



## Need and Objectives of Farmers Producer Organization (FPO)

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### What is Producer Organization (PO)?

- A Producer Organization (PO) is a legal entity formed by primary producers, viz. farmers, milk producers, fishermen, weavers, rural artisans, craftsmen.
- A PO can be a producer company, a cooperative society or any other legal form which provides for sharing of profits/benefits among the members. In some forms like producer companies, institutions of primary producers can also become member of Producer Organization.

### What is a “Farmers Producer Organization” (FPO)?

- It is one type of Producer Organization where the members are farmers.
- Small Farmers' Agribusiness Consortium (SFAC) is providing support for promotion of FPOs. Producer Organization is a generic name for an organization of producers of any produce, e.g. agricultural, non-farm products, artisan products, etc.
- **Need of FPO:-**
- Indian agriculture is predominantly characterised by large number of dispersed and fragmented small holdings.
- Around 85% of the farmers are small and marginal.
- Being unorganised, these farmers are unable to realize good value for their produce.
- The Department of Agriculture, Cooperation & Farmers' Welfare (DAC&FW), Ministry of Agriculture, Government of India launched a pilot programme for promoting Farmer Producer Organisations (FPOs) during 2011-12.
- This Pilot programme implemented by SFAC, NABARD etc., indicate that the problems encountered by the small and marginal farmers can be mitigated to a large extent by organising Farmers Producer Organizations (FPOs).
- Forming a Farmers Producer Organizations (FPOs) can also provide the farmers access to timely and adequate credit and provide linkages to markets.
- The pilot programme involved the mobilization of approximately 2.50 lakh farmers into 250 FPOs (each with an average membership of 1000 farmers) across the country,
- The pilot programme has already shown encouraging results and more than 3 lakh farmers have been mobilized into village-level Farmer Interest Groups (FIGs), which have been federated into registered FPOs.
- On 31.10.2019, against a target of 8.85 lakh farmers to be mobilized, 8.28 lakh small and marginal farmers have been identified and aggregated into 822 FPOs and have been registered while 80 are under the process of registration.
- In the Union budget of 2019-20, the Government of India has declared its intention to promote 10,000 FPOs in the next 5 years so as to ensure economies of scale for farmers in the country.

## Objectives

1. To mobilize small and marginal farmers to evolve 10,000 FPOs across the country.
2. To channel inputs on good agricultural practices for enhanced production and productivity at the farm level.
3. To sustainably build the capacity of such FPOs so as to help them evolve as strong rural self – governance platforms for farmers even while giving them increased bargaining strength.
4. To ensure better access to quality inputs and services as well as markets to FPOs for intensive agriculture and value-added processing.

## FPO Management Cost

- From the year of formation to three years : up to maximum of Rs. 18 lakh / FPO
- Salary:
  - CEO/Manager (maximum up to Rs.25000/month) with annual increment up to 5%
  - Accountant (maximum up to Rs. 10000/month) with annual increment up to 5%
- One time registration cost (one time up to maximum : Rs. 40000 or actual whichever is lower);
- Office rent (maximum up to Rs 48,000/year
- Utility charges (electricity and telephone charges of office of FPO maximum up to Rs. 12000/year
- One-time cost for minor equipment, including furniture and other heads like office Rent, travel, cleaning, etc. Rs. 1,00,000
- Overall ceiling of assistance: Rs. 18 lakhs per FPOs in 3 years
- Travel and Meeting cost: Maximum up to Rs.18,000/year
- Misc. (cleaning, stationery etc.): Maximum up to Rs. 12,000/year
- Any expenditure of operations, management, working capital requirement and infrastructure development etc., over and above this, will be met by the FPOs from their financial resources.
- FPO being organization of farmers, it does not become feasible for FPO itself to professionally administer its activities and day to day business, therefore, FPO requires some professionally equipped Manager/CEO to administer its activities and day to day business with a sole objective to make FPO economically sustainable and farmers' benefiting agrienterprise.

## Challenges faced in the promotion of FPOs

- Difficulty and delay in mobilization of farmers
- Limited organizational and management capacity of FPOs
- Need for incubation and handholding support to FPOs
- Membership base of FPO:
- The limited capacity of FPOs to raise necessary equity
- Policy level challenges
- Limited capability to autonomously invest in primary/ secondary processing, storage and custom hiring facilities
- Inability of FPOs to access institutional credit sans collateral.

## Present scenario of FPOs in the country

- ❑ SFAC has been designated by the Department of Agriculture, Cooperation & Farmers' Welfare, and Ministry of Agriculture & Farmers' Welfare as the nodal agency for promoting FPOs across the country.
- ❑ FPOs are being promoted in the country under various schemes and programmes of the Central government, State government, and other agencies since 2011.

- ❑ Presently, around 5000 FPOs are in existence in the country. These were formed under various initiatives of the Govt. of India (including SFAC), State Governments, NABARD, as well as other organizations over the last 8-10 years. (MANAGE Report, 2019)
- ❑ In Rajasthan Presently 114 FPOs are running.

### References

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