



FPO- A genuine effort to aid small and marginal farmers

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Introduction

Agriculture is correctly regarded as the backbone of the Indian economy, accounting for 13.7% of GDP and employing 58% of the workforce. During the previous five decades, As a result of the Green Revolution, food grain production has increased significantly by a factor of four. The production trajectory has projected a remarkable level of self-sufficiency by the end of 2018, up from a low 51 million tonnes in 1950-1951. This demonstrates unequivocally that Indian farmers are excellent producers.

Although the output of agriculture has increased, the income of farmers has not increased. The availability of agricultural land per person is one of the major problems facing Indian agriculture in the contemporary environment. (Due to increased land holding fragmentation), Urbanisation and industrialization's rising need for land for non-agricultural uses, the breakdown of nuclear families, the depletion of natural resources, and youth disinterest in Indian agriculture are all contributing factors., i.e. Over 40% of young people in rural areas want to stop farming.

In India Smallholders i.e., small and marginal farmers control the majority of the agricultural land; they possess almost 86.2% of all operational landholdings and cultivate 47.3% of the nation's total land (Agriculture Census 2015-16). Due to their size, small farms have a restricted ability to invest and less access to essential inputs including high-quality seeds, fertiliser, irrigation water, power, and institutional loans. The majority of farms lack access to the consumer market, forcing them to sell their



produce to the many middlemen that do business in rural areas. Due to their decreased profit margin, farming is typically an unprofitable endeavour.

According to a growing body of research, smallholders who participate in marketplaces can significantly enhance their income from agriculture and related industries. As a result, connecting the market has become more of a priority of development than improving output. Farmers can be organised for collective action as one of the potential alternatives to effective marketing. To take advantage of economies of scale, group marketing and input coordination should be coordinated. Keeping these things in mind, it is extremely important to mobilise farmers into "Farmer's organizations (FOs) for group activities."

Concept of Farmer's producer organizations (FPO)

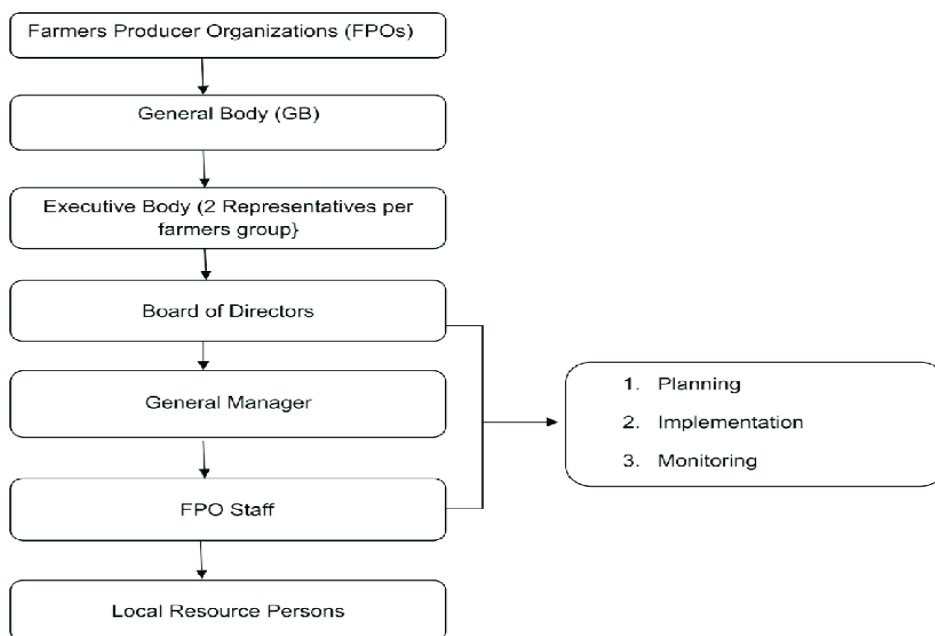
Farmers' organizations are made up of several rural producers who gather together to form an association to further a variety of common concerns. In addition to maintaining positive relationships with partners who operate in their institutional and economic environment, they provide technical support, economic activities and input services which benefit members.

