distress is compounded by pervasive poverty. According to the NITI Aayog National MPI Baseline Report 2021, 46.16% of the state’s population is multidimensionally poor — one of the highest rates in the country.¹³ This figure is also cited in the Jharkhand Economic Survey 2021–22 itself, confirming its official policy acceptance.³

At the farm household level, NABARD’s State Focus Paper for Jharkhand (2020–21) records, based on NAFIS 2016–17, that Jharkhand farm households earn an average income of ₹5,854 per month and retain a monthly surplus of only ₹310 — the lowest income figure among all 29 states covered in the survey.⁵ The national NAFIS 2016–17 average monthly rural household income was ₹8,059, making Jharkhand’s farm household income approximately 27% below even the already-low national average.⁸

Table 2 summarises the key agrarian indicators for Jharkhand:

Table 2: Key Agrarian Indicators for Jharkhand

Indicator	Value	Source
Average operational holding (2015–16)	1.10 ha	¹⁰
Total operated area (2015–16)	30,90,734 ha	¹⁰
Area under marginal holdings (<1 ha)	7,54,009 ha	¹⁰
Avg. monthly farm household income	₹5,854	⁵
Avg. monthly farm household surplus	₹310	⁵

© Dr Ashfaque Alam, Archana Singh

Indicator	Value	Source
MPI poverty headcount	46.16%	¹³
Per capita income (current prices, 2022–23)	₹91,874	⁴
Agriculture share in GSVA (2021–22)	18.2%	²
Agricultural workforce share (2022–23)	49.3%	²
Rural population share (Census 2011)	76%	¹
ST population share (Census 2011)	~26%	¹

Source: Compiled from cited secondary sources.

The gap between agriculture’s 49.3% workforce share and its 18.2% GSVA contribution constitutes a classic productivity deficit — producing low per-worker value even in the sector that employs the majority. Collective aggregation through FPOs, by enabling input cost reduction, bulk output sales, and post-harvest value addition, directly addresses this structural gap.

FPO Progress in Jharkhand: Quantitative Analysis

The National CSS Framework: Status as of June 2024

The Government of India launched the CSS for the Formation and Promotion of 10,000 FPOs in 2020, targeting complete registration by 2023–24 with continued institutional support through 2027–28. As per the Ministry of Agriculture and Farmers Welfare’s official PIB press release of 2 August 2024¹²:

- Total FPOs registered nationally as on 30 June 2024: **8,875**
- Total paid-up capital of registered FPOs: **₹630.3 crore**
- Cumulative matching equity grants released: **₹210.1 crore**
- Loans issued under the Credit Guarantee Fund: **₹50.4 crore**
- Total shareholder farmers registered in CSS FPOs: **19,68,868**
- Total CEOs appointed in registered FPOs: **6,374**

These figures yield important national benchmarks: average paid-up capital per FPO of approximately ₹7.10 lakh, average equity grant released per FPO of approximately ₹2.37 lakh, and average shareholder

© Dr Ashfaque Alam, Archana Singh

membership of approximately 222 farmers per CSS-registered FPO. The low per-FPO capitalisation signals that most registered FPOs remain structurally under-resourced for independent commercial operations.

Jharkhand's Registration Position

According to the same PIB release, Jharkhand registered 355 FPOs under the CSS scheme as on 30 June 2024.¹²

Table 3 presents the comparative state-wise distribution:

Table 3: State-wise FPOs Registered under CSS 10,000 FPO Scheme (as on 30 June 2024)

State	FPOs Registered	% of National Total
Uttar Pradesh	1,246	14.04%
Madhya Pradesh	622	7.01%
Bihar	580	6.54%
Maharashtra	579	6.53%
Rajasthan	533	6.00%
Andhra Pradesh	449	5.06%
Odisha	448	5.05%
Assam	427	4.81%
Gujarat	419	4.72%
Tamil Nadu	414	4.67%
Jharkhand	355	4.00%
West Bengal	353	3.98%
Karnataka	336	3.79%

© Dr Ashfaque Alam, Archana Singh

State	FPOs Registered	% of National Total
Jammu & Kashmir	318	3.58%
Telangana	302	3.40%
All Others	1,294	14.58%
Grand Total	8,875	100%

Source: Ministry of Agriculture & Farmers Welfare, PIB PRID 2040845, 2 August 2024¹² (compiled).

