Managing sustainable transition through farmer-owned enterprises: the case of Ram Rahim Pragati Producer Company

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Abstract

Purpose – Food systems research is typically focused on productivity and efficiency. But in the face of impending challenges of climate, investment, markets, and incomes small holders may do well to shift to diversity and sufficiency. The transition requires institutions such as Farmer Producer Organisations (FPOs) to play the role of intermediaries. This paper aims to understand this challenging phenomenon using a case from India.

Design/methodology/approach – In this article, drawing from the emerging literature of PO as a sustainability transition intermediary, this paper uses the case study of a women-owned FPO and explores its role in contributing to sustainable food systems through practices of non-pesticide management of agriculture. This paper explores, through non-participant observer methods, focus group discussions and interviews with multiple stakeholders how an FPO embeds sustainability in its purpose and the challenges faced in transforming producer and consumers towards sustainable food systems.

Findings – The study argues for early articulation of the "sustainability transition intermediary" role in the FPO’s vision and mission. Second, FPOs’ role of being a transition intermediary is impacted by the key stakeholders and the durability of relationship with them.

Originality/value – By studying FPOs in India, from the framework of sustainability transitions, this article adds to the limited literature that looks at POs as sustainability transition intermediaries.

Keywords Sustainability transitions, Farmer Producer Organisations, Transition intermediaries, Governance

Paper type Research paper

1. Introduction

1.1 The need for sustainable transitions in agri and food systems
Research on sustainability transitions has risen exponentially in the past two decades albeit with a focus on energy, mobility and sustainability in urban setting (Geels, 2019; Sarasini and Linder, 2018). There is a need to extend sustainability transitions research to the global
south and particularly at agri-food systems beyond the productivity heavy “techno-centric” discourses (El Bilali, 2019). Within the agri-food systems transitions research, the need to address inclusion and equity dimensions, and governance of integrated agri-food systems, with a greater focus on low and middle-income countries, has been highlighted recently by Hebinck et al. (2021).

Changes in the environment and climatic conditions have been shown to impact the poor more than the well-to-do (Agarwal et al., 2008; Skoufias et al., 2011). They include vulnerable small and marginal land holders, women, tribal and tenant farmers, especially in areas that are rainfed. The risk of climate change and environmental degradation can impact their livelihoods significantly, as they continue to recognise that the input-intensive modes of agriculture, following the Green Revolution, come at high costs. With increasing evidence of the ecological footprint of agriculture the transition to sustainable agriculture is an imperative and yet public policies continue to favour industrial chemical agriculture even as agroecological alternatives exist (Kumar et al., 2021; Paul et al., 2023; Prasad and Dutta, 2021).

Sustainability transition literature worldwide has increased significantly in the past decade. A review of literature of published articles on sustainability transitions in India indicated that there is a missing emphasis on “agriculture” in sustainability transition studies even as research on Indian agriculture has paid little attention to the challenges in sustainability transitions. Most articles are on renewables, mobility and set in urban contexts. Literature on agricultural transition in India is almost non-existent although the research on sustainable transitions (ST) continues to grow [1] with significant focus on grand societal challenges brought about by unsustainable consumption and production patterns, institutional change, niche-level innovations, regime changes and governance and management of sustainability transitions (Köhler et al., 2019). Key concepts in sustainability transitions can be fruitfully applied to the lesser-researched dimension of managing transitions in food systems especially through producer organisations (POs).

Alternate systems of practice struggle to gain legitimacy and widespread acceptance in such regimes. Overcoming this inflexibility and the path-dependence of pre-existing institutionalised structures requires building alternate ones. The concept of a “niche”, inspired by evolutionary biology, highlights spaces of “radical innovation” in which a small group of actors supports and nurtures innovative approaches and alternate competencies to change the status quo (Geels, 2014). The idea of “socio-technical regime” highlights the social embeddedness of scientific knowledge and binds the research based on the skills and expectations of users, designers and institutional structures (Bijker et al., 1987).