Large cooperatives, PACS, SHGs, Federation of SHGs, CIGs, Joint Liability groups, FCs, and PCs are only a few examples of the several types of community organizations that fall under the umbrella term "Producers Organization."

Benefits of Farmers producers' organizations (FPOs)

- Producer organization helps in reducing the cost of production and marketing.
- It helps the farmers by attracting traders to collect produce at the farm gate
- It benefits farmers by providing access to cutting-edge technology, promoting capacity development, facilitating extension and training on production techniques, and guaranteeing the traceability of agricultural products.
- It helps the farmers by minimizing post-harvest losses.
- It helps the farmers by supplying farm inputs regularly.
- It helps the farmers by disseminating information about price, volume and other farming-related advisories
- It helps in improving bargaining power and social capital building.

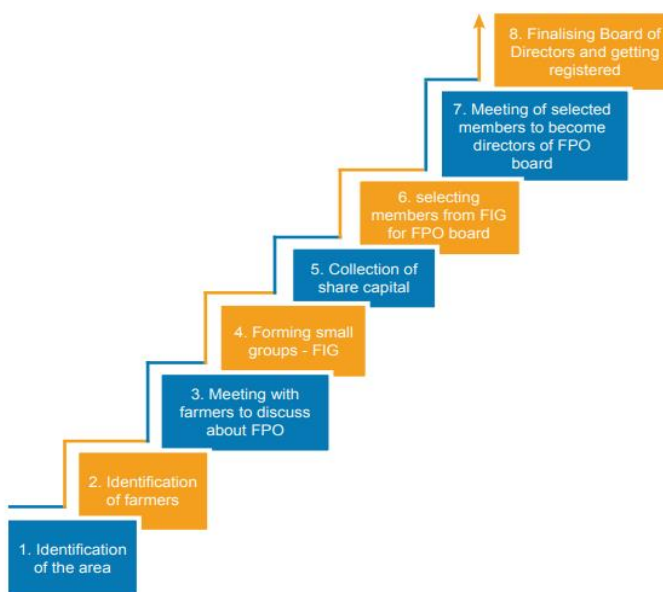
Structure of Farmer producers' organization (FPO)



Structure of Farmers Producer Organization (Source: Policy & Process Guidelines for Farmer Producer Organizations, 2013)

The Producer Organisation Promoting Institution (POPI) receives financial and/or technical support from NABARD, SFAC, government departments, corporations, and domestic and international aid organisations to promote and assist the PO.

Steps to Form FPO





Initiatives taken by Govt. of India:

1. Central Sector Scheme of “Formation and Promotion of 10,000 new Farmer Producer Organizations (FPOs)”:

The Government of India (GOI) has unveiled a brand-new centrally supported programme to boost the revenue of small and marginal farmers and their marketing connections. A budget of Rs 6865 crore has been set aside for the establishment and promotion of 10,000 new FPOs nationally with a clear plan, allotted funds, and resources.

2. The Credit Guarantee Fund Scheme-

To offer Eligible Lending Institutions with Credit Guarantee Cover and to allow FPC to obtain a loan without submitting collateral by providing a credit guarantee.

3. Equity Grant Fund Scheme:

It aids in boosting FPCs' viability and sustainability; improving their creditworthiness; and increasing members' shareholdings to strengthen their ownership and involvement in their FPC.

4. Scheme for Creation of Backward and Forward Linkages:

The scheme provides effective and seamless backwards and forward linkage for the processed food industry by eliminating the gaps in the supply chain's ties to the market and the availability of raw materials.

Conclusion

The farmer's interest won't be able to be maintained by conventional agriculture. As a result, if agriculture is to survive, we must look at ways to boost its profitability (the amount of money earned per unit of time and land), as well as to create more jobs. To organise small and marginal farmers, Farmer Producer Organisation appears to be a crucial institutional tool. Farmer Producer Organisations (FPOs) serve as a conduit between the government and farmers to work towards a common objective: elevating Indian agriculture to the top of the world market. Agriculture will only succeed in the fiercely competitive world of today if it changes from a culture (a way of life) to a dynamic agribusiness organisation.

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