Jharkhand ranks 11th nationally with 355 FPOs, ahead of West Bengal (353) and Karnataka (336). Interpreting this figure requires contextual benchmarking beyond ordinal ranking.

FPO Penetration Index

To assess whether Jharkhand receives proportional policy attention relative to its smallholder population, the study computes the FPO Penetration Index (PI):

$$PI = (\text{State share of national CSS FPOs}) \div (\text{State share of national SMF population})$$

$$\text{Jharkhand's share of national CSS FPOs} = 355 \div 8,875 = 4.00\%$$

Using the Agriculture Census 2015–16 framework, the top five states — Uttar Pradesh (18%), Bihar (13%), Maharashtra (10%), Madhya Pradesh (6%), and Andhra Pradesh (6%) — together account for 53% of India's small and marginal farmers,¹¹ leaving the remaining 47% distributed across 29 states and UTs. Within this residual, Jharkhand's share is estimated at approximately 2.0–2.5%. Taking the midpoint estimate of 2.2%:

$$PI = 4.00\% \div 2.2\% \approx 1.82$$

A PI of 1.82 suggests that relative to its SMF population weight, Jharkhand is over-represented in CSS FPO registrations. Two interpretive qualifications are essential. First, the PI measures registration intensity, not functional quality — a state can over-register and under-deliver. Second, at 355 FPOs with the national CSS average of approximately 222 shareholders per FPO, total estimated direct coverage amounts to approximately 78,810 farmers — barely 3–4% of Jharkhand's estimated 2.5–2.8 million smallholder farming households. Collective aggregation, in quantitative coverage terms, thus remains in its infancy in the state.

© Dr Ashfaque Alam, Archana Singh

Ground-Level Evidence: The NABARD–Caritas India Model in Simdega–Gumla

A documented field case from Jharkhand’s Simdega and Gumla districts illustrates both the potential and the scale limitations of FPO formation in tribal terrain. With support from NABARD Jharkhand, the Adivasi Peoples’ Programme promoted five FPOs — DharitriUtpadak Farmers Producer Company Limited (Kurum), Jeewandhara Farmers Producer Company Limited (Rokedega), Jaldega Farmers Producer Company Limited (Jaldega), Shristi Farmers Producer Company Limited (Orbenga), and Dahupani Farmers Producer Company Limited (Tetartoli) — all successfully registered under the Ministry of Corporate Affairs. Approximately 752 smallholder farmers are directly linked to these five FPOs, with an additional 1,200 smallholders expected to benefit indirectly from adjacent non-target areas.¹⁴

This translates to an average of 150 direct members per FPO — below the CSS-mandated minimum of 300 for plains areas.⁶ The Simdega–Gumla belt’s forested, hilly terrain, dispersed settlement pattern, and inadequate road infrastructure compress viable cluster sizes and raise per-member mobilisation costs relative to plains districts.

The Jharkhand Grant-to-FPO Scheme, May 2024

On 20 May 2024, the Government of Jharkhand issued the Grant to Farmer Producer Organization (FPO) Scheme with stated objectives to extend time-matching equity grants to well-performing FPOs, provide performance-based financial incentives over four years, enhance FPO viability and sustainability, and improve business activities and net worth of registered entities.¹⁵

This scheme addresses a structural weakness that has affected FPO development nationally: the tendency to measure progress by registration count rather than operational functionality. By anchoring financial support to demonstrated performance over a four-year horizon, it creates governance accountability that can distinguish active, commercially viable FPOs from dormant registered entities. It also constitutes an important state-level complement to the central CSS scheme, opening a third institutional funding stream alongside NABARD and SFAC.

© Dr Ashfaque Alam, Archana Singh

Structural Constraints on FPO Development in Jharkhand

Triangulating the secondary data evidence, this study identifies five principal structural constraints:

Terrain-Induced Transaction Costs

Jharkhand's Chota Nagpur Plateau topography, characterised by forested hills, seasonal riverine flooding, and inadequate rural road density, raises the costs of produce aggregation, member meetings, and supply chain maintenance. The CSS scheme's cluster-based formation approach requires geographic contiguity among member farms,⁶ a condition that faces natural barriers in forest-interior districts like Simdega, Gumla, Khunti, and West Singhbhum.

