



SOCIAL PROCUREMENT INITIATIVES IN THE FARM SECTOR



***A Study of the Corporate-FPO
Engagement Ecosystem***



SOCIAL PROCUREMENT INITIATIVES IN THE FARM SECTOR

*A Study of the Corporate-FPO
Engagement Ecosystem*

Authors:

Pranjal Rawat

Senior Project Coordinator
ACCESS Development Services

Divyanshu Pandey

Lead- Technical (Agri & Food Processing)
ACCESS Development Services

Content Review:

Sagarika Bose

Head CSR, SAP India

Dimpy Dave

CSR Manager, SAP India

Shubhendu Dash

Sr. Vice President & Head-Farm Division
ACCESS Development Services

Rajesh Kumar Pant

Vice President- Farm Division
ACCESS Development Services

Copyright @ ACCESS Development Services 2024

All rights reserved. No part of this book may be reproduced or utilized in any form or by any means, electronic or mechanical, including photocopying, recording or by any information storage or retrieval system, without permission in writing from this publisher.

Disclaimer: The view expressed in this publication are those of the authors and do not necessarily reflect the view and policies of ACCESS

Table of Contents

Acknowledgments	vii
Foreword	viii
Preface	x
Executive Summary	1
Introduction	3
Research and Methodology	6
Secondary Research and Industry Analysis	11
Buyer Side Analysis	31
Supplier Side Analysis	41
Corporate-FPO Linkages Through Social Procurement	63
Strategic Roadmap	67
Annexures	74
Case Studies	75

List of Figures

Figure 1:	Distribution of FPO supporting organisations (data from 452 FPOs)	8
Figure 2:	Models/types of Corporate–FPO collaboration	18
Figure 3:	State wise no. of FPOs promoted by 62 organisations	33
Figure 4:	Total no. of FPOs considered for the study from 21 states	34
Figure 5:	Per cent FPOs considered for the study from 21 states	34
Figure 6:	Shift in FPOs operating in the organized and unorganized markets	35
Figure 7:	Emergence of organized market impacting the output turnover of FPOs	36
Figure 8:	Evolving business models	38
Figure 9:	Number of commodities traded across perishable and non-perishable segment	40
Figure 10:	Key commodities traded with corporates	41
Figure 11:	Key market players trading with FPOs amongst the select commodities	41
Figure 12:	FPO scores based on primary data	42
Figure 13:	Categorization of FPOs	42
Figure 14:	FPOs readiness graph	43
Figure 15:	Shift in FPOs per cent practicing factory/warehouse delivery and buyer pickup	44
Figure 16:	Major challenges in Corporate –FPO linkage	46

List of Tables

Table 1:	Key success factors for Corporate-FPO linkages	47
Table 2:	Readiness checklist: supplier side (FPOs)	48
Table 3:	Readiness checklist: buyer side (corporates)	49
Table 4:	Major market players dealing with FPOs in selected states	60

List of Abbreviations

AIF	Agricultural Infrastructure Fund
APMC	Agricultural Produce Market Committee
AWD	Alternate Wetting and Drying
CORE	Carbon Offsetting Rice Emissions
CSR	Corporate Social Responsibility
CSS10K FPO	Central Sector Scheme for 10000 FPOs
ESG	Environmental, Social, and Governance
FPO	Farmer Producer Organization
FSSAI	Food Safety and Standards Authority of India
GAP	Good Agricultural Practices
GI	Geographical Indication
HACCP	Hazard Analysis and Critical Control Points
IPM	Integrated Pest Management
MoAFW	Ministry of Agriculture & Farmers' Welfare
MSP	Minimum Support Price
NABARD	National Bank for Agriculture and Rural Development
NAFED	National Agricultural Cooperative Marketing Federation of India
NCDC	National Cooperative Development Corporation
NCDEX	National Commodity & Derivatives Exchange
NRLM	National Rural Livelihoods Mission
SFAC	Small Farmers' Agribusiness Consortium

Acknowledgments

We extend our sincere gratitude to SAP for providing the financial support that made this study possible. Their commitment to fostering innovation in agricultural value chains and strengthening the country's social procurement ecosystem has been truly valuable.

Our heartfelt thanks go to all the FPOs and their promoting institutions who dedicated their time, shared their experiences, and provided crucial data. Their on-ground experiences form the foundation of this report and offer rich insights into the evolving ecosystem of sustainable sourcing.

We also express our deep appreciation to our corporate partners for their active participation in interviews and their candid reflections on procurement strategies, operational challenges, and opportunities for deeper collaboration. Their inputs have significantly enriched the study and deepened our understanding of the changing landscape of Corporate-FPO partnerships.

Special thanks are due to our institutional collaborators, field investigators, and data analysts, whose meticulous work ensured the rigour and depth of our research. Their contributions have played a pivotal role in shaping the insights presented here.

This report reflects a collective effort and a shared commitment to strengthening Corporate-FPO linkages and promoting sustainable sourcing through social procurement, thereby advancing more inclusive and resilient agri-value chains in India.

Vipin Sharma

CEO

ACCESS Development Services



Foreword

As the world grows more complex, SAP's enduring purpose-to help the world run better and improve people's lives-remains more relevant than ever. We are proud to share this report on Farmer-Producer Organisations (FPOs) and social procurement in India. This report comes at a pivotal moment when agriculture stands at the heart of the nation's well-being, and the need to support small farmers has never been more urgent.

Agriculture remains the backbone of India's economy, sustaining the livelihoods of more than half of the workforce and contributing significantly to national food security. Supporting smallholder farmers is not only a moral responsibility, but also a strategic investment in a more resilient and inclusive future. FPOs play a pivotal role in this endeavour. By aggregating smallholder farmers, they create a collective strength by opening access to markets, securing fairer prices, reducing post-harvest losses, and enhancing their overall economic prospects.

The findings of this report resonate strongly with the Indian government's mission to establish 10,000 FPOs and underscore its commitment to promoting farmer-centric approaches that enhance rural livelihoods. At SAP, we are proud to support this mission. We are committed to all facets of the agribusiness sector, helping farmers transform and sustainably feed the world. The significant rise in FPO participation in organised markets, as highlighted in the report, is a powerful testament to the success of this approach. Corporations like ours have a vital role in accelerating this momentum by creating opportunities for social procurement, integrating FPOs into corporate supply chains, and co-investing in their capacity-building.

We recognise that challenges remain, and this report acknowledges and seeks to address them. Standardising quality, improving access to working capital, bridging storage infrastructure gaps, and ensuring supply consistency are critical hurdles that must be overcome. To unlock their true potential, corporations must move beyond transactional engagements with FPOs and their intermediary support networks, and commit to co-investing in capability-building, governance frameworks, and digital integration.

Institutionalising impact-led procurement commitments will further stabilise markets while strengthening sustainable supply chains.



The report is intended as a compelling call to action. Social procurement and sustainable supply chain integration are not just development goals; they represent a strategic business opportunity that demands coordinated action across policy, finance, infrastructure, and operations. FPOs can emerge as reliable, high-impact sourcing partners, enabling corporates to build agricultural value chains that are not only profitable, but also resilient, inclusive and sustainable.

SAP is committed to being part of this transformative journey for India and the global agribusiness sector. Through our industry-leading, data-driven decision-making solutions, including SAP Rural Sourcing Management, as well as our corporate social responsibility initiatives, we are ready to support FPOs, align with the government's mission, and optimise agri-produce for the benefit of all. Together, we can build a future where small farmers thrive, rural economies prosper, and food security is assured.

Tanja Reith

*Director, Industry Business Unit Agribusiness
SAP SE*

Sagarika Bose

*Head CSR,
SAP India*

Preface

In today's world, where sustainable sourcing is both a corporate responsibility and a strategic necessity, the emerging ecosystem of FPOs in India is reshaping how businesses procure agricultural commodities. As companies strive to build ethical, transparent, and resilient supply chains, FPOs are proving to be a transformative bridge between smallholder farmers and organised markets while simultaneously enhancing operational efficiency.

By aggregating resources, improving price discovery, and providing direct access to market intelligence, FPOs are reducing inefficiencies, minimising wastage, and ensuring traceability—all critical factors for businesses committed to sustainability. They also enable companies to source responsibly, strengthen rural economies, and contribute to India's broader goal of agricultural modernisation.

This report examines how strategic collaborations between corporates and FPOs are unlocking new opportunities for value creation and long-term partnerships. Drawing on data-driven insights and on-ground experiences, we highlight the potential for a more inclusive, fair, and future-ready supply chain where businesses fulfil their sourcing needs while empowering farmers at scale.

Shubhendu Dash

*Sr. Vice President & Head, Farm Division
ACCESS Development Services*



Executive Summary

Globally, social procurement is reshaping corporate sourcing strategies, as businesses increasingly integrate ethical supply chains, environmental sustainability, and measurable social impacts into their purchasing decisions. Across industries, procurement is no longer solely about cost efficiency rather, it now aligns closely with ESG commitments, climate resilience, and inclusive growth. The agri-food sector, given its critical role in rural economies and food security, must embrace this transformation. By embedding social procurement principles, corporations can build future-ready sourcing models that deliver both financial returns and meaningful societal impact.

Corporates in food, agribusiness, and retail increasingly recognise Farmer Producer Organisations (FPOs) as strategic partners in sustainable procurement. By aggregating smallholder farmers and strengthening their market access, FPOs enable corporates to meet responsible sourcing commitments while simultaneously advancing rural livelihoods.

Assessing the nature of Corporate-FPO engagement across 21 states, this study represents a first-of-its-kind effort to track the evolving trends in social procurement in India. Out of approximately 1,590 FPOs screened for the study, 452 with established output linkages were selected for deeper analysis. Drawing insights from these FPOs, 62 promoting and supporting institutions, and 26 corporates, the findings reveal a significant transformation in the FPO landscape.

Notably, FPO participation in organised markets rose from 69.05% in 2021-22 to 88.72% in 2024-25. Alongside, direct trading in perishable commodities increased by 55%, and the number of organised market players grew from 96 to 162 over the same period, reflecting a strong upward trend in institutional market penetration. This growth is mirrored in a sharp increase in average FPO output turnover, which climbed from ₹44 lakhs per FPO in 2021-22 to ₹110 lakhs in





FPO participation in organised markets

69.05%
2021-22.

88.72%
2024-25.

Challenges in Corporate-FPO linkages

Standardising
quality
58%

Working capital
49%

Infrastructure
gaps
46%

2024-25. These advances are driven by evolving market demand, expanding infrastructure, and growing opportunities for value addition. Additionally, 62% of FPOs reported a direct increase in revenue through corporate linkages, underscoring their viability as commercially sustainable sourcing partners. The study also highlights the strong correlation between the expansion of FPO networks and the rapid growth of India's agri-tech ecosystem, supported by a dynamic mix of public, private, and philanthropic initiatives that enable technology-driven procurement solutions.

Despite these impressive gains, critical challenges remain. Standardising quality (58%), improving access to working capital (49%), bridging storage infrastructure gaps (46%), and ensuring supply consistency remain key hurdles. To unlock the full potential of FPOs, corporates must move beyond transactional engagement and actively co-invest in capability-building, governance frameworks, and digital integration. Institutionalising minimum procurement commitments can further stabilise markets while securing sustainable supply chains.

The study highlights that social procurement is more than a corporate responsibility, it is a strategic business opportunity that demands alignment across policy, finance, infrastructure, and operations. With sustained investment and collaborative action, FPOs can mature into reliable, high-impact sourcing partners, helping corporates to build resilient, inclusive agricultural value chains that balance profitability with long-term sustainability.

Introduction

1.1. ESG imperative in global supply chains

Environmental, Social, and Governance (ESG) norms have become central to global corporate governance, evolving from voluntary commitments to mandatory regulations, such as the Paris Agreement and the European Union's Deforestation Regulation. Companies must now integrate sustainability, ethics, and inclusivity across their value chains to build both resilience and credibility.

Procurement has emerged as a key driver for achieving ESG goals, influencing climate action, community development, and equitable economic growth, well beyond traditional cost considerations.

1.2. Social procurement as a strategic lever

In this context, social procurement — the deliberate sourcing of goods and services from entities that create positive social and environmental outcomes — has gained prominence as a practical way to advance ESG goals. For corporations in agriculture, food processing, retail, and manufacturing, this involves partnering with suppliers who uphold fair labour practices, promote environmental sustainability, and strengthen community empowerment.

Globally, leading firms such as ITC, Nestlé, Olam, PepsiCo, TATA Group, and Unilever have pioneered sustainable sourcing programmes emphasising local, ethical, and regenerative production. These companies are aligning procurement with net-zero commitments, ethical labour standards, biodiversity conservation, and supplier capacity building, driven by both consumer expectations and investor scrutiny.



**ITC, Nestlé, Olam,
PepsiCo, TATA Group,
Unilever etc.**

have pioneered sustainable sourcing programs that emphasize local, ethical, and regenerative production.

ESG-aligned sourcing is also proving effective in reducing reputational and operational risks associated with supply chain disruptions, climate volatility, and social non-compliance.

1.3. The role of producer collectives in delivering ESG outcomes

Producer collectives, such as FPOs in India, agricultural cooperatives in Africa, and indigenous producer alliances in Latin America, are emerging as pivotal actors in the global shift toward ethical sourcing.

In India, FPOs represent a distinct and rapidly expanding model, uniquely suited to address the structural disadvantages faced by small and marginal farmers. Formed as registered entities and owned and governed by farmers themselves, FPOs enable aggregation, collective bargaining, and participation across the value chain. By aggregating resources and market access, they lower input costs, strengthen negotiation power, and support better incomes, financial inclusion, and long-term resilience.

These collectives offer corporates access to diversified, traceable, and locally anchored supply chains while aligning seamlessly with ESG parameters:



Social Impact:

By aggregating smallholders, women farmers, and underserved communities, FPOs foster inclusive growth and rural resilience.



Environmental Accountability:

Collectives practising organic farming, water conservation, and regenerative agriculture enable corporations to meet sustainability targets and trace compliance.



Governance and Transparency:

Supported by strong promoting institutions, FPOs formalise operations, maintain financial records, and implement quality assurance, making them credible and auditable supply chain partners.





1.4. Convergence of global and local: a new procurement paradigm

The growing convergence between global ESG mandates and India's grassroots institutional models like FPOs aligns closely with the national vision of *Atmanirbhar Bharat* and the objectives of *Make in India*. When channelled through FPOs, social procurement strengthens domestic value chains, promotes self-reliance in agricultural sourcing, and anchors production within rural communities.

ESG reporting, mandated for the top 1,000 listed companies by market capitalisation through the Business Responsibility and Sustainability Reporting (BRSR) framework introduced by the Securities and Exchange Board of India (SEBI), is still an emerging concept in the country. In parallel, government investments in FPO promotion, digital agriculture platforms, and agri-infrastructure set the stage for sustainable sourcing ecosystems. By sourcing from FPOs, corporates can reduce dependence on imports and intermediaries, stimulate local enterprise, create rural jobs, and advance the *Make in India* agenda through community-rooted production. This approach supports the *Atmanirbhar Bharat* mission by empowering smallholders, fostering entrepreneurship, and building resilient, homegrown supply networks critical for India's inclusive and sustainable economic growth. Through structured procurement, technical assistance, and financial partnerships with FPOs, corporates can achieve measurable ESG outcomes while strengthening a fair and resilient agricultural economy.

ESG reporting being mandated for the top

1,000
listed companies

by market capitalisation through the Business Responsibility and Sustainability Reporting (BRSR) framework.

Research and Methodology

The study examines corporate sourcing and supply behaviour with FPOs, focusing on procurement trends, key success factors, bottlenecks, and future directions. A mixed-method approach was adopted, integrating primary and secondary data to enable a comprehensive analysis.

Secondary research & industry analysis

Extensive review of government reports, industry publications, policy documents, and corporate procurement disclosures was conducted.



Case studies on Corporate-FPO collaborations and sustainability-linked procurement strategies were examined.

Primary data collection

Identifying FPO promoting institutions

FPO promoting institutions and resource agencies play an instrumental role in facilitating engagement with FPOs. They are critical to FPO formation, governance, capacity building, and market linkage through various government and philanthropic programs. Their continued support helps FPOs to access financial assistance, adopt technological interventions, and build corporate partnerships, strengthening their ability to participate effectively in the agri-food supply chain. For this study, a total of 62 promoting institutions were approached (see Annexure for details); collectively these support or work with 1,590 FPOs.

62
promoting institutions
were approached who
collectively work with
1,590 FPOs.

Identifying FPOs

Among the 1,590 FPOs, 1,242 reported at least one output transaction between 2021 and 2025, making them eligible for further assessment in the study. The initial objective was to select at least 500 FPOs from this subset for detailed analysis. However, after outreach and data collection, 452 FPOs provided complete responses, forming the final respondent base for the study.

Demographic profiles of FPOs



Geographic representation:
Across 21 states.



Commodity mix:
Covering grains, spices, cotton, oilseeds, coffee, cocoa, and horticulture.



Organisational maturity:
From 1-7 years of operation.



Revenue segmentation:
Studying FPOs with varying turnover levels.



Engagement history:
FPOs have engaged with corporates in the past 4 years.



Diversity in supporting agencies:
FPOs supported by government organisations or schemes such as the CSS 10K FPO scheme, NRLM, and CSR initiatives, donor organisations, and self-promoted entities.



Distribution of FPO Supporting Organisations (%)

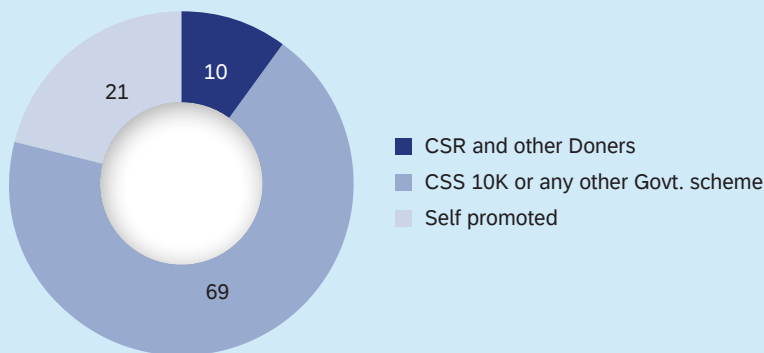


Figure 1: Distribution of FPO Supporting Organisations (Data from 452 FPOs)

Corporate interviews and strategic insights

The study engaged procurement teams from strategic and field operations of 26 corporates across diverse segments, including aggregators, facilitators, processors, e-commerce platforms and physical retail chains in the food and agribusiness sector (see Annexure for details).

- In-depth structured interviews with 13 senior corporate leaders from ITC, Mother Dairy, SafeHarvest, Siddhi Vinayak Agri Processing Pvt Ltd (SV Agri), Ayekart etc.
- The corporate senior interviews played a pivotal role in shaping strategic directions for social procurement, including:
 - Defining long-term sustainability goals and procurement vision for the corporates
 - Assessing corporate commitments toward FPO integration
 - Identifying policy and investment priorities to enable and scale social procurement
- Policymakers, economists, and industry specialists provided macro-level perspectives.

Data analysis & correlation

Trend Mapping

- Procurement shifts were examined over a four-year period (2021-22 to 2024-25).
- Key trends tracked include:
 - Shift in organised vs. unorganised market participation
 - Changes in output turnover and commodity specialisation
 - Evolution of delivery mechanisms and corporate engagement models

Barriers and Enabler Assessment

- Quantitative analysis of procurement patterns.
- Strategic gaps between corporate sustainability vision, plans and FPO capabilities were identified.

- Structural barriers were analysed in financing, logistics, compliance, and corporate supply chain entry.
- Market access operational issues identified including FPOs meeting the standardisation challenges, price volatility, and contract constraints.
- Identification of key enablers for strong corporate relationships and the role of supporting agency, FPO board, access to working capital and infrastructure for building a strong working relationship.

Coding Qualitative Data from Interviews to Extract Key Success Factors

- Understanding FPO positioning and procurement impact on agricultural supply chains.
- Cross-validation of corporate procurement strategies with FPO experiences.

Data Validation and Feedback

- Triangulation of primary data with corporate perspectives and market reports.
- Follow-up interviews were conducted with FPOs and corporates to reconcile discrepancies.

Study boundaries & limitations

While comprehensive in scope, this study acknowledges certain limitations that define its boundaries:

Geographical Focus

- The study covers 21 states, but representation across diverse agro-climatic and socio-economic conditions may vary.
- States with lower FPO penetration may be underrepresented in the analysis.

