



Farmers Producer Organization and Their Contribution to Agriculture in India

(*Mitesh Makwana¹, Sanju Singh², Mangesh Soni³, Dheerendra Mahor³ and S.K. Arsia³)

¹Department of Entomology, RVSKVV, Gwalior (MP)

²Department of Agriculture, District Fatehpur, Government of Uttar Pradesh

³B.M. College of Agriculture, Khandwa (M.P.)

*Corresponding Author's email: sanjusingh3132@gmail.com

A Farmer Producer Organization (FPO) is a collective unit formed by farmers, typically small and marginal ones, who voluntarily come together to form a group or organization. Farmer Producer Organization (FPOs) is one type of Producers Organization where the members of the organization are the farmers. These are also known as farmers' producer companies (FPC). It is a legal authority formed by primary producers that are farmers, milk producers, fishermen, weavers, rural artisans, craftsmen, etc. Producer Organization is a generic name for an organization of producers of any produce, e.g., agricultural, non-farm products, artisan products, etc. It is an organization of farmer-producers that provide support to small farmers with end-to-end services covering almost all aspects of cultivation from inputs, technical services to processing and marketing. The primary purpose of establishing an FPO is to pool resources, both human and capital, to collectively undertake various agricultural activities. These activities can include production, harvesting, processing, marketing, and selling of agricultural products. Its aim to empower farmers by providing them with a unified platform that enhances their bargaining power in the market, improves access to inputs, technology, and credit facilities, and enables them to share knowledge and best practices. They play a significant role in the agricultural landscape of India. They play a crucial role in empowering small and marginal farmers, enhancing their livelihoods, and promoting inclusive and sustainable agricultural development in India. A Producer Organization can be a producer company, a cooperative society or any other legal form which provides for sharing of profits or benefits among the members. In some forms of producer companies, institutions of primary producers can also become members of PO. These are basically the hybrids of cooperatives and private companies. But their day-by-day functioning and business models resemble those of the professionally-run private companies.

Keyword: Marketing, Value Addition and Processing, Producer, Extension service, Small and marginal farmers.

Concept of Farmer Producer Organization

The concept behind Farmer Producer Organizations is that farmers, who are the producers of agricultural products, can form groups and register themselves under the Indian Companies Act. To facilitate this process, the Small Farmers' Agribusiness Consortium (SFAC) was mandated by the Department of Agriculture and Cooperation, Ministry of Agriculture, Govt. of India, to support the State Governments in the formation of Farmer Producer Organizations (FPOs). The aim is to enhance farmers' competitiveness and increase their advantage in emerging market opportunities. The FPO's major operations will include the

supply of seed, fertilizer and machinery, market linkages, training and networking and financial and technical advice.

Functions and Characteristics of Farmer Producer Organizations

1. **Collective Bargaining Power:** FPOs enable farmers to collectively bargain for better prices for their produce, reducing dependency on middlemen and ensuring fair returns.
2. **Aggregation of Produce:** They aggregate farm produce from individual farmers, which allows for economies of scale in production, processing, and marketing.
3. **Access to Inputs and Services:** FPOs facilitate access to quality agricultural inputs, modern farming techniques, technology, and extension services, which may not be readily available to individual farmers.
4. **Value Addition and Processing:** Many FPOs engage in value addition and processing of agricultural produce, such as grading, packaging, and processing, which enhances the market value of the products.
5. **Market Linkage:** FPOs establish direct links between farmers and markets, helping farmers to access markets, negotiate better prices, and reach consumers more efficiently.
6. **Capacity Building and Training:** They organize training programs, workshops, and educational sessions to enhance the skills and knowledge of farmers in modern agricultural practices, sustainable farming methods, and market dynamics.
7. **Risk Mitigation:** FPOs often work towards implementing crop diversification strategies and advocating for crop insurance, thereby reducing risks associated with crop failure and market fluctuations.
8. **Access to Finance:** These organizations facilitate access to credit and financial services by establishing linkages with banks, financial institutions, and government schemes.
9. **Policy Advocacy:** FPOs represent the interests of farmers and advocate for policy reforms and interventions that benefit farmers at local, regional, and national levels.
10. **Promotion of Sustainable Agriculture:** Many FPOs promote and adopt eco-friendly and sustainable agricultural practices, contributing to environmental conservation.

Contribution of Farmers Producer Organizations to Agriculture in India

1. **Enhanced Market Access:** FPOs facilitate better market access for farmers by aggregating their produce and negotiating better prices with buyers, processors, and retailers. By bypassing intermediaries, farmers often receive higher returns for their produce.
2. **Economies of Scale:** Through collective action, FPOs enable farmers to access resources, technology, credit, and inputs at a lower cost due to bulk purchasing and collective bargaining.
3. **Value Addition and Processing:** FPOs often establish processing units or facilities for value addition to agricultural produce. This not only adds value to the products but also generates employment opportunities in rural areas.
4. **Improved Knowledge and Skills:** FPOs provide a platform for farmers to access training, information, and knowledge on modern agricultural practices, technology adoption, and market trends, thereby enhancing their skills and efficiency.
5. **Risk Mitigation:** FPOs promote crop diversification and help farmers adopt better risk mitigation strategies, reducing dependency on a single crop and providing support during times of crop failure or market fluctuations.
6. **Policy Advocacy:** These organizations advocate for farmers' rights and represent their interests at various levels, influencing policies related to agriculture, marketing, and rural development.
7. **Access to Finance:** FPOs facilitate easier access to institutional credit and finance for farmers, reducing their dependency on informal credit sources with high-interest rates.

Important key points of FPOs

1. Farmers Producers Organizations will be formed and promoted through Cluster-Based Business Organizations (CBBOs) engaged at the State/Cluster level by implementing agencies.
2. FPOs will be promoted under “One District One Product” cluster to promote specialization and better processing, marketing, branding & export by FPOs.
3. Initially, the minimum number of members in FPO will be 300 in plain areas and 100 in North East & hilly areas.
4. There will be a National Project Management Agency (NPMA) at SFAC for providing overall project guidance, data compilation, and maintenance through integrated portal and Information management and monitoring.
5. Adequate training and handholding will be provided to FPOs. CBBOs will provide initial training.
6. Priority will be given for the formation of FPOs in aspirational districts with at least one FPO in each block of aspirational districts.

Conclusion

Farmer Producer Organizations (FPOs) stand as a pivotal force in transforming India's agricultural landscape by fostering collective action among small and marginal farmers. These entities serve as a means to empower farmers by providing them with a unified platform that amplifies their bargaining power, enhances access to resources and markets, and promotes sustainable agricultural practices as well as FPOs act as catalysts for capacity building, offering training and support in modern agricultural techniques, technological advancements, and market insights. They contribute to the economic upliftment of farmers, promoting inclusivity and addressing rural livelihood challenges.

References

1. Small Farmers, Agri.-Business Consortium, Society promoted by Department of Agriculture and Farmers Welfare, Ministry of Agriculture and Farmers Welfare, Govt. of India.
2. Reports by NITI Aayog (2015). Role and impact of FPOs in agriculture, Ministry of Agriculture & Farmers Welfare, govt. of India.
3. Reports from reputable media outlets like The Hindu, Economic Times, and Down to Earth often cover success stories, challenges, and policy-related developments concerning FPOs in agriculture.
4. Assam Small Farmers Agri Business Consortium (ASFAC), Govt. of Assam, India
5. Centre for Innovation in Science and Social Action (CISSA), Kerala, India.