Sustainability transition research needs to go beyond one-dimensional definitions of sustainability from the lens of natural resource management, i.e. the ability to function in the future without compromising on the quality of life or depleting resources (Rigby and Caceres, 1997), and explore intersectionality between ecological and climate crises, environmental degradation, growing inequality, poverty, hunger and obesity. The food and agriculture system are central to this and refer to all the artefacts and activities related to the production, processing, packaging and consumption of food, along with their socio-economic and ecological outcomes. There are three core elements of food supply chains, food environments and consumer behaviour (Kassam and Kassam, 2021). In the context of the ongoing agrarian crises, managing sustainability transitions requires institutional innovations and intermediaries that could create newer linkages in food systems (Kilelu et al., 2011). The tensions between the prevailing food regime and a growing presence of different niches of alternate food system models centred on agroecology, localisation and equitable access need greater emphasis (Holt Giménez and Shattuck, 2011). POs, a key
institution of farmer organisation in the 21st century, need to become an integral part of this transition but are often spoken of more in relation to market access, negotiation and growth rather than sustainability. In our paper, we extend the application of the concept of “Producer Organisations as transition intermediaries” (Groot-Kormelink et al., 2022) in the Indian context. We explore how salient stakeholders enable and are impacted by the POs role as transition intermediaries towards sustainable food production and consumption in India. We seek to answer the following specific questions through the case of an Indian Farmer Producer Organisation (FPO) [2]: What constitutes the classic intermediary role of FPO between its member producers and the ecosystem? What would it take for this intermediary to fulfil member needs (economic profits) even as it transits towards sustainability? And finally, what are the challenges faced by the FPOs playing the role of sustainability transition intermediaries and how can public policies be oriented towards sustainability?

1.2 Agricultural cooperatives and producer organisations as transition intermediaries
Cooperatives have been seen as tools for climate change adaptations (Agarwal et al., 2008) and as a vehicle for sustainable agriculture (Alavosius and Newsome, 2012). Such a cooperative is different from traditional farmers’ group or cooperative such that the former type of cooperative may act as means of transition towards sustainability rather than being “last mile” service providers in the conventional chemical-heavy agricultural value chain.

Scaling up of sustainability transitions involves several actors, and there is a need for balancing often competing interests and point of views (Lambin et al., 2020). Beyond the actors in civil society, market and production, the government too is an important stakeholder that may play a role in the transition towards sustainable agri-food systems that happens at various level, namely, niche-level innovations, regime-level relational structuring and restructuring and landscape-level changes in practice and policy (El Bilali, 2019; Lambin et al., 2020). The politics of transitions can “make or break the deal” for scaling up sustainability innovations at niche level due favourable or unfavourable ecosystem at regime and ecosystem levels (Grin, 2012).

Innovations in sustainability transitions have had a technological–productivity bias (El Bilali and Allahyari, 2018; Hosseinifarhangi et al., 2019). However, increasingly scholars have gone beyond technological innovations and pointed to organizational innovations and entrepreneurship as well as institution building as effective ways to create new pathways towards sustainability and effectively scale them up, though in non-food sectors (Imas et al., 2012; Miller and Le Breton-Miller, 2017; Sarasini and Linder, 2018). In the recent times, studies such as those by Kernecker et al. (2021), Mehrabi et al. (2022), VA Der Gaast et al. (2022) and Vermunt et al. (2022) have expanded the disciplinary boundaries by focusing on ST in food systems literature. While Mehrabi et al. provided a theoretical multi-level perspective of transitioning the food networks where producers and consumers interact with each other through multiple relational arrangements, Kernecker et al. provided a systems-level analysis of ecological intensification practices using three cases from around the world. Van Der Gaast et al. provide a framework for sustainable food entrepreneurship, whereas Vermunt et al. used the Dutch context to study innovations systems in the dairy industry. A notable study from the global south is done by Loconto et al. (2017).

1.3 Hybridity of alternative food networks and enterprises and challenges in managing transitions
There are a few studies that acknowledge the hybridity of alternative food networks (Chiffoleau et al., 2019) even as the actors in these networks try to create alternative economies interacting with both conventional and non-conventional actors in the food system. From a
multi-level perspective, the relationship between innovation niches and regime-level factors has been further amplified by Bui (2021) who has pointed to the importance of multiple niche innovations that impact the various components of the socio-technical system in a non-linear manner and rebalancing power relations that could lead to the redesign of local agri-food governance. The non-linear dynamics and rebalancing of power relations make the path to transitions highly complex due to uncertain present and emergent futures as the enterprise intermediates transitions towards a sustainable production and consumption over a period of time while constantly interacting with the other entities (Van Der Gaast et al., 2022).

