

# Comprehensive evaluation of functional and financial performance: A study on selected Farmer Producer Organizations (FPO) in Tamil Nadu

## ABSTRACT

**Aim:** This study conducts a meticulous evaluation of the functional and financial performances of Farmer Producer Organizations (FPOs) in Tamil Nadu, unveiling insights into their functional dynamics and assessing their economic sustainability.

**Research Gap:** In the limited literature on FPOs, the focus predominantly revolves around income and turnover metrics. This highlights a notable absence of comprehensive evaluation methods, emphasizing the need for thorough assessments of FPO performance. Additionally, there is a scarcity of studies specifically addressing the financial performance of selected FPOs in distinct regions.

**Study Location:** The study is geographically focused on Tamil Nadu, with a specific emphasis on Farmer Producer Organizations specializing in millet and oilseed.

**Sample Size:** The study encompasses thirty FPOs, with 15 focusing on millet and another 15 specializing in oilseed.

**Data Collection:** A meticulous process, including stakeholder discussions and quantitative analyses, was employed to create a performance rating tool for FPOs. Adapted from GIZ India's 2020 tool for functional measures, this approach ensures standardized scoring.

**Data Analysis:** Ratio analysis was employed to analyze the financial performance of the selected FPOs.

**Conclusion:** FPOs in millet and oilseed clusters received positive scores due to strong governance, compliance, member engagement and efficient operations. Most millet-based FPOs have healthy short-term finances, but three face liquidity issues. Similarly, in the oilseed cluster, most FPOs fare well in the short term, except for one with liquidity concerns. To ensure sustainability, strategies should focus on financial ratio optimization, debt management and improving profit margins and Earnings per share.

*Keywords: FPO, Performance, Functional, Financial and Tamil Nadu*

## 1. INTRODUCTION

**1.1 Farmer Producer Organization:** In the landscape of Indian agriculture, structural reforms are essential and collective farming emerges as a transformative solution [1]. This hybrid model amalgamates cooperative and corporate features, aiming to benefit small and marginal farmers [2]. The establishment of Farmer Producer Organizations seeks to reduce production costs [3], enhance productivity [4] and foster improved market linkages [5], ultimately elevating the net income of small and marginal farmers [6].

A notable challenge for these organizations lies in the limited access to markets and institutional credit, crucial for initiating or expanding business activities [7].

**1.2 Research gap:** While earlier studies have provided insights into the financial performance of FPOs, a notable gap exists due to the lack of thorough assessments that explore the intricacies of the FPO domain. This void is exacerbated by the absence of a standard scoring format across FPOs, coupled with varying methodologies during implementation or under different supporting organizations [8]. A crucial concern emerges from the observation that financial institutions lack a dedicated appraisal technique for FPOs.

**1.3 Purpose of the study:** This persistent research gap highlights the need for a study to address these issues. In response, this study seeks to contribute by proposing a standardized scoring method for FPOs and providing insights into tailored appraisal techniques. This approach aims to bridge the existing gap and enhance our understanding of FPO financial performance in the selected region.

**1.4 Background of the Study:** The background of this study is centered on the evolving role of FPOs in the agricultural sector. FPOs play a critical role in supporting smallholder farmers by providing services such as marketing, input trading and financial assistance. Despite their importance, there is a notable lack of standardized financial assessment tools specific to FPOs. Existing studies have highlighted various performance issues, including liquidity problems, varying profit margins and challenges in maintaining long-term solvency. The absence of a cohesive evaluation framework contributes to the difficulty in assessing and improving FPO financial performance. This study seeks to address these gaps by proposing a standardized scoring system and tailored appraisal techniques, thus providing a more robust understanding of FPO financial dynamics and supporting their sustainable growth.

## 2. MATERIALS AND METHODS

**2.1 Study location:** Tamil Nadu was purposively selected as the study location due to its diverse agricultural landscape [9], substantial contribution to the nation's agricultural output and the prevalence of FPOs [10]. The state's unique combination of crops, including millets and oilseeds [9], aligns with the focus of the study, making it an ideal setting to analyze the financial and functional performances of FPOs. Additionally, the presence of small and marginal farmers in Tamil Nadu [11] underscores the relevance of exploring collective farming models, further justifying the selection of the region for this research.