Tribal Land Tenure Complexity

A substantial share of Jharkhand's cultivated land falls under protection of the Chota Nagpur Tenancy (CNT) Act and the Santhal Parganas Tenancy (SPT) Act, which restrict land alienation and complicate FPO-mediated collective land use arrangements. While these protections are critically necessary for preventing tribal land alienation, they require FPO legal frameworks to be specifically adapted to tribal land governance norms — adaptations that standard national registration templates do not currently address.

Low Base Capitalisation among Tribal Smallholders

The CSS scheme provides an equity grant of up to ₹2,000 per farmer member, with a maximum ceiling of ₹15 lakh per FPO, contingent on the FPO first raising matching equity from its members.⁶ For farm households whose average monthly surplus stands at just ₹310 per month,⁵ even a ₹2,000 per-member equity contribution represents more than six months of disposable surplus — a significant deterrent to membership uptake for the most marginalised farmers the scheme is designed to serve.

Limited CBBO Capacity

The CSS scheme designates Cluster-Based Business Organisations (CBBOs) as implementing agencies for FPO formation, handholding, and business plan development.⁶ In Jharkhand, the density of professionally capable CBBOs with expertise in tribal agriculture, Adivasi languages, and forest-fringe value chains remains considerably lower than in states with stronger agribusiness civil society ecosystems. This capacity constraint limits the quality — and not merely the quantity — of FPO formation in the state.

© Dr Ashfaque Alam, Archana Singh

Credit Access and Capitalisation Gap

Nationally, loans worth ₹50.4 crore have been issued under the Credit Guarantee Fund across 8,875 registered FPOs as of June 2024,¹² yielding an average of approximately ₹56,800 in credit per FPO — far below the working capital requirements even for a modestly active producer company engaged in input procurement, transportation, and collective marketing. For Jharkhand's FPOs, where collateral-free lending is essential because tribal land rights under CNT and SPT Acts are non-alienable, deeper engagement from NABARD's regional offices and scheduled commercial banks under priority sector lending mandates is critical.

Results: Synthesis of Findings

The following key findings emerge from the quantitative and qualitative synthesis of verified secondary data:

Finding 1 — Registration Progress is Real but Coverage Remains Thin: Jharkhand's 355 CSS FPOs represent measurable institutional progress. However, at approximately 222 shareholders per FPO — the national CSS average — estimated direct coverage amounts to roughly 78,810 farmers against a smallholder farming population of 2.5–2.8 million. Effective collective aggregation coverage stands at 3–4%, indicating a vast unreached majority.

Finding 2 — Proportional Adequacy Coexists with Functional Inadequacy: The FPO Penetration Index of approximately 1.82 indicates Jharkhand receives more than its proportional share of national FPO registration activity relative to SMF population weight. The policy challenge is not one of scheme allocation but of converting registered entities into operationally and financially viable organisations that deliver measurable income benefits.

Finding 3 — Income Deprivation Makes Member Equity Mobilisation Structurally Difficult: With a monthly farm surplus of just ₹310 per household,⁵ even the minimum CSS equity requirement of ₹2,000 per member creates a genuine participation barrier for the most marginalised farmers the scheme targets. Policy design must reconcile equity contribution requirements with the structural income constraints of the target population.

Finding 4 — National Resource Concentration Follows Historical Path Dependency: The top five states account for 40.1% of nationally registered CSS FPOs, reflecting the advantage of states with longer SFAC and NABARD promotion histories.¹² Jharkhand requires asymmetric support — more CBBO

© Dr Ashfaque Alam, Archana Singh

capacity, more credit facilitation, and longer handholding tenure — to overcome this path-dependency disadvantage.

Finding 5 — State Policy Trajectory is Shifting Productively: The Jharkhand Grant-to-FPO Scheme of May 2024 represents a qualitative shift from registration-as-outcome to viability-as-outcome.¹⁵ This transition aligns with international evidence on the five-to-seven-year institutional gestation period needed for producer organisations to achieve financial self-sufficiency.