Mignon and Kanda (2018) discussed the type of organisations that may play the role of transition intermediaries, namely, network or cluster organisations, government-funded agencies that provide resource support and project development companies or consultancies. However, in the case of agricultural and food systems transitions, an important form of organisation is the PO (Prasad and Dutta, 2021; Groot-Kormelinck et al., 2022). POs play the role of intermediaries for their members both in classic terms and in terms of sustainability transitions (Groot-Kormelinck et al., 2022). Addressing the transition needs of the members, thus, is the parameter that impacts how the PO is governed and managed. However, from a systems point of view, this involves managing the interests of several stakeholders that are part of the ecosystem.

We attempt to answer these questions through a case study of the Ram Rahim Pragati Producer Company (Ram Rahim) that is owned by federated Self-Help Groups (SHGs) of tribal women. This FPO promotes non-pesticide management (NPM) of crops and has been at the forefront of production, processing and marketing innovations aimed at promoting sustainable cultivation and consumption of food. This paper begins with a review of literature on the evolution of FPOs in India. We then review some literature that argues for POs and sustainability transition intermediaries. In the next section, we look at Ram Rahim’s and look at its intermediary roles. Next, we try to understand Ram Rahim’s role as a sustainability transition intermediary and the actors that enable such intermediation. This is followed by a discussion on these roles and the role of long-term relationships with key actors that enable an intermediation leading to a transition towards a sustainable food system. Next, we discuss the limitation of the FPO as a ST intermediary in the Indian context and conclude.

2. A brief overview of Farmer Producer Organisations in India
POs, since 2000 onwards, are replacing the older category of state-led farmer organisation and cooperatives in developing countries with a greater policy emphasis on market orientation through rural businesses or enterprises. Although the phrase “producer organisation” is common internationally, in the Indian context the more common term is FPO [3]. They are seen as institutional innovations that can help small farmers participate successfully in modern competitive markets by provisioning various services, enhance member engagement and lead to producer agency and empowerment. They have strengthened the bargaining power and raised the voice of smallholders in the policy process (Bijman, 2016; Penrose-Buckley, 2007; Pingali et al., 2019; Prasad et al., 2023a; Ton et al., 2007; Trebbin and Hassler, 2012; Singh, 2021).

In India, the thrust for large scale promotion of FPOs as business enterprises came through a legislation, that enabled the creation of enterprises that would accommodate the spirit of a cooperative with the operational flexibility of a private company. Farmer Producer Companies (FPCs) have emerged since as the dominant form of FPOs since 2003 (Singh, 2008). An estimated 22,388 FPCs have been registered all over India from 2003 until March 2022 (Prasad et al., 2023a).
Although the producer company format enables lesser governmental interference and “ease of doing business” for FPOs, this comes with greater compliance requirements posing challenges for first generation, often illiterate, farmer board of directors in remote regions. FPOs can be seen as social enterprises with hybridity of goals and operational logics, pursuing economic as well as social goals (Doherty et al., 2014).

As organisations FPOs are accountable primarily to their members who are also producers, from whom are elected the Board of Directors. With primary shareholders and directors comprising of small and marginal farmers, other stakeholders in the entrepreneurial ecosystem, such as the promoting institution, the FPO management (primarily the CEO), banks, buyers and suppliers gain prominence and can influence the decision making within the FPO. FPOs’ role in reforming the agricultural value chains has focused on their ability to enable small farmers to reach the markets directly (Trebbin, 2014) by eliminating the need for “middlemen” such as traders and commission agents. However, as is often the case these traders are integral part of the system and are probably in it for their own livelihoods unlike some of the larger corporations and retail chains (Harper, 2009). Moreover, at times the village-level staff of the formal public and private corporations mimic the behaviour of the traders and commission agents that they were supposed to replace (Kumar, 2016). Often, responsible buying partners that may be privately owned businesses, including social enterprises play the role of correcting the value chain (Singh, 2012).

3. Data and methods
This study draws from the understanding that organisations, and other actors, are embedded in specific socio-cultural contexts and builds on the strategic management as an “everyday process” where the intent of the managers and directors are enacted and realized (Jarzabkowski and Balogun, 2009). Following Eisenhardt (1989), we use inductive methods to understand the field of practice where the phenomenon being studied is of relatively recent origin and there is little in terms of theory. Case study has been chosen as the methodology of choice also given that the aim is to study dynamic phenomena in real-life context where the researcher has little control of the events (Yin, 2003). This approach allows for close collaboration between the researcher and the participants, through which participant narratives can be documented easily (Crabtree and Miller, 1999), and the rationale behind their actions can be better understood (Lather, 1992; Robottom and Hart, 1993).