Temporal Constraints

- The four-year timeframe (2021-22 to 2024- 25) provides valuable trend data but may not capture longer-term Corporate-FPO evolution.
- The full impact of policy interventions introduced before this period may not be reflected.

Sample Selection

- The study focuses on FPOs engaged in corporate output business, creating a selection bias toward market-integrated organisations.
- Newly formed or less market-oriented FPOs are not fully captured.

The study covers

21
states, however
representation
across diverse
agro-climatic and
socio-economic
conditions may
vary.

Measurement Limitations

- While the study establishes correlations between factors affecting FPO performance, it does not establish causality.
- Longitudinal research is required to assess the complex interplay of multiple success variables.

Corporate Representation & Strategic Focus

- While interviews with corporate procurement teams provided operational insights, the senior corporate leader interviews were critical in shaping the strategic direction for social procurement.
- A larger corporate sample would further strengthen the findings on procurement strategy shifts.

Post-COVID Context

- The study coincides with the post-pandemic recovery period, which may have influenced procurement patterns and market dynamics.
- Certain procurement decisions may differ from normal operating conditions.

Conclusion

Despite these limitations, this research methodology provides a structured analysis of Corporate-FPO procurement models and delivers evidence-based actionable insights. The findings aim to:

- Bridge Corporate-FPO gaps and enhance engagement strategies.
- Serve as a practical guide for corporates, policymakers, and FPOs to promote equitable procurement practices.
- Improve procurement models for scalability and sustainability.



Secondary Research and Industry Analysis

3.1 Emerging trends in sustainable sourcing in India

India's agricultural procurement systems are undergoing a fundamental transformation as sustainability becomes a strategic imperative. Traditional sourcing models, dominated by fragmented intermediaries and driven primarily by cost and volume, are giving way to approaches that embed ESG considerations at their core. This shift is driven by evolving global trade norms, regulatory compliance pressures, investor expectations, climate risks, and increasing consumer demand for ethically sourced and environmentally responsible products.

3.2. Rise of social procurement

A key trend is the growing adoption of social procurement, where sourcing decisions integrate social value criteria alongside traditional business metrics. Corporates are increasingly partnering with marginalised communities, including smallholder, tribal, and women farmers, by engaging directly with FPOs. These partnerships enable underrepresented producers to access formal markets while allowing companies to meet ESG benchmarks and social impact targets. By sourcing from FPOs practising organic, regenerative, or climate-resilient agriculture, corporates can strengthen their brand value and contribute to inclusive rural development.

3.3. Evidence of social procurement in the pre-COVID era

In India, social procurement has historically been embedded in various government and corporate initiatives aimed at fostering inclusive economic growth. Even before COVID-19, several efforts were already underway to integrate social impact into procurement strategies.



Types of social procurement practices



1. Government-Led Initiatives

- **Public Procurement Policy for MSMEs (2012):** Mandated that central government ministries procure at least 25% of their requirements from Micro, Small, and Medium Enterprises (MSMEs), including 4% from enterprises owned by Scheduled Castes and Scheduled Tribes.
- **Government e-Marketplace (GeM):** Launched to facilitate transparent procurement from small businesses, artisans, and self-help groups.
- **Make in India & Startup India:** Encouraged procurement from domestic enterprises, fostering innovation and employment generation.



2. Corporate-Led Social Procurement

ITCMAARS^{1,2}



ITCMAARS

ईचौपाल
किसानों के हित में, किसानों का अवकाश

ITC has been a key player in India's agriculture sector. It aimed to improve its procurement system by replacing the traditional mandi model, enabling direct sourcing from farmers, reducing intermediaries and improving price realisation.

The ITCMAARS (earlier called e-Choupal, launched in 2000) model has been implemented across 10 states in India, including Madhya Pradesh, Haryana, Uttarakhand, Uttar Pradesh, Rajasthan, Karnataka, Kerala, Maharashtra, Andhra Pradesh, and Tamil Nadu. It has reached over 4 million farmers through approximately 6,100 kiosks. During Phase 4 (2009–2019), ITC integrated FPOs into the e-Choupal ecosystem, leading to the launch of e-Choupal 4.0 and the ITCMAARS app in 2019. FPOs served as local hubs, enabling farmers to access digital services closer to home, choose between multiple buyers, benefit from better market linkages, input access, and climate-smart solutions.

Impact of ITCMAARS:

- **Market Access:** Farmers gained direct access to market prices and eliminated intermediaries leading to better price realisation.
- **Digital Inclusion:** The initiative bridged the digital divide by providing rural communities with internet-based agricultural knowledge.
- **Improved Productivity:** Farmers received real-time information on weather, best farming practices, and risk management, leading to higher yields.
- **Supply Chain Efficiency:** ITC streamlined procurement, reducing transaction costs and ensuring quality produce.
- **Economic Growth:** Increased rural incomes stimulated demand for industrial goods, contributing to broader economic development.

The model has been widely recognised as a transformative approach to rural empowerment and agricultural modernisation in India, serving as a foundation for building sustainable linkages with FPOs.

1. <https://www.itcportal.com/businesses/agri-business/e-choupal.aspx>

2. <https://www.ceew.in/sustainable-agriculture-initiatives/e-choupal-initiative-case-study>

PepsiCo India³



PepsiCo India has developed a collaborative farming model for potato procurement, working closely with farmers to ensure sustainable and efficient sourcing. The company partners with approximately 24,000 farmers across nine states, including Punjab, Maharashtra, and West Bengal, to procure potatoes used in its snack brands like Lay's and Uncle Chips.

Key Features of PepsiCo India's Social Procurement Model

- **Direct Farmer Engagement:** Provides technical and financial support, including access to quality seeds, agronomic guidance, and plant protection programs.
- **Market Stability:** Assures buy-back of farm produce at pre-agreed prices, insulating farmers from market fluctuations.
- **Sustainability Initiatives:** Promotes drip irrigation, covering over 1,600 acres in regions like Satara, Maharashtra, leading to significant water savings.
- **Infrastructure & Financial Support:** Assists farmers in securing soft loans and insurance, ensuring financial stability.

Impact of the Model

- **Increased Farmer Income:** By eliminating intermediaries, farmers receive better price realisation.
- **Water Conservation:** Over 1.5 billion litres of water saved through drip irrigation since 2009.
- **Expanded Cultivation:** Previously uncultivated land has been brought under potato farming, improving rural livelihoods.

PepsiCo's approach aligns with social procurement principles, ensuring ethical sourcing while fostering rural economic development.



3. https://www.business-standard.com/article/companies/pepsico-india-to-scale-up-collaborative-farming-model-113092500296_1.html

IKEA Sustainable Cotton Initiative⁴



IKEA, as a founding member of the Better Cotton Initiative (BCI), has partnered with local NGOs and international agencies like WWF India to source sustainable cotton directly from smallholder farmers in India. This initiative is a prime example of social procurement, integrating small-scale producers into IKEA's global supply chain while contributing to sustainability and rural livelihoods.

Key Features:

- IKEA supported over 100,000 farmers in India (primarily in Maharashtra, Gujarat, and Andhra Pradesh) to adopt climate-smart agricultural practices.
- Farmers were trained in reducing pesticide and water usage, improving soil health, and complying with BCI standards.
- The initiative promoted inclusive growth by increasing income, lowering input costs, and integrating marginalised cotton growers, many of whom are women, into formal markets.
- It directly supports ESG goals, and aligns with the *Atmanirbhar Bharat* vision by building self-reliant, community-rooted supply chains in rural India.

Impact:

- IKEA met its target of sourcing 100% sustainable cotton by 2015, with a significant portion sourced from India.
- Participating farmers saw a 15–20% reduction in input costs, leading to improved profitability.



3. CSR-Linked Procurement

Many companies have embedded sustainability and social impact into their CSR-linked procurement by sourcing from women-led enterprises, cooperatives, and rural producers. For instance, Jayanti Spices sources spices directly from farmers and FPOs, ensuring sustainable practices, while Mahindra promotes low-carbon procurement by enforcing environmental standards among suppliers. In agriculture, several corporates are engaging FPOs to practise climate-resilient farming and align procurement with ESG and sustainability goals.



4. Non-Profit & Philanthropic Support

- **Social Enterprises & Cooperatives:** Organisations like SEWA (Self-Employed Women's Association) facilitated procurement from women-led businesses.
- **Impact Investment & Blended Finance:** Philanthropic funds supported procurement models prioritising sustainability and social inclusion.

4. <https://bettercotton.org/wwf-ikea-release-better-cotton-project-report/>

5. <https://sustainabledevelopment.in/wp-content/uploads/2022/01/Shakti-Foundation-Sustainable-Procurement-Report-Phase-2-5.pdf>

These early efforts laid the foundation for the accelerated adoption of social procurement post-pandemic, as businesses and governments increasingly recognised its role in building resilient and inclusive economies.

3.4. Rising trends of social procurement in the post-COVID era

Social procurement has evolved significantly after COVID-19, with businesses and governments placing greater emphasis on resilience, sustainability, and local sourcing. Here are some key trends:

- **Shift to Local Supply Chains:** Many organisations prioritised local suppliers to reduce dependency on global supply chains and mitigate disruptions.
- **Digitalisation & E-Procurement:** The pandemic accelerated the adoption of digital procurement platforms, making processes more transparent and efficient.
- **Increased Focus on Social Impact:** Companies incorporated social responsibility metrics into procurement decisions, ensuring fair wages and ethical labour practices.
- **Resilience & Risk Management:** Organisations developed multi-supplier strategies to avoid over-reliance on a single source. Procurement teams transitioned from cost-focused to value-driven approaches, prioritising long-term sustainability

Indian companies have responded to post-COVID social procurement trends by focusing on local sourcing, sustainability, and digital transformation. Here are some key developments:

1. Government eMarketplace (GeM) Expansion

- The Indian government strengthened GeM, an online procurement platform, to support MSMEs and social enterprises, and has set mandatory procurement of 25%⁶ by all government departments and public sector enterprises.
- This has made it easier for small businesses to access government contracts and participate in formal markets.



2. Sustainability-Driven Procurement

- Companies like TATA⁷ and ITC⁸ have integrated carbon-neutral sourcing into their supply chains.
- Reliance⁹ Industries has increased procurement from rural artisans, promoting inclusive growth.

6. <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2107510>

7. <https://www.tataconsumer.com/iar-2022-23/for-better-sourcing.html?>

8. <https://www.itcportal.com/sustainability/sustainability-integrated-report-2022/ITC-Sustainability-Integrated-Report-2022.pdf?>

9. <https://timesofindia.indiatimes.com/reliance-retails-vocal-for-local-mission-expands-to-30000-artisans/article-show/79371226.cms>

3. Digital Procurement & AI Integration

- Businesses are adopting AI-driven procurement systems to enhance transparency and efficiency.
- SAP India has launched initiatives to scale social enterprises through digital procurement strategies.

4. Resilient Supply Chains

- Companies have diversified suppliers to reduce dependency on a single source.
- Mahindra Group¹⁰ has focused on low-carbon procurement, ensuring sustainability throughout its supply chain.

3.5. Frameworks for measuring social procurement

Indian companies measure the impact of their social procurement efforts using various frameworks and metrics. Here are some key approaches:

Economic & Social Impact Metrics	Sustainability & ESG Reporting	Government Benchmark	Technology & AI-Driven Analytics
• Companies track job creation, income growth, and supplier diversity to assess how procurement benefits marginalised communities. • For example, SAP India has launched initiatives to integrate social enterprises into corporate supply chains, ensuring measurable economic impact.	• Businesses align procurement with Environmental, Social, and Governance (ESG) goals, tracking carbon footprint reduction, ethical sourcing, and waste management. • Reports like SAP's Social Procurement Report highlight how companies integrate sustainability into procurement strategies.	• Companies leverage frameworks like GeM (Government eMarketplace) to enhance their social procurement outcomes, including mandatory procurement of 3% from women-owned MSMEs as part of the total MSME procurement requirement. • These platforms help businesses track supplier inclusion, fair trade practices, and environmental sustainability.	• AI-powered procurement platforms are used to analyse supplier performance, compliance, and social impact

10. <https://mahindralogistics.com/wp-content/uploads/2024/06/ESG-Impact-Book.pdf>

3.6. Detailed review: the role of FPOs in social procurement

FPOs are increasingly pivotal in corporate social procurement, enabling sustainable sourcing, fair trade, and rural economic development. By aggregating fragmented producers, FPOs create economies of scale, foster direct relationships with corporate buyers, and improve price realisation. They also serve as conduits for technology dissemination, quality input distribution, and compliance with traceability and food safety standards. In doing so, they contribute to building inclusive, transparent, and resilient agri-value chains that align with both national rural development goals and global ESG frameworks. Here is a detailed analysis of their contribution:



1. Direct Market Access for Farmers

- FPOs help smallholder farmers aggregate their produce, reducing dependency on intermediaries.
- Corporates such as ITC and TATA Products procure directly from FPOs, ensuring fair pricing and better incomes for farmers.



2. Sustainability & Climate-Resilient Farming

- Companies are integrating low-carbon and regenerative agriculture practices through FPO partnerships.



3. Financial Inclusion & Credit Access

- FPOs facilitate access to credit and financial services, enabling farmers to invest in better inputs and technologies.
- Rabobank's credit guarantee programmes reduce financial risks for lenders, enabling agri-tech enterprises and smallholder farmers to secure funding.



4. Government & Corporate Collaboration

- The Indian government promotes social procurement through FPOs, via platforms such as GeM, Open Network for Digital Commerce (ONDC), and National Agriculture Market (e-NAM)
- Corporates align their CSR-linked procurement with these initiatives to enhance rural livelihoods and sustainable sourcing.

Many FPOs still lack financial resilience, robust governance structures, and logistical capabilities to operate at scale.



FPOs are bridging the gap between farmers and corporates, ensuring ethical sourcing, fair trade, and environmental sustainability.

While these initiatives have gained momentum, a long journey is still ahead in strengthening Corporate-FPO social procurement and supply efforts. Support from government agencies, corporates, NGOs, and development institutions has helped many FPOs evolve from informal collectives into commercially viable producer enterprises. Today, these FPOs engage in value-added processing, branding, and certification, positioning themselves as credible players in formal markets. However, challenges remain, many FPOs still lack financial resilience, robust governance structures, and logistical capabilities to operate at scale.

Over the past decade, Corporate–FPO relationships in India have transitioned from experimental engagements to structured supply chain partnerships. This evolution reflects growing corporate recognition of the strategic value that FPOs bring in terms of localised sourcing, traceability, and rural value chain development.

In the early years, particularly before 2015, corporate engagement with farmer collectives was largely exploratory. These relationships began as a pilot business model, with companies like ITC and PepsiCo experimenting with direct sourcing through pilot initiatives. The scope of these engagements was limited, often with FPOs contributing less than 5% of the required procurement volumes.

Between 2015 and 2020, as both corporates and FPOs matured in their capacities, these engagements became more structured and process-oriented. Corporates developed standardised procurement frameworks with defined parameters for quality control, volume assurance, and delivery timelines. Formal contracts emerged as a norm in this period, enabling FPOs that met corporate standards to increase their share in procurement volumes to approximately 15–25%. Firms like DeHaat, BigBasket, and Metro Cash & Carry institutionalised procurement mechanisms aligned with the production cycles of FPOs, ensuring more predictable demand and better price realisation.

3.7. Evolution of Corporate–FPO partnerships

From 2020 onwards, Corporate–FPO partnerships have increasingly assumed a strategic character. Several companies now view FPOs as key nodes in their supply chain strategies, particularly in enhancing supply resilience, meeting sustainability targets, and fulfilling ESG mandates. For instance, Safe Harvest and Jayanti Spices have integrated FPOs deeply into their value chains, co-investing in infrastructure, training, and long-term sourcing relationships. Some FPOs today fulfil as much as 60% of corporate procurement in niche commodities, signifying a shift from transactional sourcing to collaborative ecosystem development.

3.8. Models of Corporate-FPO collaboration

Corporate–FPO engagements now span a spectrum of collaborative models, reflecting varying levels of institutional integration, resource commitment, and mutual benefit. Among the most prevalent are procurement-based collaborations, where corporates source directly from FPOs against pre-agreed quality and price benchmarks. These can range from seasonal spot transactions to year-round procurement under formalised contracts, often with embedded risk-sharing clauses. Leading examples include ITCMAARS¹¹ and Adani¹², which have developed robust procurement frameworks for fresh produce and grains.

Beyond procurement, capacity-building partnerships have gained significant traction. Recognising the operational limitations of many FPOs, corporates have increasingly invested in their institutional strengthening through training programmes on sustainable farming practices, food safety standards, and post-harvest management. For instance, the ITCMAARS initiative provides technical guidance, while Jayanti Herbs & Spices conducts workshops to help FPOs



Training on sustainable agriculture practices: making Jeevamrit

11. <https://economictimes.indiatimes.com/industry/cons-products/fmcg/itc-to-increase-fpos-to-4000-in-next-4-years-linking-a-crore-farmers-scale-up-super-app-maars/articleshow/116003598.cms>

12. <https://www.adanienterprises.com/businesses/fruits>

5,000

FPOs in the Open Network for Digital Commerce (ONDC) marks a significant leap towards democratising access to buyers and improving supply chain traceability.

comply with export-grade standards. These programmes not only build trust but also enhance the readiness of FPOs to participate in formal supply chains.

The integration of digital technology has further diversified Corporate–FPO linkages. E-commerce platforms and agri-tech solutions are transforming the way FPOs engage with markets. The inclusion of over 5,000 FPOs in the Open Network for Digital Commerce (ONDC) marks a significant leap towards democratizing access to buyers and improving supply chain traceability. Blockchain, IoT, and mobile apps are employed for real-time quality assessments, logistics coordination, and digital payments, reducing transaction costs and improving transparency.

Financial linkages represent a dimension of Corporate–FPO partnerships. Financial fragility continues to plague many FPOs, constraining their ability to fulfil large orders. In response, corporates are facilitating access to formal credit, offering collateral-free loans, or advancing working capital directly. In collaboration with banking, non-banking and warehouse receipt financing institutions like NABARD, NABKISAN, FWWB, Samunnati, AUSF, HDFC, Arya Collateral, etc., corporates are promoting blended finance models, invoice discounting, and crop insurance, thereby strengthening the financial resilience of their FPO partners.



Figure 2: Models/types of Corporate-FPO Collaboration

3.9. Importance of Corporate-FPO linkages in shaping social procurement system

Corporate Strategies and Benefits from FPO Engagement

Corporates pursuing sustainable procurement strategies increasingly view FPOs as producers and key partners in long-term value creation. A key advantage of sourcing through FPOs is enhanced traceability and compliance. When companies procure through traditional channels, verifying whether farming practices meet safety, environmental, or ethical standards becomes difficult. FPOs, by contrast, offer a structured and organised base, allowing corporates to ensure adherence to quality benchmarks, pesticide use norms, and labour welfare regulations. This traceability is essential for meeting statutory ESG reporting obligations, such as India's Business Responsibility and Sustainability Reporting (BRSR) guidelines and international standards like the UNGC Principles and SDGs.

Another significant benefit for corporates is the improvement in supply chain efficiency. FPOs function as aggregation points, reducing the need for intermediaries and thereby lowering transaction costs¹³. These organisations also facilitate consistency in production quality and volumes since they often implement collective post-harvest practices and grading systems. Furthermore, corporates engaged with FPOs are increasingly investing in digital solutions for crop monitoring, logistics management, and quality tracking.

For instance, Corteva Agriscience is revolutionising agricultural practices through precision farming tools and digital traceability systems, empowering smallholder farmers with data-driven decision-making, automation, and sustainability¹⁴. Using AI, drones, and satellite imaging, its precision agriculture technologies help optimise crop yields and resource efficiency.

Additionally, Corteva's digital traceability systems enhance supply chain transparency, enabling farmers and buyers to track produce from farm to market. Its Granular Insights Platform provides real-time farm data, equipping farmers with actionable insights for informed agronomic decisions, ultimately fostering a more efficient and sustainable agricultural ecosystem.

Similarly, Bayer's Better Life Farming (BLF) model is a global multi-stakeholder partnership designed to support smallholder farmers in developing economies by providing access to modern agricultural inputs, advisory services, and market linkages. The initiative collaborates with local and global partners, including IFC (International Finance Corporation), Netafim, Yara Fertilisers, DeHaat, Agri Bazaar, and BigBasket, to enhance crop yields, farm incomes, and rural entrepreneurship. BLF centers serve as hubs where farmers receive training on good agricultural practices, irrigation techniques, financial literacy, and access to inputs and markets. The model also empowers women farmers by integrating them into mainstream agriculture and entrepreneurship. These technologies and initiatives enhance supply chain reliability and reduce uncertainty in sourcing operations.