**2.2 Criteria for sample FPO:** The selection criteria for the sample of FPOs encompass diverse factors, including geographic representation, a focus on specific crops (like millets and oilseeds), varied operational sizes, membership strengths, market linkages and financial structures. This purposive approach aims to provide a comprehensive and nuanced analysis of the functional and financial performances of FPOs in the region.

**2.3 Sample size and Data collection:** The study includes a sample of 30 Farmer Producer Organizations (FPOs), selected to provide a comprehensive overview of the region's agricultural landscape. Primary data collection involved a detailed examination of the balance sheets and business activities of these

FPOs. This diverse dataset was crucial for a thorough analysis of both the functional and financial performances of the FPOs in the selected region.

**Financial Performance Evaluation:** To evaluate the financial performance, balance sheets for the fiscal years ending on 31st March 2022 and 2023 were obtained. These financial records provided essential information for assessing key financial metrics such as revenue, expenses, assets and liabilities. Analysing data from these two consecutive years allowed the study to track trends and changes in financial stability, profitability and overall fiscal management of the FPOs.

**Functional Performance Assessment:** Functional performance was assessed using a specially designed rating tool that incorporated key indicators, ensuring a systematic and standardized evaluation of the operational aspects. This tool, adapted from established frameworks, was specifically tailored to the study's context. The data collection process included the use of a structured interview schedule, which facilitated comprehensive field-level data collection through in-depth interviews with FPO representatives.

**2.4 Period of Study:** The study period spanned from January to June 2023, specifically selected to capture the most recent and relevant data, thus reflecting the operational and financial conditions of the Farmer Producer Organizations (FPOs) during this critical timeframe.

## 2.5 Data Analysis:

**2.5.1 Functional performance:** The assessment of functional performance involved the development of a meticulous performance rating tool for FPOs. This process included stakeholder discussions, quantitative analyses and the adaptation of the performance rating tool developed by GIZ India in 2020. The resulting assessment tool comprises 40 factors (mentioned in annexure) distributed across five parameters—governance and management, organizational compliance, member engagement, business operations and marketing & financial health. Proportional weightage is assigned to each factor, minimizing subjectivity in the evaluation process. Scores above 65 per cent are considered positive performance [12], ensuring a comprehensive and unbiased assessment of FPOs.

**Table 1. FPO performance assessment parameters**

S. No	Rating summary	Factors	Weightage
1	Governance and Management	8	20
2	Organizational compliance	8	20
3	Member engagement	4	10
4	Business operations	10	25
5	Marketing and Financial health	10	25
<b>Total</b>		<b>40</b>	<b>100</b>

$$\text{Performance Index of the parameter (PI)} = \frac{Q_i}{T_i} \times 100$$

Where,

$Q_i$  = Score obtained by the FPO on  $i^{\text{th}}$  parameter

$T_i$  = Maximum Score of  $i^{\text{th}}$  parameter

$$\text{Performance of the FPO} = \frac{\sum_{i=1}^5 PI_i}{n}$$

Where,

PI = Performance Index

n = Number of parameter

**2.5.2 Financial performance:** The study conducted a thorough analysis of the financial performance of selected FPOs in Tamil Nadu using ratio analysis [13]. Leveraging this effective tool, the research aims to offer valuable insights into the financial health and operational efficiency of the sampled FPOs.

**I. Current Ratio**

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

**II. Net Capital Ratio**

$$\text{Net Capital Ratio} = \frac{\text{Total Assets}}{\text{Total Liabilities}}$$

**III. Earnings per Share**

$$\text{Earnings per Share} = \frac{\text{Net Profit}}{\text{Number of Members}}$$

**IV. Return on Assets**

$$\text{Return on Assets} = \frac{\text{Net Income}}{\text{Total Assets}}$$

**V. Return on Equity**

$$\text{Return on Equity} = \frac{\text{Net Profit}}{\text{Owners Equity}}$$

**VI. Debt to Equity Ratio**

$$\text{Debt to Equity Ratio} = \frac{\text{Total Liabilities}}{\text{Owners Equity}}$$

**3. Results and Discussion**

**3.1 Description of millet-based sample FPO's:** Table 2 presents the basic details regarding the implementing agency, resource institutions, membership and leadership structure of FPOs. It revealed that, out of the 15 sample FPOs, nine were promoted by the Tamil Nadu Small Farmers Agribusiness Consortium, while four were sponsored by the National Bank for Agricultural and Rural Development. Additionally, one FPO each was sponsored by the National Agricultural Cooperative Marketing Federation and Small Farmer Agribusiness Consortium. Financial assistance, provided by implementation agencies to eight Resource Institutions (RIs) and Community-Based Organizations (CBBOs), aimed to identify potential farmers to join in FPOs.