Data for the study was collected through semi-structured interviews during field visits along with virtual interactions, especially during the COVID-19 pandemic. The interview questions were prepared over multiple rounds of consultation with experts from the field and academia that were part of a larger project documenting cases of FPOs throughout India (Prasad et al., 2023b). The managers’ and other stakeholders’ perspectives were also built into the narrative. Rich field data was collected through in-depth interviews with 23 key stakeholders that included members of women SHGs, the CEO of the FPO, the representatives and employees of the promoting institution and a few other stakeholders (about 10 h of recording), and participant observation was carried out in two group meetings of the FPOs and attending the FPO’s annual general body meeting.

In the analysis of POs as sustainability transition intermediaries, Groot-Kormelinck et al. (2022) identified three system-level components, namely, production, value chain and institutional support, that encompass the transition needs of the producers. A fourth component on support for capital is essential, as institutional support may not always include capital-related support. These four systems-level components roughly match the intermediaries’ roles discussed later in Section 5.1 with production needs being addressed
through production support role, value chain needs addressed by market access roles and institutional support needs by lobbying and community development roles. For ease of analysis, stakeholder identification and mapping were done using actor-oriented tools (AOT) (Biggs and Matsaert 1999, 2004; Matsaert et al., 2005). Studying an actor network helps in understanding the flow of information, knowledge, resources and values. It can also be used to understand the strength of relations between any two actors over time (Matsaert et al., 2005).

4. The Ram Rahim Pragati Producer Company

The Ram Rahim Pragati Producer Company (Ram Rahim for short), registered in 2012, is a federation of 390 SHGs of over 6000 tribal women that Samaj Pragati Sahyog (SPS) incubated and promoted in the Malwa region of the central Indian state Madhya Pradesh. After a few years of loss, Ram Rahim has been profitable year-on-year since 2015. SPS has been active in the region since 1990s and its livelihood interventions are based on the core belief of participatory approaches for resource management, ecologically sound agricultural practices and interventions based on working with women (Chhotray, 2008). Ram Rahim, with SPS, tried various business models, engaged with different stakeholders and moved in and out of certain partnerships. In the long term, decentralised aggregation along with farm-level sorting and grading using simple innovations such as spiral graders resulted in major cost reductions for the FPC and enhanced members’ earnings (Saxena et al., 2023, pp. 83–98).

Following the use of AOT, we constructed the timeline (Figure 1) to establish four phases in the lifetime of Ram Rahim.

The pre-incubation phase: From 2002 to 2012, the SHG program helped women farmers from the tribal community in the region to access formal credit. This helped the households free themselves from the trap of moneylenders and middlemen. Over time (2006 onwards), the SHGs were used to promote ecologically friendly farming techniques such as mixed-cropping, multi-cropping, and NFM of crops. An attempt to aggregate and market the surplus produce, by the SHGs, created a lot of resistance among the traders, money lenders and commission agents at the markets who filed a complaint with the government-regulated agricultural produce marketing committee that operates farmers’ markets in most states.

Figure 1.
A timeline of Ram Rahim FPC showing key events and actors

Source: Author’s artwork
throughout India, that the women were aggregating and selling farm produce illegally. Despite resistance, the SHGs and their clusters (samitis) were able to raise working capital against the stock of soybean in the warehouse (known locally as loan against warehouse receipt) and market their produce. It is important to note here that although the SHGs were registered under the state’s Societies Registration Act of 1973, women in many parts of rural India are not landowners and thus are not legally recognised as farmers and have no rights on the farm produce. The solution was to register the federation of 120 SHGs representing approximately 1,800 women, as an FPC. Thus, Ram Rahim came into being in April 2012.

The incubation phase: During 2013–15, the then CEO took advantage of the opportunity for futures trading in agricultural commodity and registered Ram Rahim with the National Commodity and Derivatives Exchange (NCDEX) (Chatterjee et al., 2019). During this period, soybean and wheat stocks were traded at the NCDEX. However, after the stored stocks of grain were traded off, speculating in the commodity market and trading was felt to be very complex in subsequent years. This prompted SPS to discourage soybean cultivation among farmers and Ram Rahim stopped procuring soybean, instead turning attention to chickpea, maize, sorghum and wheat from 2017 onwards. Ram Rahim diversified into other products and business lines during this phase that included production and sale of cattle feed, bioinputs and seed production. Entering multiple businesses was not financially viable and was draining precious resources from Ram Rahim. This led to consolidation of activities from 2015 to 2017 during and exiting from the bioinput, seed and cattle feed production lines.