13. https://www.researchgate.net/publication/377241668_Policy_Paper_on_Farmer_Producer_Organisations_in_India_Challenges_and_Propects

14. <https://www.businesswireindia.com/corteva-introduces-one-of-a-kind-technology-driven-customer-engagement-programme-to-provide-crop-protection-solutions-to-farmers-77923.html?>



PepsiCo launched the AwaazMittiKi Programme to celebrate 30 years of partnership with farmers.

In addition to operational efficiency, engaging with FPOs enhances corporate brand reputation and builds stakeholder trust. Many companies highlight their direct procurement from farmers through marketing campaigns. Leading players like PepsiCo India, Adani, and ITC have developed robust models that simultaneously support farmer incomes and deliver on sustainability commitments. For instance, PepsiCo's sustainable potato sourcing model provides training in water-efficient farming and guarantees buy-back, aligning farmer profitability with business resilience (PepsiCo India, 2022).

ITCMAARS initiative, one of India's leading agri-digital infrastructure, has empowered over 4 million farmers by offering market information and enabling direct marketing, thus reducing reliance on exploitative intermediaries.

Empowering FPOs through corporate linkages

While corporates stand to gain from direct engagement with FPOs, these partnerships are equally transformative for the producer groups. The most immediate benefit is market access. In the absence of formal buyers, FPOs often struggle to secure fair prices or regular demand. Corporate partnerships address this by offering assured offtake agreements, enhancing income stability for member farmers and reducing exposure to price shocks common in open *mandis*. Corporates play a vital role in brand-building and market differentiation for FPO products. They support FPOs in securing organic certifications, GI tags, and global quality labels like HACCP and ISO. These initiatives enable FPOs to command premium prices, enter new markets, and build long-term brand equity. For example, NatureBio Foods collaborates with FPOs to co-develop organic food brands for export, creating a mutually beneficial outcome for smallholders and corporate buyers.



Brand established under UDAAN project (West Bengal)- Haldhaarak

Technical training and knowledge transfer constitute a cornerstone of this engagement. Many companies have launched dedicated programmes to train FPOs in best agricultural practices, regulatory compliance, and post-harvest handling. ITCMAARS and BigBasket's farm onboarding programme have created replicable models in this space. Training typically covers food safety protocols, resource-efficient farming, documentation, and the usage of digital inventory tools, enabling FPOs to deliver quality products consistently.

Infrastructure support is another critical area where corporates add value. From establishing aggregation centers to investing in cold chains and primary processing units, these interventions improve the physical readiness of FPOs to meet procurement demands. Walmart's supply chain partnerships with FPOs illustrate how corporates can co-develop infrastructure that aligns both domestic and international quality standards.



Storage unit in an FPO



Sorting and grading unit in an FPO

Support FPOs to overcome the “missing middle” problem

that often plagues rural institutions where FPOs are too large for microcredit or too small for commercial lending.

Perhaps the most transformative aspect of corporate engagement lies in legitimising FPOs within formal markets. Partnerships with reputable companies signal credibility to financial institutions, government bodies, and other buyers, helping FPOs overcome the “missing middle” problem that often plagues rural institutions where FPOs are too large for microcredit or too small for commercial lending. Many corporate firms even collaborate with financial institutions to improve FPO access to working capital, introduce microinsurance products, and ensure timely payments. Programmes such as NABARD’s FPO Fund and SFAC’s Credit Guarantee Scheme are increasingly being supported by corporates, who facilitate onboarding of FPOs and help them access grant and loan support. Financial literacy and accounting support are also integrated into these engagements to ensure long-term viability. Organisations like NABARD and SFAC have highlighted the importance of corporate linkages in making FPOs bankable and investment-ready.

3.10. Policy environment and regulatory framework

India’s evolving policy and regulatory framework has played a critical role in shaping the institutional environment for FPOs, especially in the context of growing corporate interest in sustainable and inclusive sourcing. Over the past decade, there has been a deliberate shift in public policy to mainstream smallholder producers into formal agricultural value chains by enhancing their collective bargaining power, improving their access to capital and infrastructure, and making them viable partners in commercial procurement ecosystems. However, while the policy thrust is progressive and ambitious, regulatory complexity and implementation asymmetries continue to challenge the operational efficiency of FPOs and their integration into corporate procurement systems.

With a budget outlay of **₹6,865 crore** and a timeline extending to **2027–28**, the scheme is one of the largest coordinated efforts globally to collectivise agricultural producers at scale.

Transformative Policies Enabling FPO Development

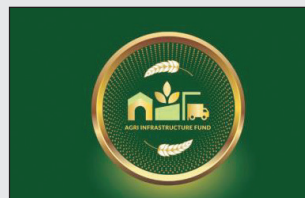
The Central Sector Scheme for the Formation and Promotion of 10,000 FPOs is a cornerstone of the current policy landscape, launched in 2020 by the Ministry of Agriculture and Farmers’ Welfare. With a budget outlay of ₹6,865 crore and a timeline extending to 2027–28, the scheme is one of the largest coordinated efforts globally to collectivise agricultural producers at scale. It provides up to ₹18 lakh in support during the formation phase and an additional ₹25 lakh in the management phase, enabling nascent FPOs to stabilise operations, build administrative capabilities, and invest in basic infrastructure.

Complementing this is the Equity Grant and Credit Guarantee Fund Scheme, implemented by the Small Farmers' Agri-Business Consortium (SFAC). This mechanism enables FPOs to attract institutional lending by offering equity grants of up to ₹15 lakh and credit guarantee cover to mitigate lender risk. This has led to a modest but growing flow of working capital into FPOs, a critical step for meeting corporate demand in a timely and scalable manner.

Recognising the need for value chain integration, the government has operationalised the Value Chain Operator (VCO) Framework, empanelling large agribusinesses, including Bayer CropScience, ITC, DeHaat, and Patanjali Foods, to partner with FPOs in end-to-end value chain development.

These partnerships encompass input provisioning, extension services, quality certification, aggregation, and market linkages, aligning commercial objectives with the development of inclusive supply networks.

Moreover, a structured network of Implementing Agencies (IAs)-including SFAC, NABARD, NCDC, and NAFED, among others-provides FPOs with handholding support in capacity building, statutory compliance, and market engagement. This institutional architecture provides crucial scaffolding to improve governance, accountability, and operational maturity of FPOs.



The Agricultural Infrastructure Fund (AIF), a ₹1 lakh crore financing facility, further strengthens this ecosystem by offering medium- to long-term credit for investments in post-harvest infrastructure, such as storage units, processing facilities, and transportation. Many FPOs are leveraging the AIF to develop value-added services that attract corporate buyers seeking quality, consistency, and traceability.

Regulatory Complexities: A Double-Edged Sword

Despite these enabling measures, FPOs remain constrained by a complex and fragmented regulatory environment. Compliance with statutory obligations — including GST registration and returns, FSSAI licensing, financial audits, and producer company filings — places a heavy burden on FPOs, particularly those in their formative years or operating with minimal administrative capacity. Export-oriented FPOs face additional requirements, such as phytosanitary certifications, shipping bills, and customs compliance, often without sufficient guidance or logistical support.

On average, an FPO spends 14 to 22 days annually managing compliance-related activities, diverting time and resources from core functions such as aggregation, marketing, and capacity building ([Report on Social Procurement, Sattva, 2024](#)). For smaller FPOs, this burden disproportionately limits their ability to scale and fulfil corporate contracts. There is an urgent need for a streamlined, digital-first regulatory interface tailored to the capabilities of grassroots collectives to enhance operational efficiency and market responsiveness.



3.11. Challenges in Corporate–FPO partnerships

Despite the growth of Corporate–FPO engagements, several systemic and operational challenges continue to limit their scale and effectiveness. Supply chain inefficiencies remain a major concern, with corporates citing inconsistent quality, low volume assurance, and inadequate logistics as key impediments. Many FPOs lack essential infrastructure such as grading units, cold storage, and transport facilities, resulting in product deterioration and order rejections.

Financial constraints pose another significant barrier. Around 49% FPOs report working capital shortages as a critical challenge in fulfilling corporate orders. Access to institutional finance remains limited due to high collateral requirements, lengthy processing times, and weak credit histories. Payment delays and seasonal revenue flows further exacerbate liquidity constraints, making it difficult for FPOs to scale operations or invest in productivity-enhancing measures.

Regulatory and compliance burdens also deter FPOs from engaging with formal markets. They must navigate a complex web of overlapping norms, including GST, FSSAI, and producer company audits, often without adequate administrative support. Certification costs and inconsistent policy implementation across states add further uncertainty, increasing transaction costs for both corporates and FPOs.

Interactions with corporates revealed a persistent trust deficit that continues to undermine the potential of these partnerships. Corporates remain wary of FPO inefficiencies and governance issues, while FPOs often perceive corporates as exploitative or unfair in price negotiations. The lack of standardised contracts, dispute-resolution frameworks, and transparent pricing mechanisms reinforces this mistrust.



3.12. Macroeconomic context and impact on Corporate-FPO linkages

India's evolving macroeconomic landscape is reshaping agricultural value chains, particularly in how corporates engage with FPOs. As the country's agricultural sector undergoes structural transformation driven by policy reforms, digital innovation, and changing consumption patterns, the dynamics of sourcing from smallholder farmers are also shifting. Corporate–FPO partnerships have emerged as strategic vehicles for inclusive growth, sustainability, and risk mitigation. Yet these linkages do not operate in isolation; they are shaped by broader economic trends that influence both the capacity of FPOs to meet corporate procurement standards and the willingness of corporates to invest in building long-term sourcing relationships with grassroots producer collectives.

Macroeconomic Trends Reshaping Agricultural Value Chains

Between 2020 and 2023, India's agricultural sector recorded an average annual growth rate of approximately 3.9%, demonstrating resilience amid the pandemic and global economic uncertainty.

Yet, this growth masks underlying vulnerabilities, particularly for small and marginal farmers who constitute nearly 86% of the farming population. Volatility in Agricultural Gross Value Added (GVA) driven by climate disruptions, erratic input prices, and infrastructural gaps directly affects the reliability, volume, and quality of supply, all critical considerations for corporates seeking to build secure agri-sourcing pipelines.

Volatility in Agricultural Gross Value Added (GVA)

driven by climate disruptions, erratic input prices, and infrastructural gaps directly affects the reliability, volume, and quality of supply, all critical considerations for corporates seeking to build secure agri-sourcing pipelines.



Recent policy efforts aimed at formalising agricultural trade have significantly reshaped the macroeconomic context in which FPOs operate. Initiatives such as the Electronic National Agriculture Market (e-NAM), the implementation of GST, and the expansion of digital infrastructure have collectively lowered transaction costs and increased transparency.

Notably, the emergence of the Open Network for Digital Commerce (ONDC) has created a paradigm shift, enabling over 5,000 FPOs to list and transact with buyers online. This digital integration enhances visibility, enforces traceability standards, and creates a transparent environment for corporate buyers to procure directly from producer collectives, bypassing traditional intermediaries who often obscure the origin, quality, or sustainability of the produce.

Digitalisation, Climate Risk, and Resilience Building

Digital platforms are no longer mere tools of convenience, they are fast becoming prerequisites for inclusion in organised supply chains. Corporates increasingly evaluate FPOs on their digital readiness, access to market information, digital record-keeping, and real-time logistics coordination — capabilities essential for integration with modern procurement systems. Furthermore, the penetration of e-commerce and digital trade allows FPOs to diversify their market channels, thereby improving bargaining power and reducing dependence on a single corporate buyer.

At the same time, macroeconomic volatility linked to climate change poses growing risks to procurement systems. Extreme weather events ranging from droughts to unseasonal rainfall are disrupting crop cycles, post-harvest handling, and supply stability. This unpredictability creates major challenges for inventory planning, quality assurance, and price management. As a result, corporates increasingly prefer to work with FPOs that demonstrate resilience through access to irrigation, diversified cropping systems, risk-mitigation training, and climate-smart farming practices. Corporate-led initiatives, such as the climate-resilient agri-programmes of ITC and Mahindra Agri Solutions, have been instrumental in building such capacities among FPOs, integrating long-term sustainability with sourcing efficiency.

Strategic Alignment Between Corporate Interests and Macroeconomic Levers

Given this interplay, corporates are increasingly factoring macroeconomic conditions into their procurement strategies. Many now conduct due diligence not only on the operational maturity

**Corporates
increasingly prefer to
work with FPOs**

that demonstrate resilience through access to irrigation, diversified cropping systems, risk-mitigation training, and climate-smart farming practices.

of FPOs but also on the broader enabling environment, assessing state-level policy support, infrastructure availability, and credit flows before formalising contracts. FPOs operating in regions with proactive government programmes, well-developed agri-logistics, and strong digital inclusion initiatives are viewed as less risky and more strategic partners. For example, in Maharashtra and Madhya Pradesh, states with strong FPO promotion policies, several companies, including BigBasket and TATA, have scaled up direct sourcing models with FPOs, creating mutually reinforcing value chains ([Report on Social Procurement, Sattva, 2024](#)).

At the same time, shifting consumer preferences toward sustainable and ethical sourcing are pushing corporates to align procurement with broader ESG goals. This shift has created a unique window of opportunity for FPOs that comply with traceability standards, promote biodiversity, and minimise environmental impact. The macroeconomic shift toward sustainability, incentivised by global trade requirements and domestic ESG norms, therefore acts as a catalyst for deeper Corporate–FPO integration.

Economic Trends Reinforcing Policy Impact

Macroeconomic factors further shape how policy interventions translate into real-world impact. The formalisation of India's economy through instruments such as GST, e-NAM, and ONDC has accelerated FPO participation in structured markets. According to recent data, organised market access among registered FPOs has risen sharply, signalling stronger alignment with formal supply chains (NITI Aayog, 2024). This shift is critical for corporates that demand standardisation, traceability, and regulatory compliance in their procurement systems.

The proliferation of digital payment systems through UPI, Aadhaar-enabled services, and fintech integrations has improved transaction efficiency and reduced payment cycles. FPOs using digital channels reported receiving payments faster than those relying on traditional banking or cash-based transactions, a decisive advantage in cash-flow-sensitive environments.

Corporate investment in agricultural value chains is also on the rise, reflecting both a broader economic recovery and an increased willingness to engage directly with grassroots institutions. Value chain programmes supported by ITC¹⁵, TATA¹⁶, and Nestlé¹⁷ have provided infrastructure grants, technical assistance, and market linkages to partner FPOs, making them more resilient and responsive to evolving market needs.

Nevertheless, economic pressures such as rising input costs, consumer price sensitivity, and volatile commodity prices continue to squeeze FPO margins. In a recent survey, 41% of FPOs cited unfavourable pricing by corporate buyers as a significant challenge, underscoring the need for policy mechanisms that promote fair trade practices, transparent price discovery, and equitable contract enforcement ([Sattva, 2024](#)).

15. <https://economictimes.indiatimes.com/industry/cons-products/fmcg/itc-to-increase-fpos-to-4000-in-next-4-years-linking-a-crore-farmers-scale-up-super-app-maars/articleshow/116003598.cms>

16. <https://www.tatatrusts.org/upload/pdf/fpo-market-linkages-study-report.pdf>

17. <https://www.nestle.com/sites/default/files/2025-02/creating-shared-value-nestle-2024.pdf>



Outlook and Policy Priorities for Strengthening Linkages

Looking ahead, the macroeconomic outlook for Corporate–FPO linkages is cautiously optimistic. As India continues to pursue formalisation, digitisation, and rural infrastructure development, the conditions for inclusive and resilient agri-sourcing will strengthen. However, targeted efforts are needed to ensure that these trends benefit both corporates and producer organisations equitably.

For corporates, this means institutionalising procurement models that prioritise long-term partnerships with FPOs, investing in capacity building, and integrating social impact metrics into sourcing KPIs. For FPOs, building resilience to economic shocks, improving digital and financial literacy, and aligning with sustainability benchmarks will be essential. The government must play an enabling role, providing fiscal incentives for inclusive sourcing, fast-tracking infrastructure investments, and ensuring that macroeconomic shocks do not disproportionately affect smaller producer collectives.

Ultimately, by aligning macroeconomic levers with procurement innovation, India can create a future where Corporate–FPO partnerships serve as efficient sourcing models and instruments of rural transformation, inclusive growth, and agricultural sustainability.

Buyer Side Analysis

4.1. Corporate outlook on partnering with FPOs

As part of buyer-side analysis, procurement teams from 26 corporates across the food and agribusiness value chain including aggregators, facilitators, processors, e-commerce platforms, and physical retail chains shared data and insights drawn from their experience of engaging with farmers and FPOs. Their inputs helped identify critical success factors, key challenges, and the role of the current support ecosystem in shaping effective Corporate-FPO partnerships.

Interviews with corporate leaders reveal that, despite a growing interest in sustainable and inclusive sourcing, many companies remain hesitant to procure directly from FPOs. A key reason is the limited awareness among ground-level procurement teams about high-performing FPOs. These teams often work under strict procurement targets and tight timelines, leaving little bandwidth to identify, assess, and build new relationships with FPOs. Concerns over supply consistency, quality standards, and limited professional management within many FPOs further reinforce corporate reliance on traders who offer predictability and scale. Despite these challenges, corporates increasingly acknowledge the strategic value of engaging with FPOs not only as a means of business diversification but also to fulfil their ESG commitments.

Over the past four years, the landscape of Corporate–FPO linkages has notably shifted. Once minimal, these connections have expanded through the active involvement of Resource



Concerns over supply consistency, quality standards, and limited professional management within FPOs reinforces corporate reliance on traders.

Over the past four years, the landscape of Corporate–FPO linkages has notably shifted. Once minimal, these connections have expanded through the active involvement of Resource Institutions/Implementing Agencies (RIs/IAs) such as ACCESS Development Services, Pradan, Srijan, ISAP, and ASA, alongside government-backed programmes like the 10,000 FPO Scheme and NRLM/SRLM initiatives.

Institutions/Implementing Agencies (RIs/IAs) such as ACCESS Development Services, Pradan, Srijan, ISAP, and ASA, alongside government-backed programmes like the 10,000 FPO Scheme and NRLM/SRLM initiatives. These entities have played a catalytic role in strengthening the capacity of FPOs by enhancing governance, improving aggregation capabilities, and increasing visibility for corporates through structured engagements. As a result, FPOs are no longer viewed merely as grassroots institutions; they are now being actively evaluated and discussed as part of an alternative value chain that complements traditional trader-based sourcing.

Interviews with corporate buyers for this study revealed distinct patterns in their procurement strategies and engagement with FPOs:

Procurement Volume and Commitment

Corporate procurement from FPOs has shown a consistent upward trend, reflecting a growing strategic interest in integrating FPOs into mainstream supply chains. On average, companies operating in agro-processing, FMCG,

agri-business and related sectors now meet approximately 5–6% of their total procurement requirements through FPOs. While seasonal buying aligned with harvest cycles still dominates most transactions, year-round sourcing relationships are beginning to take shape, particularly for commodities with stable production windows. Companies such as ITC, SV Agri, and Safe Harvest stand out in this regard: ITC has institutionalised FPO engagement through structured procurement frameworks, SV Agri sources 100% of its potato supply through FPOs, and Safe Harvest has built an almost entirely FPO-dependent supply chain, sourcing close to 100% of its residue-free produce from these entities.

Commodity Preferences and Quality Parameters

Corporates are diversifying their procurement from FPOs across a wide range of commodity categories, aligning sourcing strategies with both market demand and sustainability goals. Staples such as wheat, rice, maize, pulses, and oilseeds remain the dominant procurement group, particularly for large buyers like ITC, NAFED, and Adani. In parallel, companies like Olam and Jayanti Herbs & Spices are sourcing high-value spices and medicinal herbs, while fresh fruits and vegetables are in demand with modern retail chains such as BigBasket and Reliance Retail for both direct consumption and processing. **Speciality products**, including organic and certified commodities, are emerging as key differentiators for sustainability-focused brands like Safe Harvest, which focus entirely on residue-free and ethically sourced produce. Many corporates now apply standardised quality specifications to ensure consistency and market competitiveness. These include physical parameters (such as size, colour, and texture), chemical attributes (like moisture content and oil percentage), and strict thresholds for contaminants

(including pesticide residues and foreign matter). Many buyers also require third-party certifications — organic, fair trade, or sustainability compliance — reflecting an alignment with global food safety and traceability standards.