**Table 2. Outline of millet-based sample FPO's**

FPO	Implementing	Operational	Number of Members	Number of Directors
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Code	Agency	From	Male	Female	Total	Male	Female	Total
M 1	NABARD	2016	515	68	583	5	5	10
M 2	TNSFAC	2016	1300	200	1500	1	4	5
M 3	TNSFAC	2021	825	175	1000	9	1	10
M 4	TNSFAC	2015	824	226	1050	9	1	10
M 5	TNSFAC	2020	577	243	820	9	1	10
M 6	TNSFAC	2020	832	149	981	9	1	10
M 7	TNSFAC	2021	915	85	1000	10	1	11
M 8	NABARD	2021	236	65	301	9	1	10
M 9	TNSFAC	2020	376	124	500	8	2	10
M 10	TNSFAC	2020	398	102	500	9	1	10
M 11	TNSFAC	2021	365	135	500	12	1	13
M 12	NABARD	2016	765	235	1000	5	5	10
M 13	NABARD	2016	134	566	700	9	1	10
M 14	SFAC	2021	133	867	1000	5	5	10
M 15	NAFED	2021	430	90	520	8	2	10

*Note: "M" stands for millet FPO; Source: Compiled from field survey*

The membership of the sample FPOs varied from 301 to 1500. On average, these FPOs had a membership of 797 individuals, with 72.15 per cent being male and 27.85 per cent female. Examining gender dynamics within FPOs revealed that varying percentages of male and female members, highlighting a need to address gender disparity for inclusive and active female participation in agricultural initiatives, essential for sustainable development in millet clusters. Operational durations ranging from 2 to 7 years indicated that a significant number of FPOs are established recently and they are in their initial stages. The average number of Board of Directors was 9, with the presence of women directors constituting 21.47 per cent of the total directorship, reflecting a positive stride towards gender diversity in leadership roles and contributing to the overall effectiveness and sustainability of these agricultural organizations.

**3.2 Description of oilseed-based sample FPO's:** Table 3 indicated that among the 15 sample FPO's, eight were promoted by the Tamil Nadu Small Farmers Agribusiness Consortium, while five were sponsored by the National Bank for Agricultural and Rural Development and two FPO's received sponsorship from the National Agricultural Cooperative Marketing Federation. Financial assistance, in the form of grants/incentives, was provided by the four implementation agencies to the Resource Institutions (RIs) with the aim of identifying oilseed cultivating farmers as stakeholder. The oilseed based FPO had an average of 730 farmers individuals, with 60.18 per cent of them were male and 39.82 per cent of them were female. The operational duration and Board of Directors (BoDs) count mirrored millet based FPOs, yet it exhibited an advantage in women directors, constituting 31.11 per cent. The recognition of two

FPOs fully operated by women farmers underscored a proactive commitment to gender equality and sustainability.

**Table 3. Outline of oilseed-based sample FPO's**

FPO	Implementing Agency	Operational from	Number of Members			Number of Directors		
			Male	Female	Total	Male	Female	Total
O 1	TNSFAC	2018	730	170	900	8	1	9
O 2	TNSFAC	2020	780	220	1000	10	1	11
O 3	NABARD	2021	190	110	300	9	1	10
O 4	TNSFAC	2021	0	500	500	0	10	10
O 5	TNSFAC	2019	803	197	1000	8	2	10
O 6	TNSFAC	2019	700	300	1000	9	1	10
O 7	TNSFAC	2020	490	110	600	9	1	10
O 8	NABARD	2016	619	298	917	7	3	10
O 9	TNSFAC	2020	471	71	542	5	1	6
O 10	NABARD	2021	460	180	640	5	2	7
O 11	NABARD	2016	460	540	1000	4	2	6
O 12	TNSFAC	2020	371	379	750	8	2	10
O 13	NAFED	2021	0	300	300	0	10	10
O 14	NABARD	2015	135	865	1000	1	4	5
O 15	NAFED	2021	381	120	501	10	1	11

Note: "O" stands for oilseed FPO; Source: Compiled from field survey

**3.3 Functional performance of the sample FPO's:** The FPO performance assessment tool developed by GIZ India, 2020 systematically evaluates Farmer Producer Organizations (FPO) across five key parameters, utilizing a 1 to 4 rating system for 40 factors. The results are presented in Table 4 to facilitate straightforward comparisons.