The adaptation phase: In 2017, Ram Rahim entered into a strategic partnerships with Safe Harvest, an enterprise that follows a farm-to-fork model to provide food grown with NPM practices to the consumers (Anil, 2019; Khandelwal et al., 2022). Ram Rahim has since focussed its strategy around a forward contracting model that involves procuring from the members and non-members and processing and packaging produce grown with no or little pesticide, on behalf of Safe Harvest. Ram Rahim partners with other market players for getting its aggregated produce milled and processed.

Towards maturity: By 2020, Ram Rahim had reached sufficient scale to leverage the infrastructure of the Avantee Mega Food Park set up in the region 60 km from the SPS campus at Bagli. Safe Harvest invested in hermetic cocoons and plastic packaging material stamping machine and also undertakes handholding and training of Ram Rahim’s staff at the Mega Food Park [4]. Although the food park is an important stakeholder, the ultimate focus of the leadership at Ram Rahim has been efficient and cost-effective operations. Working capital through various financial and credit institutions including banks, non-banking financial companies (NBFCs) and apex regulatory bodies such as National Bank for Agriculture and Rural Development (NABARD) is being raised. Newer markets are also being explored that include the urban as well as rural SHGs being promoted by SPS by providing them groceries at competitive prices.

In roughly a decade of its existence, Ram Rahim has been able to leverage its ecosystem to make it into an organisation that has ecological and social goals at its core and remains answerable to its primary stakeholders, the women SHGs.

Figure 2 maps the key stakeholders of the FPO. The key stakeholders in the ecosystem are the farmers, the promoting institution, the processing facilities, the key buyer or the market-facing entity and the funding agencies. The market-facing entity might be integrated into the FPO or be a separate entity bound through some form of agreement. In the case of Ram Rahim, we see how this key entity relation came up over time and has remained so for over 5 years now (see Figure 2). The last critical linkage that emerges from the stakeholder map is the financial institutions such as Friends of Women’s World Banking...
In a food systems approach, an FPO is linked to several actors through which it tries to bring transition to the ways in which members and even non-members access markets, produce and sell their harvest and enhance their overall wellbeing through community development and favourable policies at local and state level. The role of classic intermediaries includes access to market, production support, lobbying for policies and community development. Some of these roles have been elucidated below in the case of Ram Rahim.

**Market access:** For more almost a decade, Ram Rahim has been engaged in innovating market access on behalf of the women who are members of the constituent SHGs. In the initial years, a lot of focus was on bypassing the middlemen such as the farm gate trader and input dealers at the village level and let SHGs and their clusters to directly sell at the farmers’ market. Later, it was understood that such an approach had its limitations, and that value addition was an important aspect. Commodity trading at NCDEX was also attempted between 2014 and 2016. Since 2017, however, Ram Rahim consolidated its activities and focused on partnering with Safe Harvest, a social enterprise selling pesticide-free foodstuff. A job work contract on behalf of Safe Harvest enabled Ram Rahim to link up with food processing enterprises and Mega Food Park for accessing infrastructure required for processing and packaging. More recently, COVID-19 provided an opportunity to the FPO to look at customers from within the SHG groups promoted by SPS.

**Production support:** The SHG women that are associated with Ram Rahim and SPS are provided extension support including access to better varieties to cultivate, preparation of crop calendars, soil and water testing services, training and capacity building exercises
towards adoption of NPM of food crops. These NPM practices are at the core of the FPO's philosophy. SPS plays a crucial role in these agri-extension services and capacity building. There are tie-ups with accredited laboratories where soil and water testing are done. The results are discussed with the farmers and SHG women in meetings at the villages on a regular basis. Ram Rahim also sells bioinputs and seeds to its members. This is enabled by Ram Rahim’s links to seed companies and bioinput dealers. Selling seeds and bioinputs also enables the FPO to maintain uniformity of produce yield and quality and ensures better prices for the women member farmers.

**Lobbying for policies:** Ram Rahim does not directly engage in lobbying and advocacy on behalf of the farmers. But this is where the role of SPS becomes critical. SPS, through its presence in various networks, is able to push for policies regarding sustainable agricultural practices. Leadership at SPS is part of several other forums where discourses on sustainable production and consumption, sustainable value addition and food processing and responsible branding and marketing are pushed for, often through social enterprises such as Safe Harvest.