Procurement Models and Contract Structures

Corporates are increasingly adopting structured procurement models to streamline sourcing from FPOs and ensure consistency in supply, quality, and pricing. The most common approach remains seasonal contracts, wherein volumes and quality standards are pre-defined in alignment with harvest cycles. However, a notable shift is underway toward flexible, ongoing procurement relationships that allow corporates to respond to market dynamics while maintaining engagement with reliable FPO partners. Some companies in specialised segments, particularly for high-value or certified commodities, offer minimum guarantee contracts with premium pricing to secure quality supply. Reflecting a broader move toward formalisation and risk mitigation, 65% of corporates now use purchase orders for FPO sourcing, up from just 42% three years ago. These contracts clearly spell out key terms, including product quality specifications, testing protocols, pricing structures, delivery timelines, logistics coordination, and payment processes.

Price Determination Methods

Corporates are adopting a range of price determination strategies to ensure fairness, transparency, and competitiveness when sourcing from FPOs. The most prevalent approach is market-linked pricing, where procurement rates are aligned with prevailing mandi prices and supplemented with fixed premiums to incentivise quality supply and build long-term loyalty. Some buyers, particularly those sourcing certified or traceable produce, prefer cost-plus models that factor in production costs and include reasonable margins for FPOs. In certain cases, procurement prices are benchmarked to the Minimum Support Price (MSP), with additional premiums based on quality or sustainability attributes. For high-value or certified commodities, such as organic or fair-trade products, corporates frequently offer premium pricing arrangements. The study finds that 57% of corporate buyers currently offer price premiums between 5% and 15%, reinforcing their commitment to equitable sourcing and strengthening of long-term partnerships with FPOs.

4.2. Corporate support mechanisms

Despite systemic hurdles and operational constraints, a growing number of corporates are proactively overcoming barriers to engage meaningfully with FPOs. Recognising the long-term value of inclusive and sustainable sourcing, companies no longer view FPO engagement merely as a CSR activity alone, but increasingly as a strategic investment in resilient supply chains. On the ground, corporates are increasingly embedding technical support teams, leveraging digital technologies, and collaborating with NGOs, agri-startups, and development programmes

For high-value or certified commodities,

such as organic or fair-trade products, corporates frequently offer premium pricing arrangements.

to build procurement-readiness among FPOs. Many have adapted their procurement models, opting for staggered sourcing, seasonal contracts, or blended-sourcing frameworks that better accommodate the variability of smallholder-driven supply. At the same time, companies are co-investing in infrastructure, offering advance payments, and piloting innovative finance solutions to address liquidity gaps. While still evolving, these approaches signal a fundamental shift in mindset: from viewing FPOs as high-risk suppliers to recognising them as strategic partners in building traceable, ethical, and climate-resilient agri-value chains.

To address capability gaps and strengthen procurement relationships, many corporates have implemented a range of support mechanisms for their FPO suppliers, including:



1. Financial Support Initiatives

Problem Statement

FPOs typically seek immediate payments from corporates and struggle with ensuring consistent supply.

Current Practice

To address the challenge, corporates such as ITC, Zepto, and Vijaynagar Biotech have adapted by making payments within 2 to 3 days for smaller-volume orders, which account for only a minor share of their total procurement. This flexibility has been made possible through the active involvement of Resource Institutions and Implementing Agencies (RIs/IAs), who mediate between corporates and FPOs to establish mutually acceptable terms.



2. Integration of end-to-end value chain support systems by corporates

Problem Statement

Supply constraints for corporates due to the low adoption of sustainable and best agricultural practices among farmers, limiting their ability to meet sourcing standards.

Current Practice

Traditionally, corporates have faced supply constraints when sourcing from FPOs due to the limited adoption of Good Agricultural Practices (GAPs) and sustainable farming methods. These gaps often result in inconsistent quality, weak post-harvest handling, and poor traceability, making it difficult for companies to integrate FPOs into formal, high-value supply chains. To address this, companies are investing in capacity building, promoting GAPs, and supporting infrastructure development such as collection centers, calibrated procurement systems, and input distribution networks. By strengthening both technical capabilities and physical infrastructure, these efforts are enabling FPOs to meet market standards, ensuring more reliable and traceable supply to corporates, and unlocking premium pricing opportunities for farmers.



3. Technical Assistance Programmes

Problem Statement

FPOs struggle to meet the quality expectations of corporate buyers due to limited access to technical knowledge, weak post-harvest handling practices, and a lack of awareness about certification requirements.

Current Practice

These gaps often result in product rejection, reduced price realisation, and weakened trust in supply relationships. Moreover, many smallholder members lack exposure to modern agronomic practices, traceability norms, and global quality benchmarks, making it difficult for FPOs to consistently deliver produce that meets the corporate procurement standards.

To address these challenges, several corporates have launched dedicated technical assistance programmes aimed at strengthening the capabilities of FPOs and their farmer members. Through initiatives like ITCMAARS, FPOs receive structured training in agricultural practices and quality management, along with guidance on post-harvest handling and storage. These programmes also offer support for certification and compliance requirements and encourage technology adoption to enhance productivity and traceability.

Similarly, companies like Jayanti Herbs & Spices conduct regular workshops focused on compliance with international quality standards, helping FPOs navigate market regulations and meet the expectations of global buyers. These targeted interventions improve supply consistency and product quality and strengthen long-term buyer-supplier relationships by fostering trust, performance alignment, and greater inclusion of FPOs in corporate value chains.



4. Procurement Limitation

Problem Statement

FPOs unable to meet large-scale, consistent supply volumes required by corporates.

Current Practice

Corporates typically require large, consistent volumes of produce, which are currently met predominantly by traders or intermediaries, accounting for nearly 90% of total sourcing. These traders have the capacity to procure and store in bulk, ensuring an uninterrupted supply even during peak seasons. In contrast, most FPOs struggle to match this scale and consistency, leading to challenges in directly integrating them into mainstream supply chains.

However, as part of their social procurement initiatives, many companies are now actively working to incorporate FPOs into their sourcing models. They are breaking down bulk requirements into smaller, manageable lots that FPOs can fulfil. Currently, FPOs are able to meet only about 5-6% of the total demand from corporates. Recognising the need to strengthen inclusive and sustainable sourcing, companies are planning to revise their procurement strategies to ensure that at least 10% of their demand is met through FPOs, gradually increasing their integration into formal supply chains. Through targeted capacity-building, long-term procurement partnerships, and gradual integration, companies are striving to make FPOs a viable part of their sustainable sourcing strategies.

Corporates employ a range of models to overcome the financial and technical limitations faced by FPOs. To ensure a consistent, high-quality supply, they provide end-to-end support across the value chain. The following are some of the key approaches used by corporates to build a robust and enabling ecosystem for FPOs.

24 Mantra Organic's Social Procurement Model¹⁸

The social procurement model of 24 Mantra Organic focuses on sustainable and ethical sourcing by working directly with farmers to promote organic agriculture. The company collaborates with over 40,000 farmers to produce chemical-free food while ensuring fair pricing and better livelihoods. By eliminating intermediaries, farmers receive 8-12% higher earnings, encouraging them to adopt organic farming practices. The brand places a strong emphasis on certifications and compliance, ensuring that farmland remains free from prohibited substances for at least 3 years before organic certification. This approach benefits farmers and supports environmental sustainability and consumer health.

Corporates employ a range of models to overcome the financial and technical limitations faced by FPOs. To ensure a consistent, high-quality supply they providing end-to-end support across the value chain. The following are some of the key approaches used by corporates to build a robust and enabling ecosystem for FPOs.

18. <https://www.downtoearth.org.in/agriculture/strategic-ally-how-an-organic-food-company-expanded-farm-to-fork-philosophy-to-promote-chemical-free-practices-85229>

Cargill's Maize Procurement Model¹⁹

Cargill's maize procurement model in Davanagere, Karnataka, is built on regenerative agriculture principles, and implemented in partnership with TechnoServe. The initiative, called 'Srishti', aims to transform 25,000 acres of maize farms while empowering 10,000 farming households. The model focuses on soil health improvement, carbon sequestration, and water conservation, ensuring long-term sustainability and profitability for farmers. Additionally, the programme provides training, financial access, and better market linkages, helping farmers to adopt regenerative farming techniques.

Soufflet's Barley Procurement Model²⁰

The Soufflet's barley procurement model in Rajasthan, supported by the Rajasthan Agricultural Competitiveness Project (RACP), aims to enhance agricultural productivity and profitability through advanced agronomic practices and an efficient pricing system. By mandating soil testing, the programme has reduced cultivation costs by 10%, while the timely supply of high-yield seeds and agrochemicals has increased farmers' yields by up to 50%. The shift from wheat to barley has proven financially beneficial due to better price realisation and lower water dependency.

Procurement at collection centers provides farmers with a 3-5% price advantage over traditional APMC channels, while market-linked pricing ensures earnings security against fluctuations in wheat MSP. Additionally, the use of calibrated equipment ensures transparency, and direct procurement minimises transportation costs, making the system both environmentally sustainable and economically rewarding.

Olam and GIZ Sustainable Rice Initiatives²¹

The Carbon Offsetting Rice Emissions (CORE) initiative in India, led by GIZ, aims to reduce greenhouse gas emissions in rice farming while improving smallholder farmer livelihoods. Operating in Haryana, Madhya Pradesh, and Andhra Pradesh, the programme trains 20,000 farmers in climate-sensitive technologies and sustainable cultivation practices. By promoting Alternate Wetting and Drying (AWD), the initiative helps mitigate methane emissions, saving 90,000 tons of CO₂ equivalents. Additionally, 2,500 female farmers are empowered as leaders and entrepreneurs, ensuring gender-inclusive agricultural transformation.

19. <https://www.cargill.co.in/en/2023/cargill-technoserve-partner-25000-acres-maize-farms>

20. https://www.tourism.rajasthan.gov.in/content/dam/agriculture/Rajasthan%20Agricultural%20Competitiveness%20Project/valuechainreport/RACP_VC_Barley.pdf

21. <https://www.giz.de/de/downloads/giz2024-en-core-india-factsheet.pdf>

Azad Agro's Sustainable Coriander Model²²

The Azad Agro sustainable coriander model, implemented in collaboration with IDH (The Sustainable Trade Initiative) and FPOs, focuses on improving coriander farming in Kota, Rajasthan. The initiative is part of the Sustainable Spices Initiative – India (SSI-I), which aims to enhance responsible sourcing and farmer livelihoods. Azad Agro supports farmers by providing treated seeds, bio-growth boosters, and technology assistance, ensuring better yields and sustainability. The model also integrates Good Agricultural Practices (GAP) and Integrated Pest Management (IPM) to reduce chemical usage and improve soil health. Additionally, farmers receive premium payments based on their produce quality, ensuring fair compensation and market access.

Mars Shubh Mint Project²³

This project is designed to improve the livelihoods of mint farmers by promoting sustainable agricultural practices and strengthening market linkages through Farmer Producer Companies (FPCs). The initiative has trained over 26,000 farmers in Good Agricultural Practices (GAP), leading to a 20% increase in yields and a 20% reduction in production costs. The project also focuses on water conservation, reducing water demand by 10 to 30%, and empowering women through self-help groups. The project has increased the income of farmers from mint by 156%.

HUL's Coffee Model in India

Hindustan Unilever Limited (HUL) has partnered with IDH (The Sustainable Trade Initiative) and other stakeholders to transform India's coffee sector through a climate-resilient procurement model. As part of the India Climate Resilient Landscape (ICRL) program, this initiative focuses on regenerative agriculture, improving smallholder farmer incomes, and reducing greenhouse gas emissions in coffee production.

The program operates in Karnataka's coffee-growing regions, including Hassan, Kodagu, and Chikmagalur, where coffee farmers face challenges such as climate variability, soil erosion, and fragmented supply chains. By working with FPOs, HUL and IDH aim

22. <https://www.idhsustainabletrade.com/uploaded/2018/04/SSI-I-Brochure.pdf>

23. <https://tanagerintl.org/portfolio/tanager-and-mars-wrigley-confectionery-improve-farmer-profitability-in-natural-mint/>

to enhance market access, sustainable farming practices, and financial stability for smallholder coffee producers.

The partnership also promotes low-carbon farming, biodiversity conservation, and gender empowerment within the coffee supply chain. Additionally, traceability and transparency are key components, ensuring that farmers receive fair value for their produce while contributing to net-zero carbon coffee production.

L'Oréal Sustainable Guar Initiative²⁴

L'Oréal, in partnership with Syensqo (formerly Solvay), Henkel, Procter & Gamble, and TechnoServe, launched the Sustainable Guar Initiative (SGI) in Bikaner, Rajasthan, to promote climate-smart agriculture, improve farmer incomes, and empower rural women. This initiative supports FPOs, enabling farmers to conduct independent business operations and access financing. Over 12,500 farmers have benefited, witnessing a 25% increase in revenue, while 3,500 women farmers received training in hygiene, nutrition, and digital literacy. The program emphasises sustainable farming by introducing Good Agricultural Practices (GAP) and Climate-Smart Agriculture (CSA) techniques to enhance soil fertility and crop resilience. SGI has facilitated direct market access, ensuring the procurement of 800MT of traceable guar, thereby reinforcing transparency and sustainability in the guar supply chain.

Coca-Cola's Project Unnati²⁵

Coca-Cola's Project Unnati is a sustainable agriculture initiative aimed at improving fruit productivity and farmer livelihoods in India. Launched in 2011, the programme initially focused on mango farming in Andhra Pradesh, but it later expanded to oranges, apples, grapes, and litchi across 12 states, with 350,000 fruit farmers. The model integrates FPOs to enhance market access, promote Ultra-High-Density Plantation (UHDP) techniques, and provide farmers with training in Good Agricultural Practices (GAPs). By adopting these methods, farmers have seen up to a 5X increase in fruit productivity, leading to higher incomes and improved supply chain efficiency. The initiative also supports water conservation, women's empowerment, and rural development, making it a holistic approach to sustainable farming.

24. <https://fund.syensqo.com/protecting-planet/sustainable-guar-initiative>

25. <https://www.coca-cola.com/in/en/media-center/coca-cola-indias-project-unnati>

Jayanti Herbs & Spice Sustainable Procurement Initiative²⁶

Jayanti Herbs & Spice has developed a sustainable procurement initiative through FPOs, ensuring responsible sourcing and fair value distribution in the spice supply chain. The company's Direct Farmer's Sourcing Programme (DFSP) partners with farmer cooperatives to streamline procurement, enhance operational efficiency, and boost local economies. Jayanti integrates Good Agricultural Practices (GAP) benchmarked to Rainforest Alliance (RFA) and Union Ethical Bio Trade (UEBT) standards, ensuring compliance with food safety and sustainability norms. The programme leverages cloud-based monitoring systems to track farm-level activities, improving traceability and transparency.

26. <https://www.jayanti.com/sustainability/>

Supplier Side Analysis: FPO Market Transition

For this analysis, FPO promoting organisations across the country were contacted to share data on the FPOs they support. A total of 62 organisations (list annexed) shared information on 1,590 FPOs spanning 26 states. From this dataset, 1,242 FPOs were identified as having conducted at least one output transaction between FY 2021–22 and FY 2024–25. Of these, 452 FPOs (approximately 36%) were selected for detailed analysis, based on the completeness and relevance of the data provided. The state-wise distribution of these FPOs is presented below.

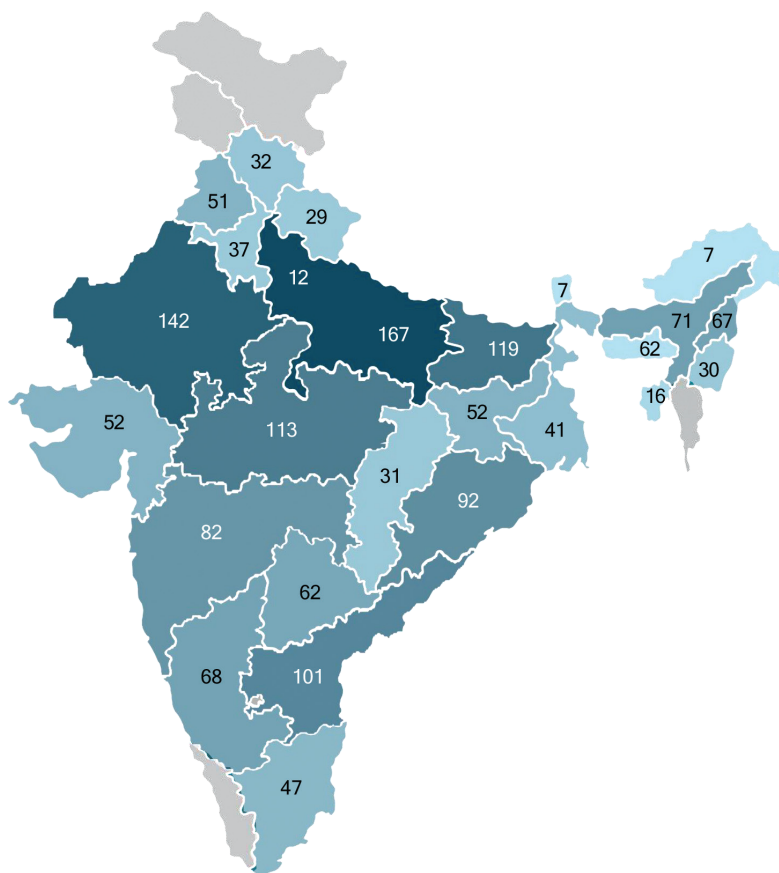


Figure 3: State-wise no. of FPOs Promoted by 62 Organisations

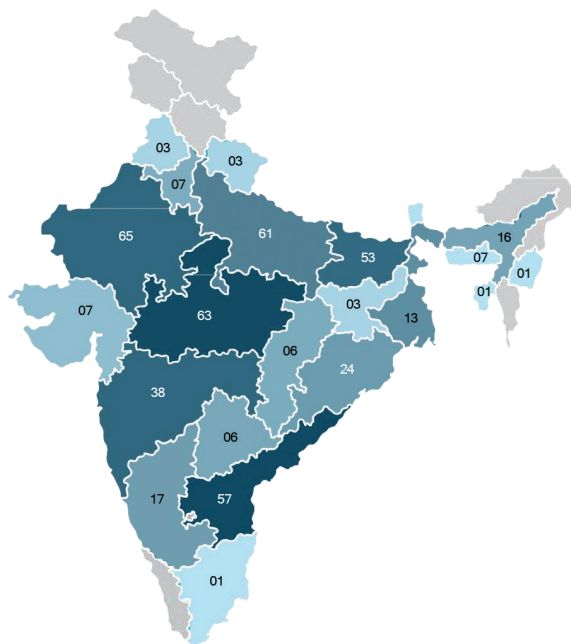


Figure 4: Total no. of FPOs Considered for the Study from 21 States

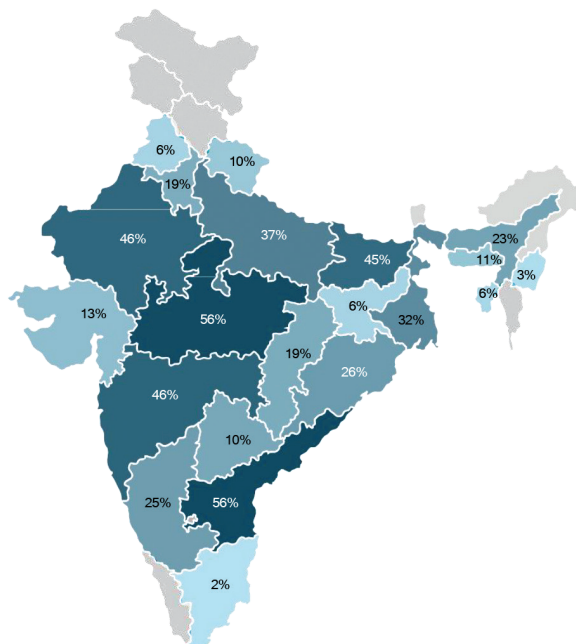


Figure 5: % of FPOs Considered for the Study from 21 States

5.1. Shifts from unorganised to organised markets

The subsequent analysis focuses on the 423 FPOs that participated in the study. Of these 423 FPOs conducted output transactions in FY 2024-25. The percentage of FPOs, that had trade relationships with organised markets jumped significantly, rising from approximately 69% in 2021–22 to nearly 89% in 2024–25, lowering the penetration of FPOs in unorganised markets from approximately 31% to 11% over the same period.