**Table 4. Functional performance of sample FPO's**

Millet producing cluster			Oilseed producing cluster		
FPO code	Score	Rank	FPO code	Score	Rank
M 1	75.50	8	O 1	70.75	13
M 2	72.75	11	O 2	73.50	8
M 3	81.13	5	O 3	73.63	7
M 4	82.88	2	O 4	66.50	15
M 5	85.13	1	O 5	70.88	12
M 6	81.38	4	O 6	72.00	11
M 7	67.50	14	O 7	74.75	4
M 8	74.63	10	O 8	73.38	9
M 9	76.13	7	O 9	75.25	3
M 10	71.88	12	O 10	75.38	2
M 11	82.00	3	O 11	78.75	1
M 12	65.50	15	O 12	74.38	5
M 13	80.88	6	O 13	67.25	14
M 14	75.13	9	O 14	74.13	6
M 15	70.25	13	O 15	73.00	10

Note: "M" stands for millet FPO; "O" stands for oilseed FPO

**3.3.1 Functional performance of Millet FPO:**The sample FPOs within the millet cluster showcased commendable overall performance, surpassing the 65.00 threshold with scores ranging between 65.50 to 85.13. This noteworthy consistency implied strengths in governance, management, organizational compliances, member engagement, business operations and marketing, as well as financial health. Contributing factors encompassed robust governance structures, effective management practices, stringent adherence to organizational compliances, active member engagement, streamlined business operations and well-executed marketing and financial strategies. For FPOs with lower ratings, crucial strategic improvements were pinpointed in governance, management, compliance, member engagement, business operations and financial stability. Key actions for establishing robust governance structures involved fortifying leadership and streamlining operational processes. Initiatives aimed at amplifying member participation and adhering meticulously to organizational and legal standards were recognized as potential drivers for enhanced compliance and engagement.

**3.3.2 Functional performance of Oilseed FPO:**The results of the oilseed cluster sample FPOs demonstrated positive ratings, with scores ranging from 66.50 to 78.75. The factors contributing to higher ratings in this cluster include robust governance and management practices, adherence to organizational compliances, active member engagement, efficient business operations and effective marketing and financial health strategies. These aspects collectively contribute to the commendable overall performance of certain FPOs within the oilseed cluster. FPOs with lower ratings, need to focus on strategic improvements. Areas requiring attention may include enhancing governance and management practices, ensuring rigorous compliance with organizational requirements, fostering increased member engagement, optimizing business operations for efficiency and developing comprehensive strategies for financial health and effective marketing.

**3.4 Assessing the financial performance of sample FPO's:** The results of financial ratios used for the evaluating financial performance of the sample FPOs are presented in Tables 5 and 6.

**Table 5. Financial performance of millet sample FPO's**

FPO code	Current Ratio	Net Capital Ratio	Return on Assets	Return on Equity	Debt to Equity Ratio	Profit Margin (%)	Earnings per share
M 1	4.43	1.00	0.06	0.08	1.40	1.15	155.79
M 2	11.18	1.00	0.02	0.27	13.88	0.78	54.09
M 3	1.52	1.00	0.04	0.09	2.18	1.37	87.99
M 4	0.43	1.00	-0.03	-0.23	7.38	-10.53	-579.70
M 5	1.04	1.00	0.01	0.005	0.81	0.20	5.67
M 6	3.69	1.00	0.05	0.15	3.28	1.19	160.59
M 7	1.18	1.00	-0.09	-0.19	2.20	-1.94	-190.87
M 8	0.97	1.00	-0.27	-0.31	1.16	-37.00	-1404.66
M 9	0.97	1.00	0.05	0.22	4.45	7.66	219.60
M 10	1.96	1.00	0.02	0.10	4.15	1.89	97.77
M 11	9.91	1.00	0.00	0.02	5.96	0.20	32.31