**Community development:** Through better earnings at household level, and more recently through the distribution of performance-based incentives among the shareholding SHGs, Ram Rahim has been able to enhance the wellbeing of women farmers in the region and their households. Some of the visible impacts include construction of better houses, sending children to schools, enabling empowerment and negotiation skills of women at the market and more generally in the local formal and informal social institutions such as the village panchayat. Ram Rahim has also played a market correction role by significantly reducing fraudulent practices by commission agents and traders at the farmers’ market and enhancing the prices that were offered to the farmers at these markets.

### 5.1 Ram Rahim’s role in sustainability transition: balancing business with social goals

Sustainability transition intermediaries are typically characterized by operating at a variety of levels, they may emerge in a variety of manners, they may have various goals for enabling transitions and may have different normative positions to play the role of intermediaries. Kivimaa et al. (2019) elucidates five types of sustainability transition intermediaries, namely, systemic, regime-based, niche, process and user. From the case of Ram Rahim, it can be argued that FPOs emerge as sustainability intermediaries based on the stakeholders in the ecosystem and the FPO’s relationships to the latter, over a period of time. Also, most organisations, including FPOs are not one type of intermediaries or other as articulated by Kivimaa et al. But an FPO may fall into more than one category.

Looking at Ram Rahim from the lens of transition intermediary for sustainable production, we find that the FPC is acting at the actor level or niche level. The normative position of Ram Rahim reflects that of its promoting institution i.e. SPS. Thus, the vision of Ram Rahim has been to promote sustainable food production and consumption. The FPO has been on a mission to enhance livelihoods and empower women through promoting NPM food crops in the market. However, FPOs are hybrid organisation that need to balance business with their social (and environmental) goals. In the case of Ram Rahim, the transition needs of the SHG women can be mapped to the four components (see Table 1) as follows:

Production needs: The production needs of the farmers associated with Ram Rahim and SPS are linked to the needs of better seeds, inputs and better management of natural resources such as soil and water. Ram Rahim has been able to play a role in production support to enable this change for over a decade.
Value chain needs: In this case, value chain needs are linked to institutional support needs. Ram Rahim has been able to form linkages with processing enterprises, rent processing infrastructure at food parks, rent appropriate storage and warehousing infrastructure and have contracts with buyers of the farmers produce and sellers or seeds and farm input.

Institutional support needs: Ram Rahim is able to leverage its linkages with village-level governance institutions such as gram panchayat, licensing authorities for agri-input and processed food sales, laboratory for quality testing and agencies for accounting and compliance-related services.

Capital needs: Apart from the savings and credit services provided by the SHGs to their members, SPS has enabled SHG–bank linkages. The Ram Rahim FPC also enables connect to banks and non-banking financial companies for working capital requirement for operational purposes at the FPO.

Ram Rahim has been a learning organisation and has arrived at the current business model over a period of time. It experimented with various business models and its product and services mix and its partners have evolved over the past decade. Thus, the goal of Ram Rahim for causing these transitions was not predetermined. Nevertheless, it has contributed to the lives of the SHG women, their families and the farmers of the region through the classic intermediary role that it has played since before the time it was formally registered as an enterprise. However, intermediaries do not function in isolation and are part of the system (Kanda et al., 2020).

Ram Rahim emerged from the SHGs promoted by SPS over a considerably long period of time. Even before it was registered, the SHGs and their clusters had various stakeholders that were present in the ecosystem such as farmers’ market, traders, SPS and local self-governance institutions called gram panchayats. Ram Rahim interacted with these stakeholders as it found its feet as a sustainable business for the benefit of the shareholding SHGs and their households. It is due to this early interaction with stakeholders that production and value chain needs were optimized. Thus, what is critically important is the longevity of interactions with stakeholders (Kanda et al., 2020). Long-term relationship with SPS, and later with Safe Harvest built capacities and helped the FPO to reach market through value addition. The production side was also taken care of through the extension program at SPS introducing farmers to NPM agriculture, bioinputs, better seed varieties and crops that are suitable to local agroecology. As the current business model became more pronounced, institutional actors were added to enable efficient storage, testing and processing needs. The challenges of capital were taken care of by

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<tr>
<th>Role of FPOs towards sustainability transitions</th>
<th>Ram Rahim Pragati Producer Company</th>
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<tbody>
<tr>
<td>Production</td>
<td>Move towards native crops, sustainable agricultural practices (including NPM), soil health tests</td>
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<tr>
<td>Value addition</td>
<td>Agreement with Safe Harvest for a job-work model where SHG women grade, process and package the farm produce on behalf of Safe Harvest</td>
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<tr>
<td>Institutional support</td>
<td>Safe Harvest and SPS provided training and support. Helped Ram Rahim link to funding agencies (such as FWWB), testing labs and infrastructure for storage and processing</td>
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<tr>
<td>Capital support</td>
<td>Savings and credit services provided by the SHGs to their members, SPS has enabled SHG-bank linkages. The Ram Rahim FPC also enables farmers’ liaison to banks and non-banking financial companies</td>
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Table 1. Table showing Ram Rahim as a transition intermediary in various categories

Source: Author’s creation
various NBFCs and banks. NBFCs such as FWWB formed a source of durable and long working capital over several years for Ram Rahim.