Table 4: Summary of Key Verified Secondary Data Indicators — Jharkhand FPO Ecosystem

Indicator	Value	Source
FPOs registered under CSS (June 2024)	355	¹²
National total FPOs (June 2024)	8,875	¹²
Jharkhand's % of national FPOs	4.00%	Computed
FPO Penetration Index	~1.82	Computed
Estimated farmers in CSS FPOs (Jharkhand)	~78,810	Computed
National paid-up capital (all CSS FPOs)	₹630.3 crore	¹²
National equity grants released	₹210.1 crore	¹²
National credit guarantee loans issued	₹50.4 crore	¹²
National shareholder farmers (CSS scheme)	19,68,868	¹²
Avg. holding size, Jharkhand (2015–16)	1.10 ha	¹⁰
Avg. monthly farm income, Jharkhand	₹5,854	⁵
Avg. monthly farm surplus, Jharkhand	₹310	⁵
MPI poverty headcount, Jharkhand	46.16%	¹³
Per capita income, Jharkhand (current, 2022–23)	₹91,874	⁴

© Dr Ashfaque Alam, Archana Singh

Indicator	Value	Source
Agriculture GSVA share (2021–22)	18.2%	²
Agricultural workforce share (2022–23)	49.3%	²

Source: Compiled from verified secondary sources.

Discussion

The central tension in Jharkhand’s FPO story is one between numerical adequacy and structural depth. The state’s FPO registration numbers are proportionally respectable, yet underlying structural conditions — extreme income poverty, minimal farm surplus, terrain-induced transaction costs, and low CBBO density — mean that registered FPOs frequently lack the institutional substance to deliver collective aggregation benefits to their members.

This tension echoes a national pattern. While FPO numbers have grown steadily under CSS promotion, income realisation for members depends critically on downstream value chain connectivity.⁷ In Jharkhand, primary agricultural commodities include paddy, pulses, oilseeds, vegetables, lac (shellac), and silk cocoons. Many of these are traded through multi-layer intermediary networks that extract significant margins. FPO-mediated aggregation could capture 15–25% additional realisation for members if linked to processor networks, the e-NAM (Electronic National Agriculture Market) platform, or organised retail procurement — but this linkage currently remains underdeveloped for the majority of registered FPOs.

The productivity gap is stark: 49.3% of the working population is engaged in agriculture, yet the sector produces only 18.2% of GSVA.² The per-worker value added in agriculture is thus approximately one-fifth that of industry and services combined. Collective aggregation — by enabling vertical integration from production through processing to retail — offers the most viable pathway to closing this gap without displacing the tribal workforce from traditional livelihoods.

The Jharkhand Grant-to-FPO Scheme’s four-year performance linkage is analytically important.¹⁵ It creates a sustained incentive horizon that approximates the minimum institutional gestation time for FPOs to achieve commercial viability. Conditioning support on performance rather than on registration also discourages the formation of commercially dormant entities — a problem reported in several high-registration states nationally.

© Dr Ashfaque Alam, Archana Singh

Conclusion and Policy Recommendations

This study establishes, through verified secondary data analysis, that Jharkhand has made measurable but insufficient progress in deploying FPOs as effective instruments of smallholder empowerment. With 355 registered entities estimated to cover 3–4% of the state's smallholder farming households, and with average farm household surpluses of only ₹310 per month,⁵ the collective aggregation model must be scaled, deepened, and contextually adapted to produce transformation commensurate with Jharkhand's agrarian distress.

Five evidence-grounded policy directions are recommended:

I. Asymmetric CBBO Investment: Jharkhand should be designated a priority state for CBBO capacity building under the CSS framework, with NABARD and SFAC funding professional agribusiness resource organisations possessing expertise in tribal agricultural systems and Adivasi language competencies.

II. Tribe-Adaptive Legal Templates: Standard FPO registration templates compatible with CNT and SPT land tenure norms should be developed jointly by the Ministry of Corporate Affairs and Jharkhand's Department of Agriculture, removing ambiguity that currently deters collective land use arrangements.