M 12	1.25	1.00	0.08	0.04	0.52	41.65	438.60
M 13	5.17	1.00	0.01	0.01	1.11	4.37	6.84
M 14	9.70	1.00	0.06	0.11	1.99	2.29	120.70
M 15	5.60	1.00	0.01	0.01	1.62	0.45	29.40

**Note: "M" stands for millet FPO**

**3.4.1 Financial performance of sample millet FPO's:** The Table 5 provided valuable insights into the financial performance of millet based FPOs. Majority of the sample FPOs maintained healthy short-term financial position, three FPOs exhibit current ratios below one, signaling potential liquidity issues and inefficiencies in managing current assets. This underscored the necessity for enhanced working capital management practices to improve efficiency and bolster overall financial performance. The net capital ratio of 1.00 in the sample FPO indicated substantial long-term liquidity and a significant asset pool to settle company debts, reflecting a robust and resilient financial position.

The positive Return on Assets (ROA) and Return on Equity (ROE) for several FPOs indicated effective asset utilization and profitability. However, FPOs with negative returns could be concentrated on improving various aspects, including operational efficiency, financial management, diversification, market expansion, productivity, risk management, stakeholder engagement, strategic planning, transparency and continuous monitoring to optimize returns and align with organizational goals. Profit margins among FPOs vary, with some reflecting positive percentages while others face potential financial challenges with negative margins. Earnings per share (EPS) ranged from 5.67 to 438.60 for 12 FPOs, while three FPOs reported negative EPS, indicating disparities in profit distribution. To enhance the profitability of millet-based FPOs, strategic measures such as product diversification, market expansion, quality enhancement and cost optimization should be prioritized. Emphasizing targeted marketing, forging partnerships, incorporating innovation based on customer feedback and prioritizing capacity-building could be essential strategies for sustained growth.

**Table 6 Financial performance of oilseed-based sample FPO's**

FPO code	Current Ratio	Net Capital Ratio	Return on Assets	Return on Equity	Debt to Equity Ratio	Profit Margin (%)	Earnings per share
O 1	1.00	1.00	-0.25	-0.36	1.46	-30.23%	-362.75
O 2	5.26	1.00	-0.01	-0.05	3.64	-7.01%	-54.30
O 3	3.31	1.00	0.01	0.01	1.39	0.60%	27.91
O 4	5.50	1.00	0.02	0.02	1.22	1.19%	42.00
O 5	13.42	0.91	0.02	0.05	3.29	0.85%	46.70
O 6	1.80	1.00	0.03	0.11	4.28	1.34%	109.94
O 7	15.23	1.00	0.002	0.005	2.10	0.13%	4.99
O 8	3.91	1.00	0.01	0.02	2.28	0.58%	17.45
O 9	2.69	1.00	0.02	0.04	1.96	1.94%	40.37
O 10	14.22	1.00	0.01	0.03	2.78	2.43%	65.97
O 11	3.09	1.00	-0.18	-0.58	3.26	-11.34%	-580.54

O 12	2.05	1.00	0.04	0.11	2.60	4.08%	56.81
O 13	1.11	1.00	0.08	0.17	2.07	12.67%	308.44
O 14	0.88	1.00	-0.03	-0.34	11.79	-4.28%	-342.39
O 15	2.61	1.00	0.00	0.01	2.50	0.23%	7.47

**Note: "O" stands for oilseed FPO**

**3.4.2 Financial performance of sample oilseed FPO's:** The above table revealed that oilseed cluster FPOs generally maintained healthy short-term financial positions, with most having current ratios above one. However, one FPO exhibited a current ratio below one, signaling potential liquidity issues and inefficiencies in managing current assets. Most FPOs show strong long-term liquidity with Net Capital Ratios above one, indicating substantial assets. However, one FPO had a ratio below 1, requiring attention. The oilseed-based FPOs focused on optimizing Return on Assets (ROA) by identifying and addressing potential inefficiencies, ensuring efficient utilization of assets to generate earnings to enhance the financial performance. Strategies were emphasized for Return on Equity (ROE) that had enhanced profitability in relation to equity, addressing challenges faced by the FPO exhibiting a negative ROE. Additionally, the FPOs with notably high Debt to Equity Ratios were considered to implement measures to reduce debt and improve the overall balance between debt and equity, ensuring a more sustainable and balanced capital structure. By addressing these aspects, the oilseed-based FPOs might work towards maximizing returns, improving profitability and ensuring financial stability. A strategic focus on profit margin and earnings per share (EPS) was crucial for those with particularly high profit margins, sustaining and possibly optimizing these levels should be prioritized through measures such as cost efficiency, quality improvement and market expansion. Regarding EPS, the FPO should concentrate on overall profitability improvements, including diversification of revenue streams, cost management strategies and strategic market expansion. Ensuring a balanced approach to profitability and earnings distribution will contribute to the long-term financial sustainability of the oilseed-based FPO.