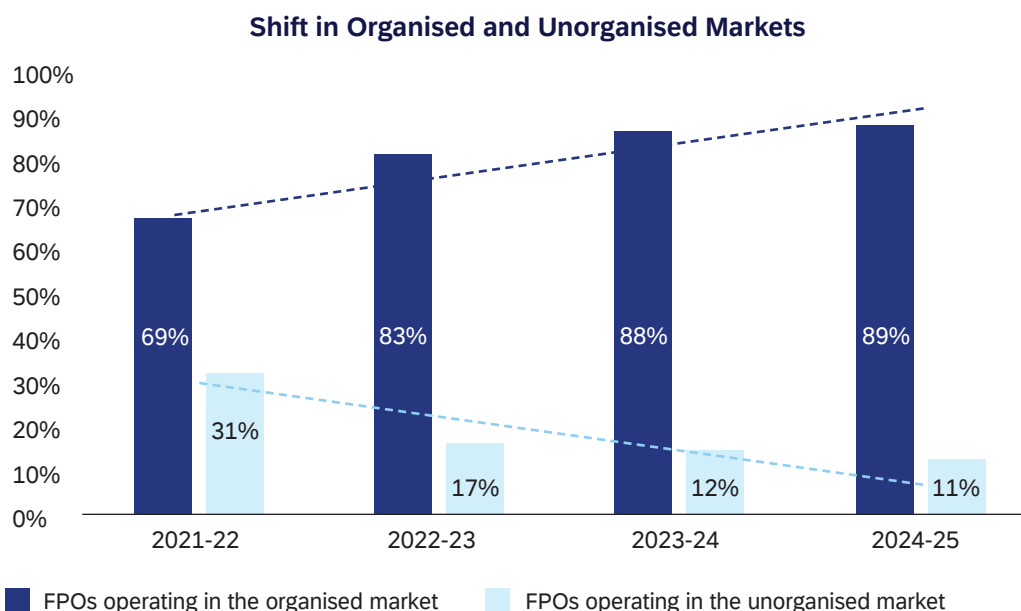


Figure 6: Shift in FPOs Operating in the Organised and Unorganised Markets

This shift is evident with the entry of organised agri-tech players like DeHaat and Ayekart, who are transforming procurement by engaging directly with FPOs and smallholder farmers. These companies not only aggregate produce but also introduce technology across the value chain, provide training on best agricultural practices, and offer market intelligence and input services.

The experience of the CEO has emerged as a critical factor influencing FPO performance, given their central role in bridging buyer relationships and member engagement. FPOs led by experienced CEOs demonstrated stronger market positioning, deeper buyer relationships, and more effective financial and operational management. Access to revolving funds or credit lines also enabled FPOs to establish and sustain corporate linkages by ensuring timely order fulfilment. The presence of primary processing facilities also enhanced corporate engagement. FPOs with such infrastructure attracted more buyers, and the prevalence of these facilities has steadily increased over the years.

With the strong upward trend in institutional market penetration, from 96 organised players in 2021-22 to 162 in 2024-25, which can also be correlated with the increase in average FPO output turnover from ₹44 lakhs per FPO in 2021-22 to ₹110 lakhs in 2024-25. These findings highlight a structural transition in the FPO sector and emerging opportunities for targeted policy support and corporate partnerships.

Emerging Organised Markets for Procurement

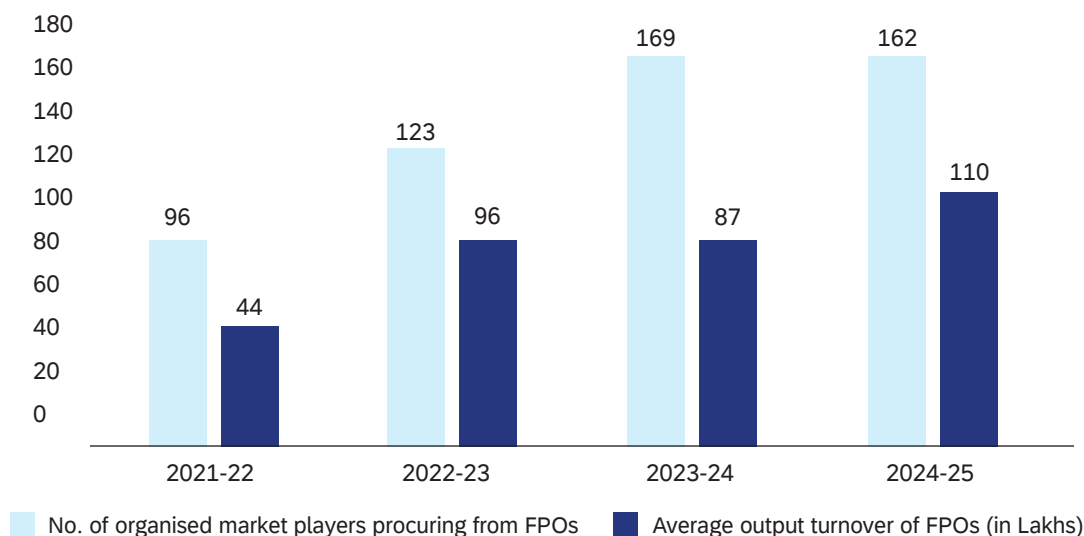


Figure 7: Emergence of an organised market impacting the output turnover of FPOs

*The analysis includes data from April to December 2025, for FY 2024-25

The shift encompasses several dimensions:



Buyer Category Evolution

- Movement from local traders and intermediaries to institutional buyers and corporate partners.
- Transition from spot transactions to contract-based procurement arrangements.
- Increased engagement with retail chains, exporters, and processing companies.



Pricing Mechanism Changes

- Progression from daily price negotiations to pre-established pricing formulas.
- Adoption of quality-based pricing structures that reward consistent standards.
- Implementation of minimum price guarantees in some corporate arrangements.



Transaction Formalisation

- Shift from cash-based to digital payment systems.
- Movement from verbal agreements to documented contracts.
- Adoption of formal invoicing and GST compliance.

Regional Variance in Market Transition Patterns

While the data shows robust growth overall, there are notable regional disparities. States such as Maharashtra, Madhya Pradesh, Uttar Pradesh, Gujarat and Rajasthan are leading in terms of organised market access and corporate engagement, while states like Bihar, Odisha, and Andhra Pradesh are rapidly catching up. Corporate engagement has been limited in the Northeastern states.

In states such as Andhra Pradesh, Bihar, Madhya Pradesh, Rajasthan, Odisha, and Uttar Pradesh, the number of corporates engaging with FPOs has more than doubled over the past four years, reflecting a marked rise in corporate interest and confidence in sourcing from FPOs. The major commodities in these states include: wheat, maize, soybean, seed spices, chilli, potato, onion and guar, among others.

There is a clear correlation between the FPO-corporate transactions and the overall ecosystem within the states, including the presence of strong FPO-promoting institutions, proximity to major commodity markets, supportive state FPO policies and the presence of corporate facilities. Proximity to major markets remains the greatest barrier to accessing corporate buyers, followed by access to working capital. In the most successful states, most FPOs had taken finances from banks and NBFCs for commodity transactions. Banking institutions, such as SBI, PNB, AUSF, IDFC, HDFC

The major commodities in these states include:

wheat, maize, soybean, seed spices, chilli, potato, onion and guar, among others.

and NBFCs like NABKISAN, Samunnati, FWWB have provided working capital and term loans ranging from ₹5 lakh to ₹50 lakh.

Notably, a higher presence of corporate procurement centers including ITC, Soufflet, Adani, Patanjali, HUL, ADM, Cargill, have their operations in these regions. A secondary layer of tech-enabled startups, such as DeHaat, Ayekart, FarMart, Agrostar and Zepto, has helped fill the gaps in the supply chain to improve supply efficiency in these states.

As a result, FPOs have progressively adapted their business models in response to growing organisational maturity and shifting market dynamics.



Input-Centric to Output-Focused Operations

Early-stage FPOs typically concentrate on input supply services, providing members with seeds, fertilisers, and pesticides at competitive prices. While this remains important, many successful FPOs have expanded their focus to output marketing and value addition. According to FPO business planning guidelines, “An FPO can become sustainable if 50% of its activities are focused on input supply for the 3-4 core crops identified, 30% on marketing of 1 core commodity and 20% on technology and services.”

Younger FPOs under 2 years focus on input sales, while those aged 3-5 years earn mainly from output marketing. Value addition is typically pursued by FPOs over 5 years old.



Spot Markets to Contract Arrangements

In the past, FPOs largely depended on spot market sales, exposing them to price volatility. Over time, more successful FPOs are shifting to contract-based models with defined quality standards, volumes, and pricing terms.

Contract-based FPOs experience less price volatility as these models enable better production and aggregation planning.



General to Specialised Focus

Earlier FPO models often attempted to handle multiple commodities across diverse value chains, diluting their focus and expertise. The emerging trend, however, is toward greater specialisation:

- ▶ Commodity specialisation (focusing on 3-4 core crops)
- ▶ Function specialisation (excelling in specific value chain activities)
- ▶ Quality specialisation (targeting premium market segments)



Individual to Cluster-Based Operations

Individual FPOs often face challenges due to limited scale. To overcome this, rising trend is the adoption of cluster-based models, where multiple FPOs collaborate and coordinate their operations.

- ▶ Collective bargaining with input suppliers and output buyers
- ▶ Shared infrastructure and logistics systems
- ▶ Joint investment in processing and value-addition facilities



Traditional to Technology-Enabled Models

Digital transformation is reshaping FPO business models, with technology adoption enabling new operational approaches:

- ▶ E-commerce platforms for direct market access
- ▶ Digital quality assessment and traceability systems
- ▶ Mobile applications for member engagement and services
- ▶ Data analytics for production planning and market intelligence



5.2 Emerging role of organised intermediary aggregators – the middle layer catalysts

The role of intermediary organisations such as FarMart, DeHaat, Ayekart, and Samunnati, has emerged as a cornerstone in the growth and sustainability of FPOs, particularly in facilitating market linkages, enhancing operational capabilities, and enabling institutional maturity. Ranging from promoting institutions and resource organisations to technical service providers and specialised marketing agencies, they have demonstrated significant positive impacts across multiple dimensions. Data reflects a notable increase in access to these new-age organised players, with the share of FPOs reporting at least some output trade via these aggregators, rising from 36% to 52% over the years.

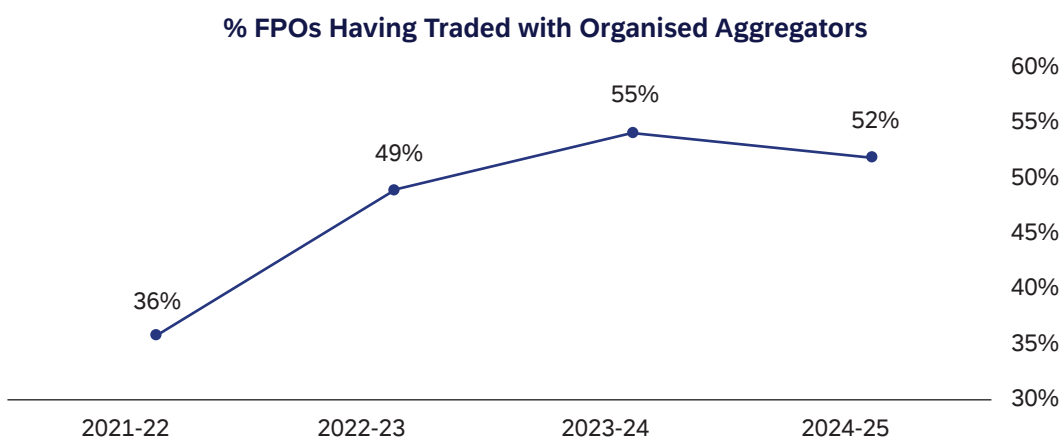


Figure 8: Evolving Business Models

A primary area of influence is the transfer of technical knowledge. Intermediaries provide FPOs with training on agricultural best practices, quality standards, and post-harvest management, while also offering support for certification and compliance. Additionally, intermediaries act as vital connectors between FPOs and the market, especially corporate buyers. Ayekart is an

Over **100 agri-value chains** across **23 states**, it supports more than

6,500
farmer collectives,
impacting over
8 million farmers.

integrated digital platform that strengthens traditional agribusinesses by providing financial services, technology solutions, and market access. Supporting over 22,000 farmers through 31 FPOs, Ayekart facilitates aggregate demand from food processors, millers, traders, and exporters. Its FPO management tool Ayekrishi, aids FPOs in organising operations and accessing supplier networks, contributing to increased profitability and sustainability. Beyond technical and market support, intermediaries play a crucial role in addressing the financial constraints of FPOs by connecting them to banks and financial institutions, offering credit guarantees, enabling access to buyer

advances, and assisting with grant applications. Samunnati focuses on providing customised financial solutions and market linkages to FPOs and agri-enterprises. With a presence in over 100 agri-value chains across 23 states, it supports more than 6,500 farmer collectives, impacting over 8 million farmers. Samunnati's AMLA approach - Aggregation, Market Linkage, and Advisory - facilitates holistic engagement with FPOs, enhancing their capacity to access markets and financial services.

Similarly, DeHaat and FarMart play pivotal roles in strengthening the relationship between FPOs and formal markets by acting as organised market aggregators. DeHaat connects over 500 FPOs to corporate buyers through a network of one-stop agri-service centers that provide quality inputs, financial services, digital advisories, and direct market access, enhancing price realisation and reducing intermediary dependence. FarMart, digitises agri-input retail for FPOs through mobile-based platforms operated by rural entrepreneurs, while also aggregating farm produce and linking it to institutional buyers. Both platforms significantly enhance the operational efficiency, market reach, and economic viability of FPOs through integrated tech-driven solutions.

Samunnati, as an agri-value chain enabler, offers both financial and non-financial support through customised lending solutions and market linkages. State FPO federations, like Madhya Bharat Consortium and GUJPRO, function as state-level federations that aggregate and channelise demand from buyers, building negotiation power and scale for small FPOs. The Madhya Bharat Consortium, operating primarily in Madhya Pradesh, functions as a service agency and aggregator, enabling member FPOs to access input suppliers, buyers, and financial institutions at scale. Similarly, GUJPRO, the Gujarat State Federation of FPOs, promotes





value chain development by coordinating bulk procurement and facilitating direct linkages with institutional buyers like NAFED, NDDB, and private exporters. Together, these actors create a robust and interdependent ecosystem that empowers FPOs to operate as viable agribusiness entities, contributing to the broader goals of farmer income enhancement and rural economic development.

Furthermore, intermediaries play a critical role in strengthening governance and management through board development programmes, leadership training, regulatory compliance support, and strategic planning.

5.3. Commodity diversification trends: perishable vs non-perishable

Another notable trend in institutional procurement and farmer engagement is the increasing growth in the procurement of perishable commodities. While non-perishable staples such as wheat, maize, soybean, and pulses continue to maintain stable trade growth (26.9% from 2021–22), the trading of perishable produce, such as potatoes, chillies, onions, and mangoes, has surged by 55.0% during the same period. This diversification marks a strategic move by FPOs to tap into high-margin, fast-moving market segments and build stronger linkages with both domestic and export-oriented buyers.

Perishables, however, pose unique operational challenges due to their short shelf life, quality sensitivity, and the requirement for advanced logistics and cold chain infrastructure, facilities that many grassroots-level FPOs still lack or are only in the early stages of adopting.

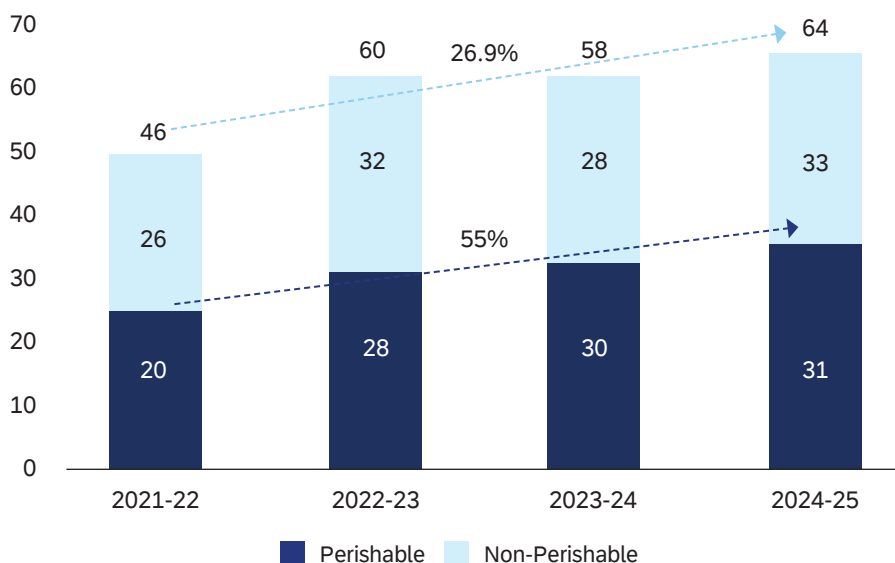


Figure 9: Number of Commodities Traded Across the Perishable and Non-Perishable Segments

The shift is driven by three key factors: evolving market demand, growing infrastructure support, and opportunities for value addition. Rising urban middle-class demand for fresh produce, coupled with the retail sector's increasing procurement of fruits and vegetables, has encouraged FPOs to explore these high-value commodities. Improvements in regional cold chain facilities, government-supported horticulture initiatives, and private sector investments have further enabled this transition. Perishables also offer significant opportunities for value addition, premium pricing through quality grading, and brand-building in niche segments such as organic or speciality produce. Among FPOs trading with corporates, wheat, paddy, maize, potato, and green gram, remain the most commonly traded commodities, while soybean, mustard, groundnut, chilli, onion and tomatoes are also widely procured.

Among FPOs trading with corporates, wheat, paddy, maize, potato, and green gram,

remain the most commonly traded commodities, while soybean, mustard, groundnut, chilli, onion and tomatoes are also widely procured.

Key Commodities Traded with Corporates (% FPOs trading the Commodity)

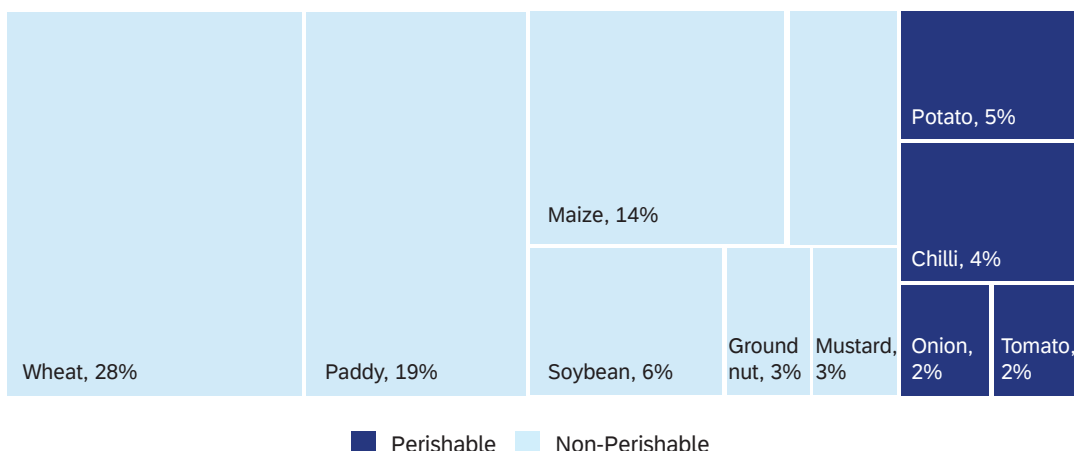


Figure 10: Key Commodities Traded with Corporates

ITC, as the largest procurer from FPOs among all corporate players, is followed by DeHaat, NAFED, FarMart, Reliance Retail, Green Seeds, Samunnati and Ayekart, in terms of procurement volume. These organisations show the maximum association with FPOs across the most popular crops. This trend also confirms the critical role of aggregators such as DeHaat, Samunnati, and Ayekart in facilitating corporate market access with FPOs.