III. Tiered Equity Contribution Structure: Given that Jharkhand farm households retain a monthly surplus of only ₹310,⁵ the CSS equity contribution requirement of ₹2,000 per member should be made payable in tranches over 12–18 months for tribal farmers in identified priority districts, without forfeiting matching grant entitlement.

IV. e-NAM and MSP Integration: Operational Jharkhand FPOs should be prioritised for onboarding onto the e-NAM platform, and their paddy and pulses volumes should be brought under state MSP procurement to guarantee minimum price realisation for member farmers.

V. Gender-Inclusive Governance: Given the prominent role of tribal women in agricultural production in Jharkhand, state grant eligibility under the May 2024 Scheme¹⁵ should mandate a minimum 33% female representation on FPO Boards of Directors and in shareholder rolls.

Collective aggregation through FPOs holds genuine transformative promise for Jharkhand's smallholders. Realising that promise requires a decisive shift from the politics of registration to the discipline of viability — sustained by contextually intelligent implementation, adequate capitalisation, and governance systems that reflect the lived realities of tribal agrarian life in the Chota Nagpur region.

© Dr Ashfaque Alam, Archana Singh

References

1. Office of the Registrar General & Census Commissioner, India. (2011). *Census of India 2011: Primary Census Abstract — Scheduled Tribes*. Government of India.
2. NITI Aayog. (2025). *Summary report: Jharkhand*. Government of India.
<https://www.niti.gov.in/sites/default/files/2025-07/Summary-Report-Jharkhand.pdf>
3. Finance Department, Government of Jharkhand. (2022). *Jharkhand Economic Survey 2021–22*. Government of Jharkhand.
4. Planning cum Finance Department, Government of Jharkhand. (2024). *Jharkhand Economic Survey 2023–24*. Government of Jharkhand.
5. National Bank for Agriculture and Rural Development (NABARD). (2020). *State Focus Paper 2020–21: Jharkhand*. NABARD.
<https://www.nabard.org/auth/writereaddata/tender/0603202025Jharkhand.pdf>
6. Ministry of Agriculture & Farmers Welfare, Government of India. (2020). *Operational guidelines: Central Sector Scheme for formation and promotion of 10,000 Farmer Producer Organisations (FPOs)*. Government of India.
7. Agarwal, S., & Goyal, S. K. (2022). Progression of Farmer Producer Organisations in India. *Indian Journal of Agricultural Sciences*, 92(12). <https://doi.org/10.56093/ijas.v92i12.118068>
8. National Bank for Agriculture and Rural Development (NABARD). (2024). *NAFIS 2021–22: All India Rural Financial Inclusion Survey — Key findings*. NABARD.
9. India Development Review (IDR). (2025, September 10). *For marginal farmers, good things come in small collectives*. <https://idronline.org/article/agriculture/for-marginal-farmers-good-things-come-in-small-collectives/>
10. Agriculture Census Division, Department of Agriculture & Farmers Welfare (DAFM), Government of India. (2016). *All India Report on Agriculture Census 2015–16*. Ministry of Agriculture & Farmers Welfare.
11. Arcus Policy Research. (2023). *India's small and marginal farmers: Distribution and characteristics* (Policy Brief). <https://arcuspolicyresearch.com>
12. Ministry of Agriculture & Farmers Welfare, Government of India. (2024, August 2). *8,875 FPOs have been registered across the country* [Press Release, PRID: 2040845]. Press Information Bureau. <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=2040845>

© Dr Ashfaque Alam, Archana Singh

13. NITI Aayog. (2021). *National Multidimensional Poverty Index: A progress review 2021*. Government of India.
14. Caritas India & NABARD Jharkhand. (n.d.). *Farmers Producer Organisation (FPO) formed in Jharkhand for effective linkage of small-farm-agri-food with market*. Caritas India.
<https://www.caritasindia.org/farmers-producer-organization-fpo-formed-in-jharkhand-for-effective-linkage-of-small-farm-agri-food-with-market/>
15. TeamLease RegTech Legal Research Team. (2024, May 28). *Government of Jharkhand issued the Grant to Farmer Producer Organization (FPO) Scheme*. TeamLease RegTech.
<https://teamleaseregtech.com/updates/article/32197/govt-of-jharkhand-issued-the-grant-to-farmer-producer-organization-fpo/>