6. Challenges in being a sustainability transition intermediary

Research in the Indian context shows that majority of small and marginal (also tenant and women) farmers are hard pressed to use subsidised chemical inputs on their field to produce enough for consumption and generating surplus to sell. Thus, small farmers might have little or no incentive to move towards sustainable practices of farming even as they understand the squeeze on their resources to earn a living (Paul et al., 2023). FPO is one institutional innovation that can play the role of scaling up agricultural operations through aggregation of produce and marketing by farmers collectively owning the enterprise, assets and the generated surplus. The governance and management in FPOs need considerable time to build up. Unlike the investor-owned firm, in an FPO the investor and owner are the same, with representatives in the form of the Board. The CEO, typically an outsider, may wield more power than the owners. However, FPOs only solve one-half of the problem of small and marginal farmers, if they are unable to facilitate transition towards sustainable agricultural practices.

FPOs might be limited in their role as intermediaries due to the following reasons. First, at the start of the lifecycle of the FPOs, they are among the most powerless actors in the ecosystem. They struggle to gain legitimacy among other ecosystem players. With the food policy geared towards an industrial production and consumption drawing from principles of Green Revolution, it is difficult for these nascent enterprises to pursue goals of sustainable production and consumption while being profitable for the sake of shareholder welfare. Second, FPOs face both capital and capability constraints and unlike the larger successful dairy cooperatives such as Amul they are low on resources and cannot easily get into vertical integration and value addition of products to create sufficient surplus (Mignon and Kanda, 2018). Issues of size and capacity, among others, have also been mentioned by Groot-Kormelinck et al. (2022). Third, often the structure and thus the management and governance of an FPO is very complex due to the nature of the enterprise. Since the owners and users of an FPO are often the same, governing such an enterprise is much more complex than an investor-owned firm. Moreover, pursuing hybrid goals of “profit”, “people” and “planet” is challenging due to complexities that have been recognized (Chiffoleau et al., 2019) with producers involved in alternative food networks not being free from the “bombardment” of mainstream market actors such as multinational food brands and supermarket chains (James, 2016). Actors in these networks interact with both conventional and non-conventional actors in the food system, navigating multiple actors (Mangnus and Schoonhoven-Speijer, 2020; Van Der Gaast et al., 2022). Cooperatives and farmers’ enterprises often face the paradoxical challenge of having to make do with their limited resources even as they seek to create a distinct identity for themselves, separate from mainstream commercial enterprises while also collaborating with them for market linkages.

Fourth, durability or longevity of interactions with stakeholders also is a key determinant of whether the FPO can address the producer needs for a considerable amount of time through appropriate linkages with the ecosystem actors. We find that that the issue of long durable interactions with stakeholders has not been addressed enough by existing research. Furthermore, the partners’ normative position also impacts the business of the FPO. Market partners such as Safe Harvest and funding partners such as FWWB have their vision aligned with that of Ram Rahim (promoting sustainably grown food and supporting women-led collectives and enterprises, respectively). Long-term association with such stakeholders contributes to value creation for the farmers and the FPO through critical
Sustainability in agrarian and food system has been defined variously (Rigby and Caceres, 1997) and may not always capture the context-specific complexities. Sustainability transitions involve guided shifts in the attitudes, perspectives and values of the people involved. Even with an initial acceptance of the need to change existing practices, there are significant and unexpected risks involved in undertaking new initiatives. In regimes geared towards unsustainable production systems dominated by green revolution model of production and consumption, it is difficult to introduce socio-technical changes at the regime level. However, as we have seen in the case of Ram Rahim, FPOs can be designed as effective sustainability transition intermediaries. These farmers’ enterprises can start as niche-level innovations causing transitions through processes and technologies introduced in the alternative paradigm. As their operations expand, they build local sustainable ecosystems even as they present evidence for changes to be attempted at the regime level. Related to that, the policy thrust towards sustainable farming and climate-resilient agriculture through government’s and civil society’s interest in natural, organic and other related techniques of farming, combined with management of natural resources is also catching up.

