

Financial Sustainability & Strategic Governance in Women-led Farmer Producer Organizations in Emerging Markets: Evidence from Tappal Samriddhi Mahila Kisan Producer Company Limited

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Received: 06/01/2026

Accepted: 11/02/2026

Published: 23/02/2026

Abstract: Farmer Producer Organizations (FPOs) have emerged as a critical institutional mechanism to enhance the income and bargaining power of small and marginal farmers in emerging economies. However, many FPOs face challenges related to financial sustainability, governance, and strategic management. This study examines the financial performance, governance structure, and operational sustainability of a women-led FPO—Tappal Samriddhi Mahila Kisan Producer Company Limited—in Aligarh district of Uttar Pradesh, India. Using financial statement analysis, bank transaction analysis, and stakeholder interviews, the study identifies significant gaps in working capital management, cost efficiency, governance capacity, and strategic prioritization. The FPO has strong liquidity and equity structure, aspirational and resilient women leadership, and robust technical support from Transforming Rural India Foundation. Currently, the FPO faces operational losses due to weak cost controls and lack of strategic focus. The findings highlight the importance of structured financial governance, business prioritization, and institutional capacity building for sustainable growth of FPOs. The study contributes to management literature by providing empirical insights into internal governance and financial sustainability challenges in grassroots agricultural enterprises led by women farmers in emerging markets.

Keywords: *Farmer Producer Organizations, Financial Sustainability, Governance, Rural Enterprises, Women Entrepreneurship, Emerging Markets, Transforming Rural India Foundation.*

Cite this article: Dhakad, V., Soni, M., Borgohain, D., Singh, K. D. (2026). Financial Sustainability & Strategic Governance in Women-led Farmer Producer Organizations in Emerging Markets: Evidence from Tappal Samriddhi Mahila Kisan Producer Company Limited. *MRS Journal of Accounting and Business Management*, 3(2), 47-48.

Introduction

Farmer Producer Organizations (FPOs) are increasingly recognized as an effective institutional mechanism for strengthening the economic position of small and marginal farmers in emerging economies. By enabling collective procurement, aggregation, value addition, and market linkage, FPOs enhance farmers' bargaining power, reduce transaction costs, and improve income stability. In India, the Government has launched initiatives to promote over 10,000 FPOs to strengthen agricultural commercialization and rural livelihoods. Despite their strategic importance, many FPOs face structural and operational challenges that threaten their long-term sustainability. These include inadequate working capital, weak governance structures, lack of managerial capacity, and absence of strategic business planning. Financial mismanagement, inefficient asset utilization, and limited understanding of market dynamics further constrain their growth potential.

This study examines the financial sustainability and governance challenges of Tappal Samriddhi Mahila Kisan Producer Company Limited, a women-led FPO established in 2022. The organization represents over 1,000 women farmers and operates across multiple agricultural business verticals, including bio-fertilizer production, dairy processing, and agricultural input supply. While the FPO

demonstrates strong social impact and institutional potential, its financial and operational sustainability remains uncertain.

The objective of this study is to analyze the financial performance, governance structure, and strategic management practices of the FPO and identify key factors affecting its sustainability. The study also proposes strategic recommendations to improve financial viability and institutional effectiveness.

Literature Review

Existing literature highlights the critical role of governance, financial management, and strategic focus in determining the sustainability of FPOs. According to Trebbin (2014), FPOs can enhance farmers' income and market access but require strong managerial capacity and financial discipline. Singh and Paliwal (2020) emphasize that financial sustainability remains one of the biggest challenges for FPOs, particularly due to limited access to working capital and credit. Markelova et al. (2009) argue that collective enterprises in agriculture often fail due to weak governance and lack of professional management. Similarly, Kumar et al. (2018) found that inadequate financial record-keeping and lack of strategic planning reduce operational efficiency and financial viability.

Women-led enterprises, while demonstrating strong social outcomes, face additional barriers such as limited financial literacy and restricted access to institutional credit (FAO, 2011). However, studies suggest that capacity building, digital financial management, and strategic business planning significantly improve organizational sustainability (World Bank, 2020). This study contributes to the literature by providing empirical evidence on internal financial and governance constraints affecting a women-led FPO in an emerging market context.

Research Methodology

This study adopts a case study approach to analyze the financial and governance challenges of Tappal Samriddhi Mahila Kisan Producer Company Limited. Data was collected from multiple sources, including audited financial statements, bank transaction records from April 2024 to October 2025, and structured interviews with Board of Directors and stakeholders. Financial ratio analysis was conducted to assess liquidity, profitability, solvency, and operational efficiency. Bank transaction analysis was used to evaluate operational cash flows and vertical-wise financial performance. Qualitative data from stakeholder interviews was used to assess governance effectiveness, strategic clarity, and operational challenges. This mixed-method approach enables a comprehensive understanding of both financial performance and institutional governance constraints affecting organizational sustainability.

Major Findings

The financial analysis reveals a paradoxical situation. The FPO demonstrates strong liquidity and solvency, with a current ratio of 6.76 and zero debt, indicating low financial risk. However, profitability remains weak, with a net profit margin of only 2%, suggesting poor cost efficiency and operational management. Bank transaction analysis shows that operational payments exceeded operational receipts, indicating negative operational cash flow. Several business verticals, including input supply and dairy operations, were operating at losses due to high operational costs and lack of scale.

Governance analysis reveals limited financial and managerial capacity among Board members, unclear roles and responsibilities, and lack of structured financial monitoring systems. The absence of vertical-wise financial tracking and strategic prioritization resulted in inefficient resource allocation and underutilized assets. Working capital shortages further constrained operational expansion, preventing activation of key business units such as milk processing and bio-fertilizer production. Lack of strategic focus across multiple business verticals diluted financial performance and reduced organizational efficiency. These findings suggest that financial sustainability challenges are driven primarily by internal governance and strategic management gaps rather than external market constraints.

Discussion

The findings align with existing literature emphasizing the importance of governance and financial management in

cooperative and collective enterprises. Strong liquidity combined with weak profitability indicates inefficient resource utilization and lack of financial discipline. The absence of structured financial management systems increases the risk of financial leakage and reduces transparency. Weak governance capacity limits strategic decision-making and reduces operational efficiency. Strategic prioritization of profitable business verticals, digital financial management systems, and institutional capacity building can significantly improve financial performance and sustainability. The case highlights that institutional sustainability depends not only on financial capital but also on governance capacity, strategic clarity, and managerial competence.

Conclusion

This study highlights key financial and governance challenges affecting the sustainability of a women-led Farmer Producer Organization, while also recognizing its strong equity base, grassroots ownership, and significant potential for long-term growth. Although gaps in financial management, strategic focus, and governance capacity currently constrain financial sustainability, these challenges present important opportunities for institutional strengthening and organizational transformation. Strengthening financial governance systems, implementing structured and market-oriented business planning, prioritizing high-potential and profitable business units, and building managerial and leadership capacity will be critical for enhancing overall performance and resilience. Importantly, the continued technical guidance, capacity building, and institutional support provided by Transforming Rural India Foundation have played a crucial role in strengthening governance practices, improving operational systems, and enabling the FPO to move towards greater financial sustainability and professionalization.

This study contributes to management research by offering empirical insights into sustainability challenges and growth pathways in grassroots agricultural enterprises. The findings provide valuable implications for policymakers, development practitioners, and management professionals working to strengthen women-led and community-based producer organizations. Future research should focus on comparative analysis across multiple FPOs to identify scalable governance frameworks and financial management models that can accelerate sustainable rural enterprise development and enhance farmer prosperity.

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