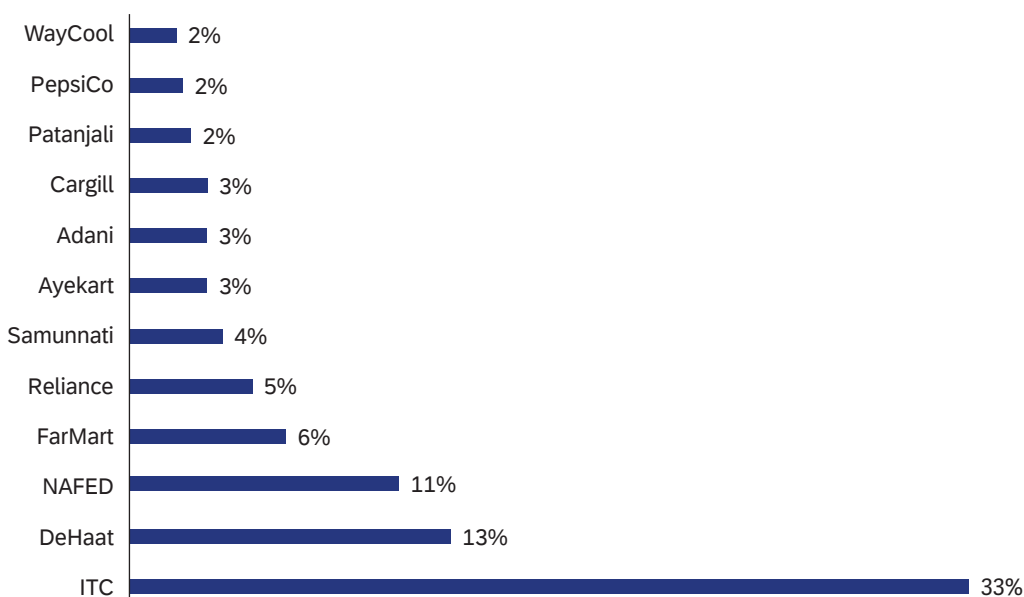


Figure 11: Key Market Players Trading with FPOs amongst the select commodities

Corporates typically prefer engaging with FPOs that demonstrate a strong track record and operational readiness. To support this, the table below provides a categorisation framework that helps corporates assess the preparedness of FPOs for potential partnerships. Each FPO is assigned a score on a 1 to 100 percentile scale, based on key performance parameters such as corporate linkage history, total and output turnover, presence of processing infrastructure, access to credit, and other relevant indicators. This scoring mechanism enables corporates to identify FPOs capable of meeting procurement requirements while aligning with business standards.

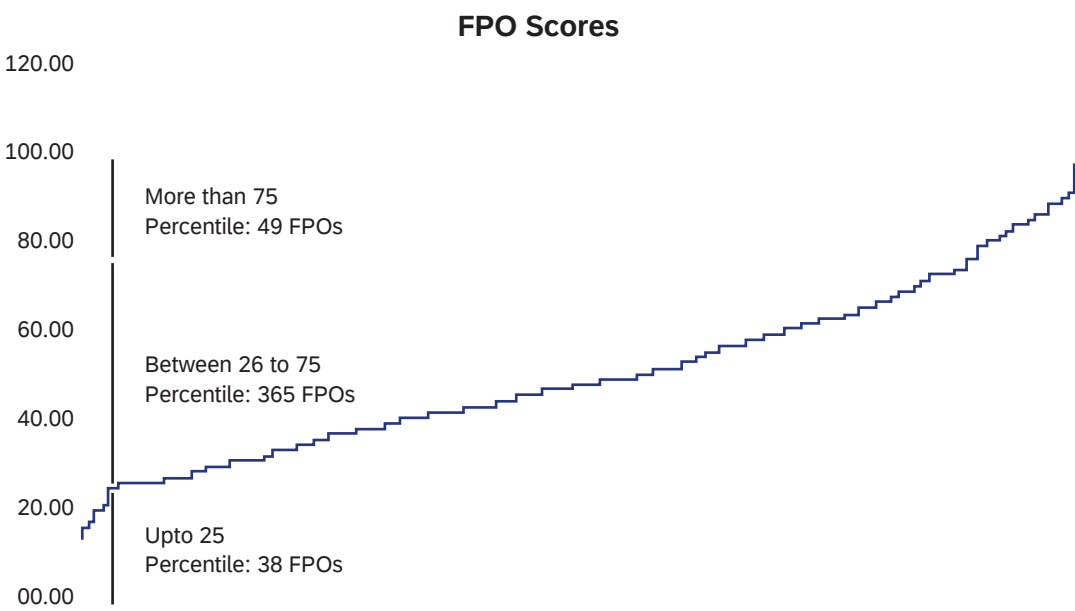


Figure 12: Key Commodities Traded with Corporates



Based on the above scores, these FPOs have been categorised as follows.

Category	Traits
A (Score above 75 percentile): 49 FPOs	In Category A, the following traits were observed: 1. The majority of FPOs have maintained corporate linkages over all 4 years. 2. Annual output turnover exceeds ₹1 crore. 3. Annual credit linkage has been maintained for 3 or more years. 4. More than 70% of FPOs have a processing unit. 5. Average paid up capital is approximately ₹19 lakhs.
B (26-75 percentile): 365 FPOs	In Category B, the following traits were observed: 1. FPOs maintain corporate linkages for 2 or more years. 2. Annual output turnover is approximately ₹50 lakhs. 3. Annual credit linkages exist for 2 or more years. 4. Around one-third of FPOs have a processing unit. 5. Average paid-up capital is approximately ₹10.25 lakhs.
C (Score up to 25 percentile): 38 FPOs	In Category C, the following traits were observed: 1. FPOs have corporate linkages for 2 years or less. 2. Annual output turnover is less than ₹50 lakhs 3. Little or no credit linkage exists. 4. Unavailability of processing unit with the FPOs. 5. Average paid Up capital is approximately ₹3.5 lakhs

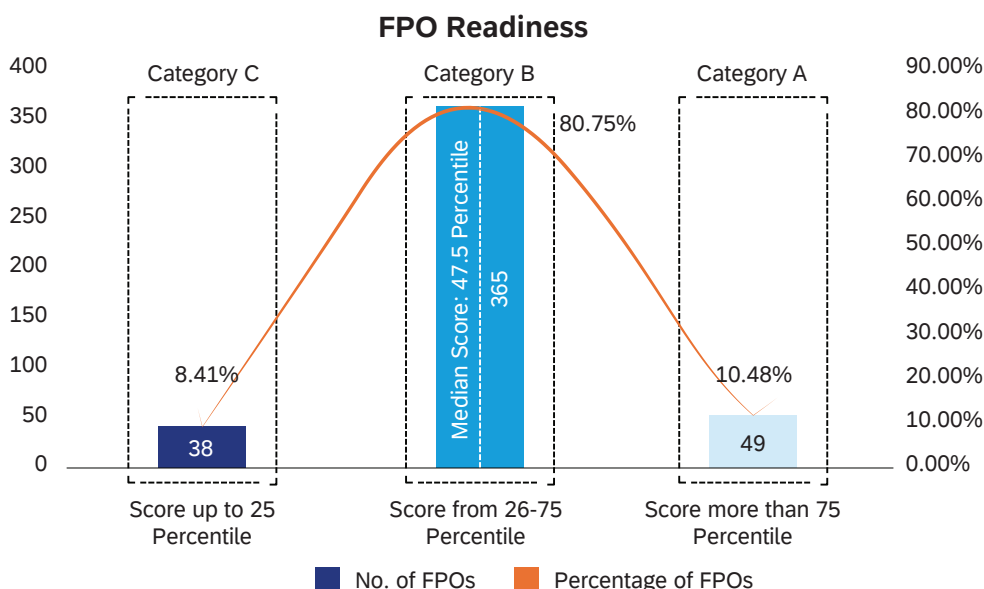


Figure 13: Categorisation of FPOs

Mr Sivakumar, Agribusiness Head at ITC, highlighted that the company began procuring directly from FPOs 2 years ago. Today, the company works with 1,650 FPOs and has set an ambitious goal to scale this to 4,000 FPOs over the next 4–5 years, aiming to reach 10 million farmers.

A key advantage ITC sees in working with FPOs is higher traceability compared to traditional mandi procurement, which aligns with growing consumer and regulatory demands for transparency in sourcing.

To ensure long-term success and sustainability, ITC invests in farmer training, particularly in areas like governance and Package of Practices (PoP). It also emphasises the importance of an agile and timely support ecosystem, ensuring that on-farm demonstrations, trainings, and input availability are aligned with seasonal crop cycles.

As a guiding principle, *“ITC encourages producing what is in demand, than to buy what is produced”*, that is, a market-first approach that enhances income stability. At the same time, ITC maintains that “FPOs should simply be seen as an aggregation of farmers while engaging with them, not as corporate entities,” reinforcing that while professionalism and structure are critical, the identity and needs of smallholder farmers must remain central.

A compelling example of this transformation is the success of the Vijayganj Mandi Farmer Producer Company Ltd. (VMFPCL) in Dewas district of Madhya Pradesh. Formed under the Madhya Pradesh State Rural Livelihood Mission in 2020-21, the FPO brought together small and marginal farmers, especially women, to address long-standing challenges of market access and price realisation. By promoting seed replacement, introducing buyback agreements, and reducing cultivation costs, VMFPCL enabled farmers to secure 10-20% higher prices compared to

mandi-based sales. With support from ACCESS Development Services, the FPO built robust market linkages with institutional buyers like WayCool, PepsiCo, and Zepto, and leveraged financial partnerships with Samunnati Finance and AgroStar. The most notable outcome of these coordinated interventions was in potato procurement, a key perishable crop, which grew from just 25 MT in the first year to 482 MT in 2023-24, directly impacting over 400 farmers. Achieving a turnover of ₹1.07 crore in 2023-24, VMFPCL exemplifies how diversification into perishables, combined with infrastructure development, financial access, and strategic buyer linkages, can elevate FPOs from subsistence-level collectives to resilient agribusiness enterprises.

Evolution of delivery mechanisms in Corporate–FPO trade

The landscape of delivery mechanisms adopted by FPOs has undergone a gradual transformation in response to growing corporate demand for streamlined, standardised, and scalable procurement systems. In 2021-22, a majority of FPOs, nearly 59%, transported commodities themselves directly to buyers' warehouses or factories, while 41% reported direct pickup of commodities by buyers from the FPO warehouses. However, in the span of 3 years, there has been a modest shift, with approximately 48% FPOs now reporting that buyers picked up produce directly from FPO warehouses.

The growing appetite among corporates for traceable, graded, and just-in-time supplies has catalysed a shift toward organised aggregation, digital coordination, and integrated logistics solutions.

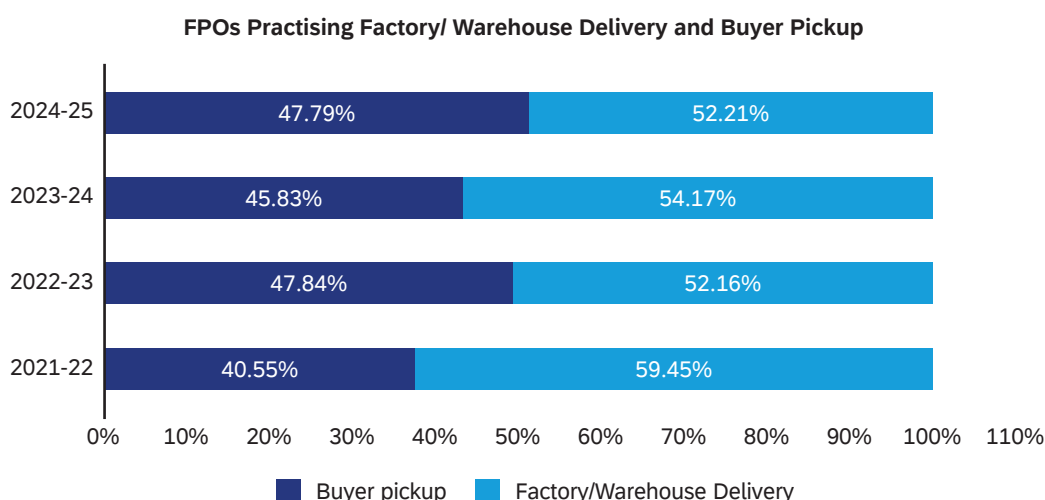


Figure 15: Shift in FPOs (%) Practising Factory/Warehouse Delivery and Buyer Pickup

1. Collection Center Development: Anchoring Standardisation and Buyer Convenience

Corporates now view FPO-operated collection centers as not just aggregation points but strategic quality assurance nodes. In alignment with this expectation, many FPOs have invested in setting up localised collection centers equipped with basic infrastructure for grading, sorting, and quality checks. These centers act as the first checkpoint in a vertically aligned value chain, ensuring consistency and compliance with buyer specifications at the source. This standardisation reduces downstream quality issues and enables corporates to minimise overheads associated with last-mile procurement. With increasing integration of e-labelling, QR-based traceability, and in-situ quality assessment tools, collection centers are likely to evolve into mini-hubs for quality assurance and compliance documentation.

2. Transportation Optimisation: From Fragmented Logistics to Strategic Mobility

Traditional delivery models involving ad-hoc vehicle hiring or farmer-led transportation are giving way to more aggregated, cost-efficient, and time-sensitive logistics systems. FPOs have begun deploying hub-and-spoke transportation networks, enabling them to consolidate produce from multiple villages and dispatch in bulk. Temperature-controlled transportation is being adopted for perishable commodities, especially those entering urban retail or export chains, to preserve shelf life and quality. In parallel, the emergence of logistics-as-a-service platforms and partnerships with agri-logistics startups has allowed even small FPOs to access reliable, route-optimised freight solutions. This evolution ensures supply continuity, reduces wastage, and enhances the FPO's ability to honour corporate procurement schedules.

3. Digital Coordination Systems: Enhancing Transparency and Predictability

Digital tools have emerged as the backbone of modern FPO delivery mechanisms. Corporate buyers increasingly demand real-time visibility into procurement flows, from farmgate to warehouse. In response, FPOs are integrating inventory management software, GPS-based shipment tracking, and digital delivery schedules, facilitating synchronised operations and informed decision-making.

Platforms such as eSamriddhi, Agribazaar, and FPO-specific ERP systems are helping FPOs digitise their operations and offer corporates the transparency needed for planning procurement, managing inventory, and ensuring traceability. Looking ahead, integration with blockchain, smart contracts, and digital invoicing is likely to further reduce disputes, delays, and opacity in transactions.

5.4. Challenges in Corporate-FPO partnerships

Despite policy thrust and ecosystem efforts to promote FPOs as critical actors in agri-value chains, their direct linkages with corporate buyers remain riddled with structural and operational challenges. The radar chart titled “Major Challenges in FPO-Corporate Linkages” highlights the key pain points as reported by FPOs.

The most frequently cited obstacle is meeting corporate procurement quality expectations, resulting in product rejection or payment deductions, flagged by 58% FPOs. This indicates a trust and standardisation gap in post-harvest management and grading practices. This is closely followed by limited storage or warehouse infrastructure (46% of FPOs) and insufficient working capital (49% of FPOs), both of which limit FPOs' ability to aggregate produce and negotiate better prices.

Additional barriers include logistics and transportation challenges (40%), low price realisation from corporates (41%), and inadequate marketing skills among FPO staff (35%), which constrain their role as efficient market intermediaries. Importantly, even basic enabling factors such as value addition infrastructure (35%) and regional buyer availability (35%) remain underdeveloped, further weakening FPO participation in organised markets.

Major Challenges in Corporate Linkages as Identified by FPOs (% FPOs reported as a key challenge)

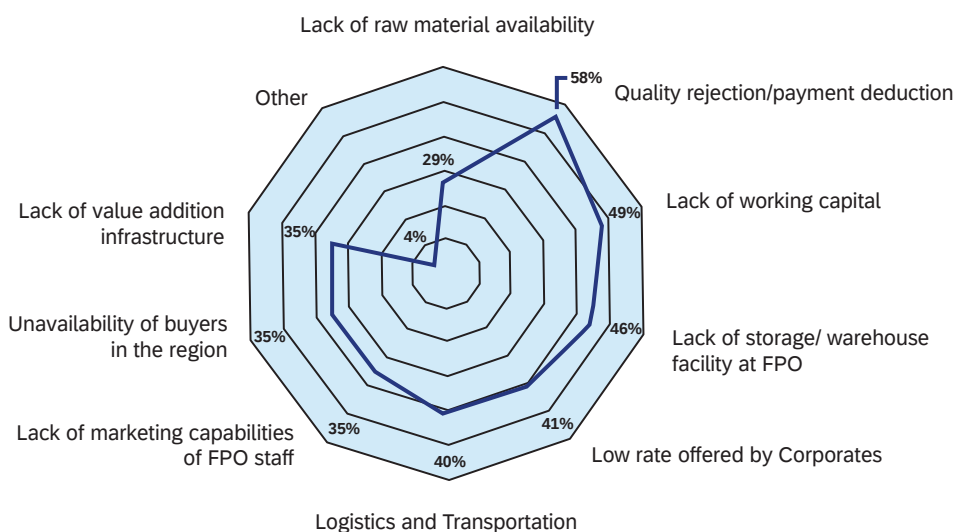


Figure 16: Major Challenges in Corporate-FPO Linkage

These challenges are consistent with findings from secondary sources. A 2023 report by the TATA-Cornell Institute notes that, while over 10,000 FPOs have been promoted in India, fewer than 25% engage in consistent output marketing, largely due to weak infrastructure, limited market intelligence, and dependence on external facilitators. Similarly, a study by Samunnati and Grant Thornton (2021) highlights that less than 10% of FPOs achieve self-sufficiency or become financially sustainable within their first 5 years, partly due to fragile corporate linkages.

Overall, the data underscores that, while FPOs are strategically positioned to enhance smallholder market access, their potential remains unrealised unless systemic gaps in infrastructure, finance, and institutional capacity are bridged.

5.5. Critical success factors for Corporate–FPO linkages

The effectiveness and longevity of Corporate–FPO partnerships are shaped by a dynamic interplay of internal capacities and external engagement strategies. Drawing from a combination of correlation analysis, 4-year performance data, and stakeholder consultations, the study identifies 4 interlinked domains critical to building resilient, scalable partnerships between FPOs and corporate buyers. From an FPO perspective, on a scale of 0-100%, with 100% representing the highest relevance to the success of corporate linkages, the involvement of the board of directors or lead farmers emerges as the most important factor, with a significance score of 65%. It is followed closely by the availability of working capital loans (61%) and the involvement of the promoting agency in facilitating linkages (62%). The availability of primary processing facilities, storage or warehouse units, and active buyers' support throughout the process are also identified as key factors of success.

Notably, the recent emergence of corporate volunteering programmes, where companies like ITC, Corteva, and others deploy technical and managerial experts to mentor FPOs, underscores a growing industry-wide commitment to strengthening these linkages.



Rank	Success Factor	Nature	Role in Linkage
1	Institutional Governance & Leadership Competency e.g.: involvement of board of directors/lead farmers	Foundational	Farmers build trust and ensure internal control
2	Operational Systems & Delivery Capability e.g.: availability of working capital loans/ availability of storage/ warehouse units	Execution critical	Ensures reliability and satisfaction in transactions
3	Market Engagement & Commercial Orientation e.g.: support of buyers throughout the process, availability of primary processing facility	Strategic enabler	Enhances value realization and long-term retention
4	Collaborative Aptitude & Ecosystem Synergy e.g.: involvement of promoting agencies, support of buyers	Long-term multiplier	Enables co-creation, investment, and innovation

Table 1: Key Success Factors for FPO-Corporate Linkages

1. Institutional Governance and Leadership Competencies

Strong governance and visionary leadership are key enablers of successful FPO-Corporate engagement. High-performing FPOs demonstrate strategic planning, effective resource management, robust conflict resolution and negotiation capabilities, and a commitment to transparency and accountability, factors that significantly enhance their credibility and corporate partnerships.

2. Operational Systems and Delivery Capability

Operational maturity significantly enhances an FPO's ability to meet corporate procurement standards. FPOs with strong logistics, quality control systems, and buyer-specific customisation report lower rejection rates, better price realisation, and higher corporate retention. Effective risk management and the use of digital tools further boost long-term engagement and efficiency.

3. Market Engagement and Commercial Orientation

Market-facing competencies are critical for robust Corporate-FPO trade ties. FPOs that align with buyer requirements, ensure consistent aggregation and supply, and leverage market intelligence to achieve better negotiation outcomes. Adopting a commercial mindset further enables FPOs to build long-term, strategic partnerships rather than relying on one-time sales.

4. Collaborative Aptitude and Ecosystem Synergy

Successful corporate partnerships depend on an FPO's ability to co-create value through shared investments and trust-based engagement. FPOs that invest in joint infrastructure and build strong, transparent relationships with buyers are considered reliable, long-term partners.