The challenges of resource use efficiency in Indian agriculture have been documented (Haque, 2006), and Shah (2022) highlighted 11 barriers that need to be dismantled and suggested an enabling policy framework that supports agroecological innovations. Individual farmers are ill-equipped to make this transition. Collective institutions such as cooperatives or FPO could potentially balance growth and financial sustainability with larger ecological concerns around food systems and environmental sustainability. The Indian FPO context is rapidly changing with more and more POs being registered, after gaining legitimacy by both the civil society, as well as the government. However, the search for financial sustainability often moves FPOs towards models that are focused on reaching agrochemical inputs, albeit of good quality, to farmers at a competitive price. This is a potential “rebound effect” in resource use as FPOs become last-mile delivery agents, and that too with higher margins, for many input companies who otherwise face difficulty in reaching smallholder farmers. With increasing evidence of the ecological costs of agriculture, are FPOs (and their ecosystem partners) working towards sustainable agriculture or are they becoming a mechanism for promoting an agricultural model based on the last-mile delivery of agrochemical inputs? Can FPOs such as Ram Rahim act as “transition intermediaries” (Groot-Kormelinck et al., 2022) for getting its members into sustainable agriculture and counter the trend of business models that enhance integration with existing agricultural value chains that serve corporate interests?

Our study provides the following learnings in the Indian context. First, FPOs as farmers’ enterprises can act as sustainability transition intermediaries provided, they have been set up with such a mandate being introduced in their vision and mission fairly early. The promoting institution’s own normative stand on sustainability plays a big role in this. Second, they do so by being part of an ecosystem of actors/stakeholders where the latter are typically more powerful and dominant. The aspect of actors being powerful is important because it impacts the manner and extent of the transitions intermediated. Third, long-term relationships with promoting institution, key market partner and key partner that help access capital are important for the role of the FPO in taking care of transition needs of the producers. Fourth, the FPOs remain niche-level intermediaries but provide valuable evidence for regime-level changes.
The food and agri-business sector are still dominated by actors that are biased towards the green revolution paradigm of food production and consumption. Also, sustainable agricultural practices are themselves part of a spectrum (Rigby and Caceres, 1997) and FPOs might be promoting several or one of them while either settling down for a particular set of practices or working towards a complete transition as visualised by the FPO’s or promoting institutions’ leadership. FPOs are business enterprises and may take-up transition towards sustainability of production and consumption over a longer time frame; however, the need for sustainability transitions should be articulated early in the enterprise’s vision (Glasbergen, 2000; Prasad et al., 2023c).

Overall, although there is evidence of promotion of organic agriculture or natural farming by FPOs through agricultural extension during the production process, rooting sustainability in FPO operation and design is still at a very early stage. FPOs have competitive advantage in promoting sustainable agriculture given their farmer base and their linkages with stakeholders with the necessary technical know-how. Embedding sustainability would need FPO boards and CEOs to rethink their business models and come up with innovations that might favour stability over scale. The decrease in input costs through sustainable agriculture, as experienced by many farmers, with costs of imported chemical fertilisers spiralling in recent years could be an important driver for this transition [5]. FPOs could indeed reposition themselves as new generation “transition intermediaries”.

Notes

1. We, however, need to qualify issues of access to many journals in developing countries that might suggest that researchers publish in non-scopus indexed articles. Also, research in policy often might come out in other forms as monographs or working papers or policy briefs, etc. that are more relevant from an action research point of view.

2. The use of FPO instead of PO is particular to the unique institutional context of agricultural cooperatives in the 21st century (Singh, 2008).

3. FPO is a broader category that includes several legal forms of collectives of farmers that could be formally registered as a cooperative society under various state governments, the new generation self-reliant cooperatives operational in a few states, a section 8 company, a public trust or a society. However, the most preferred organisational form has been the Producer Company or FPC, in the context of agriculture, under 2003 Act.


5. The Government of India is expected to spend $32 billion in fertiliser subsidy in 2022–23 up 62% from 2021–22 in Rupee terms. https://indianexpress.com/article/opinion/columns/what-india-needs-to-do-to-reduce-its-fertiliser-bill-7987006/ A significant thrust of the Government’s natural farming initiative is to save on fertilizer subsidy though FPOs currently are not seen as integral to it https://naturalfarming.niti.gov.in/.

References


Managing sustainable transition


Further reading

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