**Strategies for Enhancing the Financial Performance of FPOs:** To enhance the financial performance of Farmer Producer Organizations (FPOs), several targeted measures are essential based on recent findings. Improving working capital management is crucial, as liquidity issues have been identified in some FPOs [14]. This involves optimizing the management of current assets and liabilities to stabilize short-term financial health. Additionally, addressing long-term solvency is vital since many FPCs face challenges in maintaining robust solvency [15] which may require external funding and strategic investment in long-term capital. Diversifying revenue streams and optimizing cost structures can enhance profit margins and earnings per share (EPS), which currently vary among FPOs [16]. Implementing measures to reduce debt and improve capital structure is necessary for those in distress [14]. Strengthening governance, boosting member engagement and enhancing operational efficiency are key to improving overall financial performance [17]. Additionally, initiatives to increase gender inclusivity and effective leadership within FPOs can drive greater participation and efficiency [18]. By addressing these areas, FPOs can better align their financial management with operational goals and support sustainable growth in the agricultural sector.

#### 4. Conclusion

Sample FPOs in millet and oilseed clusters have average memberships of 797 and 730 individuals respectively. Gender distribution: Millet - 72.15% males, 27.85% females, 21.47% women directors; Oilseed - 60.18% males, 39.82% females, 31.11% women directors. Targeted initiatives to enhance gender inclusivity and promote female participation for effective leadership are recommended. Continuous monitoring and promotion of FPOs fully operated by women farmers can inspire gender equality and sustainability in agricultural communities. FPOs in both millet and oilseed clusters have received positive scores ranging from 65.50 to 85.13 for millet-based FPOs and 66.50 to 78.75 for oilseed-based FPOs, attributed to strong governance, compliance, member engagement, efficient operations and effective marketing strategies. While most millet-based FPOs exhibit healthy short-term finances, three face potential liquidity issues. Similarly, among oilseed-based FPOs, most fare well in the short term, but one has liquidity concerns. To ensure sustainability in both clusters, it is crucial to implement strategies aimed at optimizing financial ratios, addressing debt and focusing on profit margins and EPS.

**Limitations of the Study:** Despite the thorough analysis, the study has several limitations. The data collection period was limited to January to June 2023, which may not capture seasonal variations or long-term trends in FPO performance. While the study included balance sheets and field-level data, it did not consider other potentially relevant financial metrics or qualitative factors that might influence FPO performance. The focus on a specific crop and geographic region may limit the generalizability of the findings to other contexts or regions. Additionally, the modified tool based on GIZ (2020) may have inherent limitations, including potential biases in the structured questionnaires and the subjective nature of some response.

**Recommendations for Future Studies:** Future research should include a broader range of financial metrics and qualitative factors for a more comprehensive view of FPO performance. Expanding to diverse crops and regions would improve the generalizability of the findings. Additionally, exploring alternative tools for assessing functional performance could further validate and enhance the study's conclusions.

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## Annexure

**Table 7 Functional performance assessment**

Key Indicators		Response			
S. No	Factors	1	2	3	4
<b>Governance and Management</b>					
1	No of Board member	<=3	3-5	5-8	>8
2	Chairman involved in FPO activities	Rarely	Occasionally	Regularly	Actively
3	Appointment of the BoDs	Non-transparent	Somewhat Transparent	Moderately Transparent	Highly Transparent
4	Quality of Board member	No relevant experience	1-3 years of experience	>5 years of experience for	>5 years of experience for

		of the Members of the Board	in farming	majority of the board in farming, particularly in farming the different commodity	majority of the board in farming, particularly in farming the same commodity
5	Experience of CEO	CEO with no previous experience / relevant Education	CEO with previous non-relevant experience, but has educational background	CEO with relevant experience and educational background	CEO with 2+ years of relevant experience and educational background
6	No. of CEO worked from registration	>5	4	2-3	1
7	Geographic distribution of the members	Outside of the District	Within a District	Outside of the Block	Within a Block
8	Distance from proposed cluster center location	Very far	Somewhat far	Somewhat Close	Very Close