These evolving mechanisms demonstrate a broader shift from transactional to transformational partnerships where corporates act not merely as buyers, but as ecosystem stakeholders committed to FPO maturity. The success factors outlined here serve both as a diagnostic tool and a blueprint for scaling these partnerships in a structured and sustainable manner.

5.6. Readiness checklist: buyer and supplier

This section offers a practical readiness manual for both FPOs (as suppliers) and corporates (as buyers) to facilitate successful, scalable, and sustainable social procurement partnerships. It highlights the key organisational, operational, and strategic parameters that need to be in place to ensure effective engagement.

Supplier Side (FPOs) Readiness Checklist

Most corporate procurement teams assess FPOs based on their ability to meet a set of key requirements that reflect preparedness for consistent supply partnerships and sustainable business engagement. These expectations typically include the following capabilities:

Category	Checklist Items
Institutional Maturity	• Legally registered producer company/co-operative • Functional board and governance systems • Regular statutory compliance (RoC, GST, FSSAI, audit reports)
Operational Capacity	• Minimum aggregation capacity (as per corporate volume requirements) • Grading, sorting, packaging, and primary processing facilities • Availability of aggregation/collection centers
Product Quality & Traceability	• Ability to meet standard quality specifications (size, moisture, residues) • Use of Good Agricultural Practices (GAP) • Certification readiness (Organic, Fairtrade, etc.)
Financial Health & Credit Access	• Access to working capital and invoice discounting facilities • Transparent accounting systems and cash flow tracking • Linkages with financial institutions or NBFCs
Market Linkages	• Past experience with institutional buyers (corporates, government, etc.) • Ability to execute supply contracts (including PO fulfilment, timely delivery)

Category	Checklist Items
Digital and Logistics Capability	• Use of digital tools for procurement coordination • Mobile phone/internet access among key FPO members • Basic inventory and order tracking mechanisms
People & Training	• Trained staff/CEO with basic understanding of procurement and compliance • Awareness of buyer expectations (quality, delivery, payment terms)

Table 2: Readiness Checklist: Supplier Side (FPOs)

Buyer Side (Corporates) Readiness Checklist

Corporates aiming to effectively integrate FPOs into their sourcing systems should evaluate their readiness along the following lines:

Category	Checklist Items
Strategic Alignment	• Defined ESG/social procurement goals and targets • Minimum sourcing commitment from FPOs (e.g., 5–10% of volumes) • Buy-in from leadership and procurement teams
Procurement Models	• Availability of flexible procurement mechanisms (spot, seasonal, long-term) • Clear SOPs for onboarding FPOs • Ability to break down bulk procurement into manageable lots
Contract & Payment Systems	• Transparent pricing models (market-linked, cost-plus, premium-based) • Fast-track payment process for FPOs (within 2–7 days) • Standardized purchase orders and dispute resolution mechanisms
Capacity Building Support	• Technical assistance programmes (GAP, food safety, post-harvest handling) • Co-investment in infrastructure and equipment where required
Internal Team Readiness	• Dedicated procurement and sustainability teams with awareness of FPO models • Field teams trained to interface with smallholder institutions
Digital Integration	• E-procurement platform readiness or ONDC integration plan • Digital documentation, order tracking, and payment verification systems
Trust Building & Relationship Management	• Regular communication channels with FPOs • Mechanism for feedback, grievance redressal, and performance review

Table 3: Readiness Checklist: Buyer Side (Corporates)

Corporate-FPO Linkages Through Social Procurement

The agricultural supply chain in India is witnessing a slow yet steady transformation. At the core of this evolution is the growing recognition of FPOs as key institutional actors that aggregate smallholders, expand market access, and foster inclusive development. Drawing upon the data and findings, this write-up critically examines the current landscape and outlines a comprehensive roadmap for strengthening these partnerships.

6.1. Barriers to effective Corporate-FPO partnerships

Both corporates and FPOs face systemic and operational challenges that limit the scaling of partnerships. From the corporate perspective, issues such as inconsistent product quality, lack of traceability, and concerns around the reliability of supply are persistent. Procurement teams often perceive FPOs as high-risk partners due to their nascent organisational maturity and poor post-harvest infrastructure. Moreover, existing procurement systems are typically designed for established suppliers and are ill-equipped to accommodate FPOs that may lack GST registration, formal invoicing systems, or working capital buffers.

From the FPO perspective, challenges are even more fundamental. Most FPOs operate with limited working capital, weak governance structures, and inadequate access to market intelligence. Their leadership teams often lack professional management capabilities and negotiation



**Logistics and
aggregation
limitations**

further constrain their ability to deliver consistent volumes aligned with market specifications.

skills to interface with large corporates. Logistics and aggregation limitations further constrain their ability to deliver consistent volumes aligned with market specifications. Additionally, there is widespread dependence on a few crops, often subsidised under government schemes, resulting in limited crop diversification and value addition.

These gaps underscore a fundamental mismatch in expectations, capabilities, and operational systems between corporates and FPOs. While corporates demand quality, reliability, and compliance as preconditions for procurement, most FPOs struggle to deliver these without significant handholding and systemic support. The imbalance creates a vicious cycle in which low trust and limited exposure reduce the willingness to engage deeply from both sides.

6.2. Policy and ecosystem gaps

The study also highlights significant gaps in the ecosystem that must be addressed to scale social procurement. One of the most critical gaps is the absence of a standardised due diligence framework for corporates to assess FPOs. Unlike large suppliers, FPOs are often outside the formal vendor ecosystem and are excluded from enterprise procurement systems. Standard operating procedures for onboarding FPOs as vendors, assessing their capabilities, and mitigating risks are largely missing.

Additionally, the fragmentation of support services for FPOs, whether in finance, capacity building, or market linkages, leads to duplication, underutilization of resources, and a lack of accountability. A more integrated and performance-linked ecosystem is required to ensure the sustained development of FPOs as viable enterprises.

On the policy front, although there is rhetorical support for FPOs (e.g., the target of promoting 10,000 FPOs under central schemes), actual implementation is hindered by slow fund disbursement, limited convergence across departments, and a lack of market-centric focus. Despite being mentioned in some CSR or ESG frameworks, social procurement is yet to be institutionalised within corporate sourcing or impact investing mandates.

6.3. Enabling conditions: what works

Despite these challenges, the study documents several successful cases where enabling conditions have fostered robust Corporate–FPO linkages. Key enablers include:



Long-term Partnership Orientation: When corporates view FPO engagement as a developmental investment rather than merely a procurement transaction, the outcomes are more sustainable. Examples include PepsiCo's contract farming models.



Technical and Financial Intermediation: NGOs, agri-tech startups, and CSR foundations often play a crucial role in bridging the gap between corporates and FPOs by providing training, digital tools, and access to finance. This intermediary support is particularly valuable in the early stages of engagement.



Customised Capacity Building: FPOs that receive tailored support in quality management, logistics, and compliance (e.g., organic certification, traceability protocols) are more likely to sustain corporate relationships.



Enabling Policy Frameworks: Government schemes such as the SFAC equity grant, NABARD support, and private capital blended through CSR or impact funds can help de-risk engagement and provide necessary backstopping.

Jasmer Dhingra, Director, IDH, who works with various corporates, building their networks with 100-150 FPOs identifies that *“The feedback received from these corporates is that they wish to guide FPOs for them to make a long-term engagement.... FPOs can become very important partners for corporates which procure high volume commodities like grains, where the need is regular and quality is consistent... For high-value crops, like tea and coffee, it is not just about the supply of produce, but also whether FPOs can do first-level primary processing for these commodities. Many partners are willing to work with FPOs, but they also need guidance as they lack the experience of working with them”*.

Hemant Gaur, MD, SV Agri, a leading player operating across the entire potato value chain, suggested that FPOs should have allocated spaces in market yards, they should be incentivised to create infrastructure for aggregation and basic value addition, along with simpler statutory provisions for FPOs.

These examples suggest that with proper ecosystem support, Corporate–FPO linkages can move beyond pilots into scalable models.

6.4. Mainstreaming social procurement

Considering these findings, the following recommendations are proposed to institutionalise Corporate–FPO linkages as a core component of inclusive value chains:

- **Institutionalise Vendor Onboarding Protocols for FPOs:** Corporates should develop FPO-specific onboarding frameworks that account for their unique needs and risks. Simplified documentation, payment terms, and risk-sharing mechanisms (e.g., partial guarantees, co-investment funds) can enable smoother engagement.



Manual potato chips cleaning by members of Vijayganj Mandi Farmer Producer Company Ltd.

Hemant Gaur, MD, SV Agri, noted that their FPO onboarding process is relatively straightforward. While past records of FPOs are not a major consideration, they focus on commercial factors for procurement opportunities in terms of quality, quantity, price and timeliness.

- **Co-invest in Infrastructure and Technology:** Corporate CSR funds can be strategically invested in decentralised storage, grading, and primary processing infrastructure owned by FPOs. Agri-tech partnerships can further improve traceability, quality assurance, and logistics efficiency.
- **Strengthen Governance and Professional Management of FPOs:** Investing in the institutional capacity of FPOs is critical. This includes governance training for boards, induction of professional CEOs, and exposure to business planning tools. Cluster-based business service providers can be empanelled to offer on-demand services.

Sivakumar, Agribusiness Head, ITC, highlighted ITC's role in providing training to farmers on governance and a structured package of practices to follow.

Hemant Gaur, MD, SV Agri, emphasises that FPOs can become financially viable by creating alliances with other FPOs to gain the scale required. The model has been successfully tested in Bihar and has been recommended for FPOs to compete in the market. They are also investing in training and capacity building of FPOs, covering financial basics, financial linkages and, in some cases, even intervening to set their internal systems and processes right.

- **Create a Multi-stakeholder FPO Alliance:** Establishing a national platform comprising corporates, government bodies, financial institutions, and civil society actors can drive convergence, share best practices, and co-develop standards for FPO engagement. This can also help track impact metrics and build public accountability.
- **Leverage Digital Marketplaces with Embedded Services:** Promote platforms that integrate procurement with logistics, quality testing, credit, and advisory to reduce transaction costs for both FPOs and corporates. Government-backed or private digital platforms (e.g., ONDC for agriculture) can play a catalytic role.
- **Develop a National Social Procurement Framework:** Drawing on global best practices (e.g., the UK's Social Value Act), India should introduce a formal social procurement policy that encourages both public and private entities to prioritise sourcing from FPOs, cooperatives, and social enterprises. This should be backed by incentives, reporting mandates, and capacity building initiatives.

Strategic Roadmap

1. Co-Design Long-Term Procurement Frameworks

Insight from Study: Most Corporate–FPO relationships remain transactional and project-based. FPOs often lack security in offtake, while corporates face inconsistencies in quality and supply.

Recommendation: Corporates and FPOs should co-develop long-term procurement agreements that include volume commitments, staggered payments, and quality expectations framed as partnership contracts rather than one-off transactions. These frameworks should integrate pre-harvest demand planning, transparent pricing mechanisms, etc.

Ashutosh Singh, COO, Ayekart, which works in the end-to-end value chain, says that the company has been working with 500 FPOs since 2021, and they are critical stakeholders, contributing approximately 6-7% of their total monthly sales. Ayekart has been training FPOs on quality control to minimise rejections and quality deductions. He emphasises that FPOs should be prepared to meet the market demands; otherwise, they will be stuck in traditional models. This process is not merely transactional, but a broader social engineering process.

2. Establish a “Social Procurement Facilitation Desk” within Corporates and Institutionalize a “Partnership Readiness” Assessment for FPOs

Insight from Study: Most corporate procurement teams lack awareness or motivation to source from FPOs unless driven by CSR or top leadership directives; 60–70% of FPOs are unable to meet basic procurement criteria due to weak governance, inadequate aggregation capacity, and compliance gaps.

Recommendation: Corporates should institutionalise a dedicated internal desk or task force within procurement departments with the mandate to identify potential sourcing partnerships, coordinate with finance and legal teams to simplify onboarding processes and contracts, and align social procurement with business goals. Alongside this, develop a standardised “FPO Procurement Readiness Index”, like credit scoring, to evaluate FPOs on dimensions such as financial transparency, infrastructure capability, quality assurance systems and governance and member engagement. Corporates and their CSR/ESG wings should fund or co-design this tool in collaboration with ecosystem actors like SFAC, NABARD, and NGO partners.

60-70%
of FPOs are unable to meet basic procurement criteria due to weak governance, inadequate aggregation capacity, and compliance gaps.

According to **D. Vivekananda Raju, Managing Director of Vijayanagar Biotech**, the company enters into 100% buyback agreements with FPOs, ensuring a secure and predictable market for farmers. A key differentiator in their approach is the financial backing model, whereby Vijayanagar Biotech guarantees to banks on behalf of the FPO for loan repayment. Upon procurement, the company prioritises repaying the bank loan before disbursing the remaining amount to the FPO. By combining financial security with direct procurement, Vijayanagar Biotech has built a sustainable and scalable model that benefits both corporates and FPOs.

3. Leverage CSR/ ESG Funds as Strategic Capital to Organise Capacity-Building Platforms

Insight from Study: FPOs often lack exposure to market trends, while corporates tend to underestimate FPO capabilities due to limited engagement.

Recommendation:

- Organise learning exchanges, exposure visits, training and capacity building initiatives.
- Support fellowships or secondments where FPO staff spend 3–6 months embedded within corporate teams to gain hands-on experience.



Ashutosh Singh, COO, Ayekart, highlights that one of the innovations that Ayekart brings is year-round engagement with FPOs, rather than limiting transactions to the harvest months. They conduct quality and digital literacy trainings, and workshops on financial inclusion and gender empowerment. Ayekart also procures crops in between seasons, providing continuous handholding support to the farmers. He adds that one of the KRAs of the team is to ensure 10% procurement from the FPOs. In addition, the team is dedicated to training FPOs and farmers on adopting digital technologies for transparency and better benefits.

4. Promote Joint Brand and Market Development

Insight from Study: Most FPOs sell raw produce at low margins with limited value addition due to lack of branding, packaging, and distribution knowledge.

Recommendation: Corporates should co-invest with FPOs in product development, brand positioning, and market access initiatives. This includes:

- White-labelling FPO produce under corporate brands
- Joint development of new product categories (e.g., local millets, herbal teas)
- Providing access to e-commerce or direct-to-consumer (D2C) channels

Rangu Rao, CEO, Safe Harvest, emphasised the need for FPOs to develop processing capacity to progressively move up the value chain. Safeharvest has been supporting this effort by branding for the FPOs under an umbrella brand.

Ashutosh, COO, Ayekart, also highlighted the importance of FPOs in primary processing, initiating grading, sorting and branding activities to gain better consumer wallet share.

5. Build Digital Infrastructure for Traceability and Payments

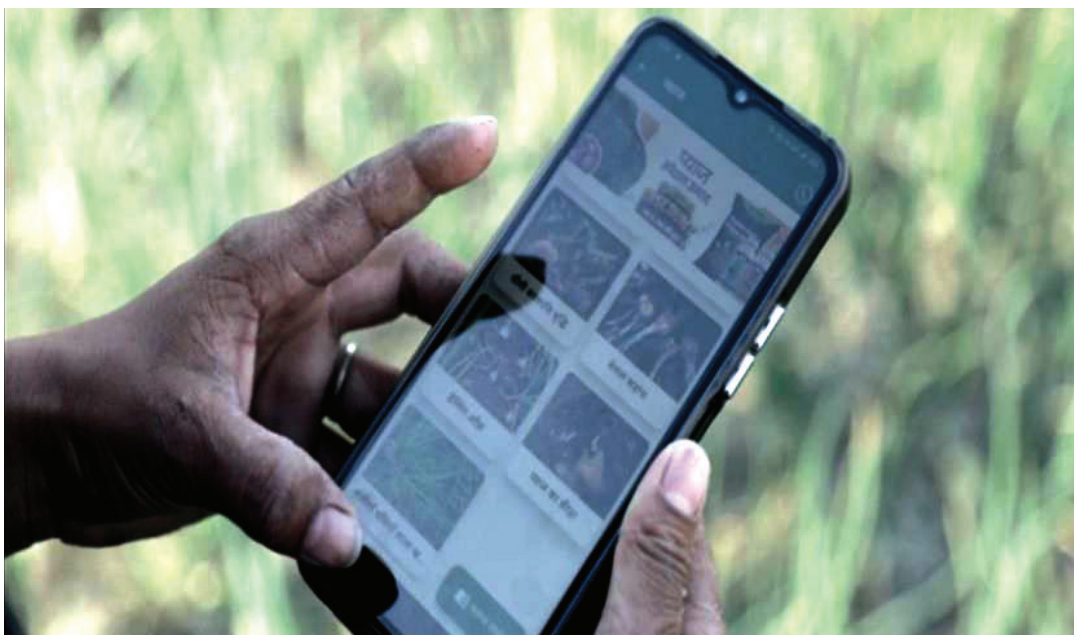
Insight from Study: Gaps in digital traceability and payment systems weaken FPO reliability and reduce corporate trust.

Recommendation: Co-develop digital tools or platforms that enable:

- Farm-to-fork traceability through geo-tagging and QR codes
- Real-time quality checks
- Transparent payment settlement systems



A woman farmer using a digital mode of payment



A farmer using a mobile application to track real-time prices

Rangu Rao, CEO, Safe Harvest, suggested that digitisation is important to bring transparency and efficiency into the system. Digital platforms enable real-time exchange of information on market prices, demand forecasts, and quality specifications, allowing FPOs to make informed decisions and better align their operations with market needs.

6. Enabling Procurement Ecosystem

Insight from Study: FPOs thrive when a neutral ecosystem actor, such as an NGO, CSR arm, or agri-tech platform, mediates the corporate–producer relationship.

Recommendation: Encourage “anchor institution” models, where corporate financially or technically support a local partner to:

- Provide training and extension services
- Facilitate documentation, grading, and certification
- Manage logistics and last-mile aggregation
- Use industry platforms like CII, FICCI, and SFAC to drive policy dialogue
- Form Corporate–FPO coalitions to advocate for tax benefits for sourcing from FPOs and simplified compliance for smallholder institutions

FPOs are playing a transformative role in making India's agricultural supply chains more inclusive, resilient, and sustainable. By aggregating smallholder produce and facilitating market access, they are bridging the gap between marginalised rural producers and formal markets. Out of the total FPOs surveyed, 69% reported access to organised markets in FY 2021-22, which increased to 89% in FY 2024-25, highlighting the growing significance of organised markets. However, this progress in market penetration has not been matched by qualitative improvements in Corporate–FPO collaborations, revealing gaps between policy ambition and practical execution. Strengthening these partnerships is essential to fully realise their potential.

The study highlights the growing corporate engagement with FPOs, driven by sustainability goals, ESG mandates, and the rising emphasis on local sourcing. Yet, most partnerships remain transactional, ad hoc, or CSR-driven, lacking the long-term orientation, mutual accountability, and developmental support needed for inclusive value chains. A disconnect persists between corporate expectations of quality, consistency, and compliance and the structural challenges faced by FPOs, such as financial constraints, poor infrastructure, weak governance, and limited professional capacity.

Despite these challenges, successful partnership models demonstrate that with the right enabling conditions, corporates and FPOs can create high-impact collaborations. Key benefits include enhanced supply chain efficiency, improved traceability, reduced market volatility, and better returns for smallholders. Critical enablers include long-term procurement frameworks, co-investment in infrastructure, facilitation by NGOs or agri-tech firms, and supportive policy instruments like equity grants and blended finance. Strengthening these mechanisms is vital to realising the full potential of Corporate-FPO partnerships in India's agribusiness sector.

The study underscores the need to integrate social procurement into corporate supply chain strategies, shifting it from philanthropy to a business imperative for inclusive growth. Corporates must institutionalise inclusive vendor onboarding, develop procurement readiness tools, and align ESG and CSR investments with sourcing goals, while FPOs must enhance governance, quality assurance, and market responsiveness.

An emerging opportunity within social procurement is the integration of FPOs into export-oriented value chains. With rising global demand for sustainable, traceable, and ethically sourced produce, export markets offer high-value avenues for corporates partnering with FPOs, particularly in organic, spices, and niche commodities. Companies like McCain, Haleon, and Lorenz Snacks are already sourcing export-grade produce from FPOs, aligning with ESG goals. Embedding export readiness into Corporate-FPO partnerships through certification support, quality protocols, and global market access can significantly expand the scope and impact of social procurement.

Ecosystem actors, including governments, financial institutions, civil society, and digital platforms, play a crucial role in bridging capability gaps and de-risking Corporate FPO partnerships. The National FPO Policy offers an opportunity to streamline initiatives and establish a cohesive institutional framework for capacity building, financing, technology integration, and market access.



