

FPO And Their Success Stories in India

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Abstract

Farmer Producer Organizations (FPOs) have emerged as an effective institutional mechanism to enhance farmers' income, strengthen collective action, and promote sustainable agricultural development in India. FPOs aim to organize small and marginal farmers into groups to improve their bargaining power, reduce input costs, facilitate access to credit, technology, and markets, and minimize exploitation by intermediaries. Through collective procurement of inputs, value addition, processing, and direct market linkage, FPOs help farmers achieve economies of scale and better price realization. Moreover, FPOs play a crucial role in capacity building, entrepreneurship development, and adoption of improved agricultural practices. Despite their significant potential, FPOs face several challenges such as inadequate managerial skills, limited financial resources, weak market linkages, and lack of awareness among farmers. Strengthening policy support, capacity building, and institutional convergence is essential to ensure the long-term sustainability and effectiveness of FPOs in improving farmers' livelihoods and rural economic growth.

Key words- Farmer Producer Organization (FPO), Small and Marginal Farmers, Value Chain Development, Capacity Building

Introduction

FPOs are legal entities owned and managed by farmers, including cultivators, dairy producers, fishers, and plantation owners. FPOs started evolving in early 2000s as structured farmer co-operatives to help smallholders in marketing, procurement, and sale of produce. The first FPO / producer company initiatives were pilot producer organizations like Farmers Honey Bee India Producer Company Ltd around 2004. As of February 2025, 10,000 FPOs have been successfully formed under the central scheme. These connect about 30 lakh farmers nationally, with roughly 40% women participation.

Purpose and Function-

FPOs aim to improve farm income through better price realization, enhanced bargaining power, access to professional management, and reduced transaction costs. They provide end-to-end services and support to small farmers, covering marketing, technical services, processing, and other aspects of cultivation inputs.

Legal Form and registration-

FPOs can be registered as companies (under the Companies Act 2013), cooperative societies

(under the Multi-state Cooperative Societies Act), or mutually aided cooperative societies.

To register a Farmer Producer organization in India, Need the following documents: -

PAN cards-Copy of PAN cards for all directors and members.

Photographs- Four photographs of each director and member.

Identity proof-Proof of identity for all directors and members, such as an Aadhar card, passport, or driving license.

Address proof-Proof of address for all directors and members, such as a bank statement or utility bill.

Producer proof- Proof of being a producer, such as a certificate from the local agricultural officer.

Registered address proof-Proof of the registered office address.

Digital signature certificate (DSC) and Bank account-A DSC is required for all directors and shareholders.

SUCCESS STORIES-

SEEDS FPC limited-SEEDS Farmers Producer Company Limited was incorporated on 18 December 2014 in Virudhunagar district in the state of Tamil Nadu.

This FPO is promoted by NABARD having a total membership of over 5400 farmer members from 117 villages spread over 8 Gram Panchayats in 4 Blocks of district Virudhunagar. SEEDS Producer Company Limited started the business with a paid-up capital of Rs.1.00 lakh and 189 members. Paid-up capital has gone up to Rs. 47.15 lakhs and member strength to 5439 during 2019-20. Current member strength includes 95% of women members.

Dharchana Farmer Producer Company Limited (Haryana)

This FPO has empowered over 500 farmers, with 90% being women, by facilitating the aggregation, procurement, value addition, processing, and marketing of oilseeds. Members benefit from assured procurement and have adopted modern cultivation practices, leading to increased productivity.

By eliminating intermediaries, members earn an additional ₹200 per quintal, saving on mandi charges and transportation costs. In the fiscal year 2023, the FPO achieved a turnover of ₹58.8 lakh and a profit of ₹50,000. Their brand 'Satvik' is gaining market recognition.

Sami Vistar Farmers Producer Company (Gujarat)

Mentored by Reliance Foundation, this FPO from Patan, Gujarat, was honored in the 'Market Linkages' category at the CII FPO Excellence Award 2024. The organization focuses on procurement, quality control, and value addition of crops like Bengal gram, castor, and cumin.

Conclusion

Farmer Producer Organizations play a vital role in empowering small and marginal farmers through collective action. They improve access to inputs, credit, technology, and markets while enhancing farmers' bargaining power. FPOs support value addition, reduce production costs, and ensure better price realization for farm produce. Despite challenges related to management and finance, policy and institutional support can strengthen FPOs.

Overall, FPOs contribute significantly to sustainable agriculture, rural livelihoods, and inclusive growth.

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