#### Organizational Compliances

1	FPO Document Updates for Compliance	No Regular Updates	Infrequent Updates	Periodic Updates	Regular and Timely Updates
2	Transparent in Financial Compliance	Non-transparent	Somewhat Transparent	Moderately Transparent	Highly Transparent
3	Record Maintenance	Poor Documentation	Basic Documentation	Adequate Documentation	Comprehensive Documentation
4	APMC License	Not Applied	Planning to apply	Application Under process	Have APMC License
5	FSSAI License	Not Applied	Planning to apply	Application Under process	Have FSSAI License
6	IEC Code	Not Applied	Planning to apply	Application Under process	Have IEC code
7	AGMARK License	Not Applied	Planning to apply	Application Under process	Have AGMARK License
8	FPO tied up with any Institutions for onward sale of produce	No Tie-Up	Farmer Market	Farmer Market + Contact with Supermarket's	Farmer Market + Contact with Supermarket's+ Through distribution

					channel
<b>Member Engagement</b>					
1	Number of members	<300	300-500	500-1000	>1000
2	Members participation	<30 %	30 to 50 %	50- 75 %	>75 %
3	Geographic distribution of the members	Outside of the District	Within a District	Outside of the Block	Within a Block
3	Members involvement in training and capacity building	<30 %	30 to 50 %	50- 75 %	>75 %
4	Social Groups	Includes Backward classes	Includes Most Backward Classes	Includes Scheduled caste	Includes Scheduled Tribe
<b>Business operations</b>					
1	FPO possess experience of operating in trading platforms i.e. NCDEX/ e-NAM	No such activities	Planning to operate	Applications under process	Have an experience on trading platforms
2	Type of FPO	Dealing in inputs	Dealing in inputs and on lending to members	Dealing in Inputs/lending to Members & market linkage of the output	Dealing in inputs and/or on lending to members and market linkage of the output with primary/ secondary processing/value addition
3	Geographic scope of the FPO's operations	Local	Regional	National	International
4	FPO ensure the quality of its products	Through Employee	Through Members of the FPO	Through Regular Internal Quality Audits	Certification from recognized agencies
5	Number of Business outlets	Registered office	+ Production unit	+Production unit + Sales outlets (1)	+Production unit + Sales outlets (>2)
6	Supply of farm inputs to members	Not involved in supply of inputs	On Subsidies basis	On immediate payment	On credit basis

7	Storage at FPO level	No Godowns	Linkage with govt/private Godowns	Established a storage unit	Established a cold storage unit
8	Price for the farm product	Lower than market rate	At market rate	Higher than market rate	Higher market rate as forward contract
9	Procurement of product	No Procurement	Farmer has to brought the product to FPO	Farmer has to brought the product to FPO (Transition charge will be provided by the FPO)	Procurement at farm level
10	FPO Members grow marketable Value Chain commodities	No Potential Value Chain Commodity	Limited Potential	Moderate Potential	High Potential and Demand
<b>Marketing and Financial health</b>					
1	Paid capital	<5 lacs	5-7 lacs	7-10 lacs	>10 lacs
2	Total revenue (Lakh)	< 10	10-20	21-40	> 40
3	Profit margin	< 0 %	0- 5 %	5-10 %	>10 %
4	Credit record	No credit history	Past record of delays or defaults	No record of delays or defaults	No record of delays or defaults and Ongoing loan
5	Source of finance for operations of the FPO	Paid-up capital	Paid-up capital + Subsidy from the government	Paid-up capital + Credit from Financial Institutions	Paid-up capital + Credit from Banks
6	Sales growth	< 5 %	5 to 10 %	10 to 20 %	>20 %
7	Brand awareness	20 %	20 to 40 %	50 to 60 %	> 60 %
8	Perception of consumers on FPO product	Neutral	Moderate	High	Very High
9	Sales order	Walk-in-Customer	Through Members	Established customer base	e-commerce platform
10	Marketing through	Open market	Open market +Tie-up with Potential buyers	Open market +Tie-up with Potential buyers+ Established own distribution channel	Open market +Tie-up with Potential buyers+ Established own distribution channel + E commerce