To realise its full potential, social procurement must be mainstreamed as a strategic, performance-driven component of agricultural value chains. Achieving this transformation requires co-ownership, co-investment, and co-creation of equitable systems. With the right vision, commitment, and policy support, India can set a global benchmark for inclusive sourcing, ensuring both corporate resilience and rural prosperity.

Learning from other social enterprises

FPOs excel at delivering transparency and accountability across their entire value chains, from product traceability to input sourcing, while fostering inclusive, member-owned enterprises. These operational strengths offer valuable lessons for other social-sector initiatives:

1. **Inclusivity:** FPOs aggregate diverse stakeholder groups around a shared mission and brand, creating collective ownership.

Learning: Unite community members under a cohesive brand to enable shared ownership and collective accountability, e.g, Amul.

2. **Standard Operating Procedure:** FPOs follow structured SOPs, standardised production processes, and traceability systems. For instance, Sahyadri FPC use blockchain²⁷ to trace produce back to farmers, ensuring consistency and building consumer trust.

Learning: Standardise production processes to ensure consistent quality and regulatory compliance.

27. <https://www.thehindubusinessline.com/economy/agri-business/sahyadri-fpo-in-the-process-of-fitting-farmers-and-blockchain/article32005855.ece>

3. Traceability and transparency tools: Emerging digitisation tools like blockchain and traceability platforms (e.g., TraceX)²⁸ empower FPOs to provide verifiable farm-to-fork data, enhancing product credibility and enabling higher-value market access.

Learning: Use accessible tech tools to offer end-to-end transparency from raw materials to consumers.

By adopting FPO practices like traceability, inclusivity, and strong SOPs, social-sector organisations can build transparent, community-driven models that strengthen credibility, ensure consistency, and support scalable, sustainable impact.

Future research possibilities and unexplored areas

While this study offers comprehensive insights into corporate–FPO engagement, several promising areas warrant further exploration. Longitudinal studies tracking FPO performance over multiple years could reveal deeper impacts of sustained corporate partnerships on governance, profitability, and resilience. Comparative research across agro-climatic zones could highlight region-specific factors influencing FPO effectiveness. The integration of FPOs into digital procurement ecosystems like ONDC is still in its early stages. Future research should examine adoption barriers, transaction efficiency, and the role of digital literacy. Gender-disaggregated studies are needed to evaluate women's participation and leadership within FPOs and supply chains. Further investigation into ESG-linked procurement and its influence on traceability and compliance could support more targeted corporate investments. Alternative aggregator models such as agri-startups and social enterprises should be studied to understand comparative effectiveness. Further exploration is needed on how blended finance, CSR and philanthropic capital can de-risk procurement, enable scaling and support inclusive sourcing models.

Finally, research into streamlined regulatory frameworks, market signal feedback loops, and climate-resilient procurement mechanisms could inform more adaptive and equitable supply systems. These areas of inquiry can help deepen the impact of social procurement and drive systemic transformation in agri-value chains.

28. <https://tracextech.com/digital-traceability-in-rural-india/>

Annexures

Major Market Players Procuring from FPOs

Commodities	Bihar	Karnataka / Andhra Pradesh	Rajasthan	UP	MP	Odisha	Haryana	Maharashtra
Wheat	ITC, DeHaat, Ayekart, Reliance Retail, FarMart, Agribazaar, Britannia, Cargill, Adani, COFCO India.		ITC, Adani, FarMart, Soufflet, Reliance Retail, Agribazaar	NAFED, ITC, Ayekart, Patanjali DeHaat, FarMart, Adani, Reliance Retail, Britannia, Parle, Cargill, Agribazaar	ITC, Adani, Samunnati, Patanjali, StarAgri, Reliance Retail, LDC	Jannath Roller Flour Mills	Reliance Retail, Patanjali	
Paddy	ITC, DeHaat, Ayekart, Ripuraj Agro Pvt Ltd	Sri Channeshwara Rice Industries, SVRM Swastik	ITC, Adani	DeHaat, Ayekart	ITC	Waliyo	Adani, Daawat	Agreeta, EERGIC Foundation
Maize	Cargill, ITC, Parle, Roquette, COFCO India, FarmIndia, LDC, Agribazaar, Suguna Foods, Godrej, Skylark Salimar, Food-O-Feed, Olam	Cargill, Suguna Foods, Laxmi Poultry feed, Roquette, Ambuja, Olam, ADM, Godrej, Riddhi Siddhi Food	Cargill, LDC, Olam, Agribazaar	ITC, Parle, Cargill, Gyandhara, Kapila, Radico Khaitan, Suguna Foods	Cargill, ITC, Parle, Roquette, COFCO, FarmIndia, LDC, AgriBazaar, Suguna Foods, Godrej, Olam, Riddhi Siddhi Food	Cargill, DeHaat ITC, FarmIndia	Bharat Starch, Skylark	Cargill, DeHaat ITC, FarmIndia
Green Gram			Emami			NAFED		
Soybean		ADM			Reliance Retail, LDC, Olam, COFCO India			Reliance Retail, DeHaat Olam, TATA
Groundnut			ITC, Cargill, Reliance Retail					
Mustard			Adani, Patanjali, Reliance Retail		Adani, Patanjali			
Chana		ADM, Reliance Retail, Cargill	ADM, Reliance Retail, Cargill					ADM, Reliance Retail, TATA
F & V	BigBaskets	Reliance Retail, BigBasket, Ninjacart, WayCool, Farah Fruits, ITC, Mondelez	Reliance Retail	Reliance Retail, Farmveda, Fruitful	Reliance Retail, Safe Harvest	Mother Dairy	Reliance Retail	Farm to Fork, Zepto, More Retail
Potato	PepsiCo		ITC		Reliance Retail, ITC, PepsiCo, SV Agri, BigBasket, Zomato, StarAgri		Reliance Retail, Ninjacart, McCain, Monaco SV Agri	

*Major states covered – as per the sample size FPOs surveyed

Table 4: Major Market Players Dealing with FPOs in Selected States

Case Studies

Corporate Case Study 1

Established in 2008, Siddhi Vinayak Agri Processing Pvt Ltd (SV Agri) is a leading end-to-end potato value chain solutions provider in India, offering services spanning seed production, precision farming, processing and market linkage. Headquartered in Pune, it operates across key potato-producing states and has forged global partnerships with Agrico (Netherlands) for varietal innovation, Mooij Agro for modern cold storage solutions, and Kuipers for advanced processing technologies.

SV Agri has redefined how corporates engage with FPOs by building a robust and scalable ecosystem that integrates about 50 FPOs directly into its procurement and operational framework, treating them as strategic partners rather than transactional vendors. Its model ensures predictability, price transparency, and shared planning, key factors in building trust and long-term engagement. The company engages with FPOs at a strategic level to scale the adoption of various technologies that benefit farmers, and the broader ecosystem, thus making it more sustainable. It provides them with a specialised graduation-cum incubation programme. The Potato Business School, which enables access to good quality planting material and markets, while working out a mutually beneficial minimum price-based buy-back mechanism. Where necessary, it facilitates access to finance and other peripheral support. It actively engages in demo plot cultivation, farmer field schools and trainings, to build farmer centrality around the FPOs it is working with. SV Agri helps FPOs graduate through this structure from being just aggregation centers to becoming reliable, market-ready enterprises embedded within formal value chains.

As Hemant Gaur, Managing Director, notes: “Strengthening the FPO ecosystem is essential not only for rural livelihoods but also for agri-business resilience. Simplifying compliance, investing in infrastructure, and building capacity are critical levers that SV Agri is committed to enabling.”



Corporate Case Study 2

Vijayanagar Biotech Private Limited is a leading player in the maize value chain, directly sourcing maize from FPOs. With an annual procurement of approximately 2.5 lakh metric tons, the company has established a structured procurement model that enhances efficiency and ensures fair market access for smallholder farmers.

According to D. Vivekananda Raju, Managing Director of Vijayanagar Biotech, FPOs provide a more efficient and transparent procurement model compared to traditional intermediaries. However, for FPOs to function effectively as direct suppliers, they require support in input access, harvesting, and financial linkages. Recognising this, Vijayanagar Biotech has developed a structured procurement system that not only ensures supply consistency but also strengthens the financial sustainability of FPOs.

The company enters into 100% buyback agreements with FPOs, ensuring a secure and predictable market for farmers. A key differentiator in their approach is their financial backing model, whereby Vijayanagar Biotech provides a guarantee to banks on behalf of the FPO for loan repayment. Upon procurement, the company prioritises repaying the bank loan before disbursing the remaining amount to the FPO. By integrating financial security with direct procurement, Vijayanagar Biotech has built a sustainable and scalable model that benefits both corporates and FPOs.



FPO Case Study 1

Maa Patadei Women Maize Producer Company Limited was established to empower smallholder women farmers through collective action and structured market linkages. The journey began with the formation of 20 Producer Groups (PGs), mobilising 1,045 members across village clusters to strengthen collective bargaining power. With financial and strategic support from Mission Shakti, the FPC secured ₹40.80 lakhs for capacity building and infrastructure development, laying a strong foundation for sustainable operations. Leadership training for the Board of Directors and local farmer leaders, along with exposure to successful Hub FPCs under Odisha's Mukhyamantri Maka Mission, played a crucial role in defining the FPC's business strategy.

To streamline procurement and ensure quality, Udyog Mitras were introduced as business catalysts, bridging the gap between the FPC and farmers. Equipped with essential maize procurement tools like moisture meters, sieves, and price boards, these facilitators helped maintain quality control, demand aggregation, logistics coordination, and record-keeping. As a result, the FPC successfully procured 12,154 quintals of maize worth ₹310 lakhs, directly benefiting 242 women farmers. By establishing linkages with leading buyers such as Vijayanagar Biotech, Poultech Agro, and Jeypore Poultry, the FPC ensured stable demand and fair pricing.

A well-structured risk mitigation strategy, including quality training, warehouse visits, and buyer exposure, reduced uncertainties for farmers, while payment within 48-72 hours fostered trust. Hosting its first Annual General Meeting, attended by over 600 women farmers and district officials, reinforced transparency and legitimacy. The FPC's ability to secure credit periods from buyers and fulfil repeat orders strengthened its financial stability and credibility. Today, the FPC stands as a self-sustaining enterprise, demonstrating how strategic support, efficient procurement models, and corporate linkages can transform smallholder agriculture into a scalable and profitable business.



FPO Case Study 2

Small and marginal farmers in Dewas district, Madhya Pradesh, have historically struggled with market access, relying on local traders and commission brokers who controlled prices and supply chains. To address this challenge, the Madhya Pradesh State Rural Livelihood Mission (AJEEVIKA Mission) facilitated the formation of Vijayganj Mandi Farmer Producer Company Ltd. (VMFPCL) in 2020-21, enabling collective marketing and direct access to institutional buyers. With an authorised share capital of ₹30 lakh and a paid-up capital of ₹18.46 lakh, VMFPCL was designed as an inclusive enterprise, with women farmers actively participating in leadership roles. The company focused on reducing cultivation costs, promoting seed replacement, facilitating buyback agreements, and introducing new technologies. These interventions empowered farmers to break free from traditional market dependencies and achieve 10-20% higher price realisation compared to mandi-based sales.

With ongoing support from ACCESS Development Services, VMFPCL implemented a series of interventions to strengthen its value chain. Farmers were connected with market linkage providers such as National Bulk Handling Corporation (NBHC), SV Agri, DeHaat, and Advantage Agri, as well as institutional buyers including WayCool Foods, Balaji Wafers, PepsiCo, and Zepto. To ensure financial stability, the company facilitated credit access through partnerships with Samunnati Finance and Agro Star's financial subsidiary. Additionally, technical support from Dvara E-Registry enhanced the farmers' ability to meet quality standards, streamline procurement, and establish long-term trade agreements. Through these coordinated efforts, the company successfully scaled potato procurement from 25 MT in its first year to 482 MT in 2023-24, directly benefiting over 400 farmers.

As a result of these structured interventions, VMFPCL's turnover reached ₹1.07 crore in 2023-24, marking a significant milestone in its journey towards sustainability. The success of VMFPCL highlights the transformative power of FPOs in increasing farmers' bargaining power, securing better price realisation, and strengthening their position within formal value chains. By leveraging best practices from other successful producer companies, VMFPCL continues to serve as a model for scalable, farmer-led enterprises, demonstrating how market linkages, financial access, and capacity-building initiatives can create a more equitable and profitable agricultural ecosystem.





FPO Case Study 3

Pendrani Krushak Producer Company Limited (PKPCL), established under the MANDI Project of ACCESS Development Services, has emerged as a hub FPC under the Mukhyamantri Maka Mission, transforming the maize value chain across 55 villages and 18 GPS locations in Odisha. With 1,814 farmer members, PKPCL has enhanced economic empowerment by ensuring fair pricing, transparent transactions, and improved market linkages. Since inception, the company has achieved a cumulative turnover of ₹26.18 crore and ₹35 lakh in net profit, directly disbursing ₹10.62 crore into farmers' bank accounts for maize procurement. By February FY 2024-25, 69,552 quintals of maize had been procured and linked to 76 major buyers, including ITC, Cargill, and Godrej Agrovet, while also facilitating the export of 5,000 quintals to Bangladesh. Demonstrating financial sustainability, PKPCL independently manages operational costs of ₹1.5 lakh per month, covering staff salaries, board incentives, warehousing, electricity, and infrastructure maintenance.

PKPCL's operational model prioritises quality control, logistics efficiency, and farmer empowerment. Farm-gate quality assessments using digital moisture meters and weighing scales ensure fair pricing, while real-time spot prices are disseminated through price boards and community announcements. To improve market access, PKPCL has set up 4 satellite aggregation centers within 5-6 km of villages, in addition to 3 Odisha State Warehousing Corporation rental go-downs with a combined 5,000 quintals storage capacity. The Raighar FPO, under PKPCL's management, operates a profitable agro-service center, providing farm machinery and logistical support. Unlike traditional traders who manipulate weight and quality deductions, PKPCL ensures accurate weighing, transparent payments, and value addition through bulk sales, offering farmers higher returns and immediate payments.

Leveraging technology and strong governance, PKPCL integrates Tally-based accounting systems, mobile apps for procurement, warehousing, and farmer database management, and NCDEX maize hedging to mitigate market risks. Additionally, a 24/7 agri-input store has supplied ₹12.64 crore worth of inputs, complementing farmer training programmes. PKPCL has secured ₹1.61 crore in loans from NBFCs, demonstrating its financial viability. Supported by district administration, the FPC promotes women and youth participation and pilots initiatives in soil testing and hybrid seed production. PKPCL exemplifies how strategic interventions in market linkages, financial access, and operational efficiency can drive sustainable agricultural development.

S. No.	Companies	Categories
1	24 Mantra	Processor
2	AgriBazar	Aggregator
3	Asian Spices	Processor
4	Ayekart	Aggregator
5	Azad Agro	Processor
6	Blinkit	Retailer
7	DeHaat	Aggregator
8	Flipkart	Retailer
9	Parle	Processor
10	Patanjali	Processor
11	IDH	Ecosystem Enabler/Sustainability Catalyst
12	ITC	Processor
13	Jayanti Spices	Processor
14	Licious	Processor
15	McCain	Processor
16	Mondelez	Processor
17	Mother Dairy	Processor
18	Ned Spices	Processor
19	PepsiCo	Processor
20	Reliance Retail	Retailer
21	Safe Harvest	Processor
22	Soufflet	Processor
23	SV Agri	Processor
24	Swiggy	Retailer
25	Vijaynagar Biotech	Processor
26	Zepto	Retailer

S. No.	Promoting Institutions
1	Access Development Services
2	Access Livelihood Consulting India
3	Action For Social Advancement (ASA)
4	Action in Rural Technology and Service (ARTS)
5	Associated Tea & Agro Management Services Pvt Ltd
6	Basix Krishi Samrudhhi Limited
7	Bayer CropScience Limited
8	Centre for Advanced Research and Development (CARD)
9	Consumer Unity & Trust Society (CUTS International)
10	Catalysts for Social Action (CSA)
11	Dvara E-Registry
12	EFFORT
13	Environment Conservation Society, SwitchON Foundation
14	Farmers Improve Technology Council
15	Grameen Foundation
16	Gramin Vikas Trust
17	Harsha Trust
18	HCL Foundation
19	Himachal Pradesh Horticulture Development society
20	Himmotthan Society (TATA Trust)
21	Indian Grameen Services
22	K.R.D Energy Solutions Pvt Ltd
23	Kamdars Care foundation
24	KAUSHALYA Foundation
25	Kissan Dhan
26	KPMG
27	Krishi Vigyan Kendra (KVK)
28	Krishi Vikas Sahakari Samiti Ltd
29	Livelihood Alternatives Pvt Ltd
30	Lokadrushti
31	Madhya Pradesh Vigyan Sabha

S. No.	Promoting Institutions
32	Mahashakti Foundation
33	Mahila Abhivruddi Society Andhra Pradesh
34	Marngar Cluster Multipurpose Co-operative Society Limited, SLRD
35	NABCONS
36	National Agro Foundation
37	Pradan
38	QSEAL Agri Tech Pvt Ltd
39	Rajasthan Agricultural Competitiveness Project
40	Rajasthan Bal Kalyan Samiti
41	Reliance Foundation
42	RGAVP
43	S M Sehgal Foundation
44	Sahabhangi Vikash Abhiyan
45	Samunnati
46	SARDS
47	Sarva Seva Samity Sanstha (4S-India)
48	School of Livelihood and Rural Development
49	Self Employed Workers Association Kendra
50	SeSTA
51	Shakti Agritech Farming and Livelihood
52	Shri consultant Association Hyderabad
53	Social Organisation on Various Aspect (SOOVA)
54	SRIJAN
55	Sushila Foundation for Agricultural and Rural Development
56	Synergy Crop Science Pvt Ltd
57	Synergy Technofin Pvt Ltd
58	Transforming Rural India Foundation
59	Unnayan Samiti Jaipur
60	Uttar Pradesh Jaiv Urja Board
61	V. K. Gramin Sishan Parshishan Sansthan
62	Vrutti



ACCESS is a national support organisation with a focus on incubating innovations for sustainable livelihoods of the poor. With the support from DFID and CARE USA, ACCESS was established in March 2006 as a professional next-generation agency contributing to poverty reduction in India. Its unique structure enables it to work at all levels of the value chain - implementing programmes on the ground, collaborating with civil society organisations, government

departments, the corporate sector, and multilateral/bilateral agencies, and undertaking national initiatives to improve programme effectiveness.

For sustainable impact, ACCESS follows a 3-tier approach to strengthen and support the livelihoods sector, and implements several dynamic initiatives at all levels. At Tier I, ACCESS has gained significant credibility for incubating innovations in livelihood promotion, enabling the economic transition of communities from subsistence to a sustainable level. Across 10 states, ACCESS implements about 24 programmes, with the core strategy of organising the primary producers and integrating them into inclusive value chains. ACCESS also implements programmes in both the farm and non-farm sectors and works in rural and urban areas with a focus on women's economic empowerment.

As a part of its Tier II portfolio, ACCESS strengthens capacity builders, enhances civil society capabilities, supports government programmes, and undertakes research and studies to inform and improve interventions. At the national level, as a part of its Tier III work, ACCESS organises annual events such as the Livelihoods India Summit and Inclusive Finance Summit, and brings out annual reports and publications in the respective sectors. ACCESS convenes policy / thematic retreats and round tables to help catalyse action and make key recommendations to policy makers.

To learn more, visit www.accessdev.org

Follow us on



[linkedin.com/company/access-development-services_2/](https://www.linkedin.com/company/access-development-services_2/)



facebook.com/share/1BJhjtGKFi/?mibextid=wwXlfr



instagram.com/accessdevelopment_services/?igsh=ZDVmdmRvMGNibGgz#



youtube.com/@accessdevelopmentservices8121



As a global leader in enterprise applications and business AI, SAP stands at the intersection of business and technology. For over 50 years, organisations have trusted SAP to bring out their best by uniting business-critical operations spanning finance, procurement, HR, supply chain, and

customer experience. We are committed to helping the world run better and improving people's lives. Our vision is to bring out the best in every business.

To learn more, visit www.sap.com

Follow us on



x.com/SAP



linkedin.com/company/sap/



ACCESS Development Services
22, Hauz Khas Village, Ground Floor, New Delhi - 110016
011-45697039 | 011-45761146, www.accessdev.org