

A Literature Review Study of the Farmers Producer Organizations (FPOs)

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ABSTRACT

Purpose: With the object of ensuring better income for the producers through their own organization is the main motto behind the establishment of Farmer Producers Organizations (FPO). Due to small size of operations, at national as well as state level, the farming community faces a lot of difficulties and hindrances. These farmers are not able to work on economies of scale, they are having lack of information, low level of knowledge, lack of ability in market access, lack of ability in accessing inputs and credits at subsidised rates, low marketable surplus, having low bargaining power etc. **Findings:** In order to address these issue the Farmers Producer Organizations are set up. So that small and marginal farmers can be organized in a group and the produces of entire group members are aggregated, and collectively these aggregated products are sold and new inputs are bought. Despite efforts, as they are affected by many challenges and issues, expected outcomes are not delivered by Farmers Producing Organizations. **Methodology:** In this literature review study an effort is made regarding understanding about the farmer producer organizations, their functioning and understanding about the challenges they are facing. **Implication:** With a better understanding about the Farmer Producer Organizations, their functioning and challenges and issues faced by them, the challenges can be overcome effectively, the FPOs can achieve the benefits of economies of scale, their profit margins can be improved and inputs can be bought at competitive prices by them which will ultimately be beneficial for small and marginal farmers. **Originality:** This research paper is original work of author conducted for understanding about the farmer producer organizations, their functioning and understanding about the challenges they are facing. All the reference are duly cited by the author.

Keywords: Farmer Producer Organizations (FPO), Small Farmers, Marginal Farmers, Challenges and Issues.

INTRODUCTION:

As per State Agriculture Census 2015-16, about 15.2 Million farmers are actually engaged in agriculture, out of which about 12 Million farmers are marginal and small farmers having below 2 hectares holdings. Cited by (Anoop Kumar, 2019)

In the 90s after India adopting the policy of privatization and liberalisation, the state withdrew from the policies of productive and economic functions. (Sen, Abhijit & Jayati Ghosh, 2017) This resulted in the decrease in the welfare and wellbeing of the farmers. So a significant gap in relation to wellbeing of farmers was created. In between the conditions of marginal and small farmers has worsened as in the year 2010-11 they were 84.9 percent and increased to 86.2 percent in 2015-16. In same manner, average size of land holding which in 2010-11 was 1.15 hectares declined in 2015-16 to 1.08 hectares. (Bera, Sayantan, 2018)

These marginal and small farmers are un-organized, hence do not know the real value of their produce, not having enough finance for buying inputs, good quality fertilizers, pesticides and seeds, unaware of market knowledge and marketing skills.

In this literature review study an effort is made regarding understanding about the farmer producer organizations, their functioning and understanding about the challenges they are facing.

REVIEW OF LITERATURE:**Doubling Income of Farmers through FPO (Farmer Producer Organisation):**

The concept of Farmer Producer Organisations formation have the basis on the idea that farmers producing farm products may form groups and register that under the Indian Companies Act. The Department of Agriculture and Cooperation, under Government of India's, Ministry of Agriculture, has assigned the SFAC (Small Farmers' Agribusiness Consortium) to help the state governments in the establishment of FPOs (Farmer Producer Organisations). (*Government of India*).

The aim is to improving the competitiveness of farmers and pushing them for newer opportunities in market. In answer to the problems faced by small and marginal farmers many types of initiatives are taken. One of the important initiative is helping these farmers being able to take collective action. Farm co-operatives which were from a long period been a common form of farmer collective. But, it has many limitations restricting collective actions effectively. India's Prime Minister, under the NITI Aayog, accentuated on doubling the income of the farmer by 2022. NITI Aayog stated about addressing the five issues for improving the livelihood of the farmers. Goal were set for a focus on land titles and leasing, farmers must get remunerative prices, risk mitigation and adaptation, enhanced productivity and lastly eastern region is to be focused geographically. (*Chandrasekhar, S. & Nirupam Mehrotra, 2016*)

Farm Producer Organization:

A formal rural organization formed and members are gathered with the aim of enhancing farm profits by way of betterment in marketing, production and processing at local level is a Farm Producer Organization. Such organizations are dealing with the policies relevant to farm production practices, export, import and pricing of farm products, services and inputs accessibility, credit facilities to agriculture, farm marketing and farm product's better marketing and processing at local level. (*Rondot, Pierre & Marie-Hélène Collion, 2001*)

Types of Farm Producer Organisation (FPO):

A Farm Producer Organisation may be constituted in any of the following forms.

- As a Trust
- As a Co-operative society
- As a Non-profit society
- As a Producer company
- As a Section 8 company

Need For Farmer Producer Organizations:

About 86 percent farmers consist of marginal and small farmers having their average land holdings less than 1.1 hectares. These marginal and small farmers face many problems related to marketing of their produce because they have very poor economic strength. In addition, they are having difficulties for farm production also. Related with quality of seed, technological accessibility, quality of pesticides and fertilizers and need of finance.

Formation of FPOs, due to aggregation help these marginal and small farmers by providing them collective strength for facing and solving problems. FPO members manage their activities collectively in the organization. (*Government of India, Ministry of Agriculture and Farmers' Welfare Farmer Producer Organisations (FPOs) , 2021*)

According to research by Trebbin and Hassler, the government of India is mostly inclined in promoting private entrepreneurial farm activities, but also tries to boost assembling of primary farmers and linking with corporate customers. The development of groups of farmers in market directed and corporate form of organizations is to be investigated by the lens of producer enterprises. It is an equipment for small farmers for organizing them and gaining the advantages of collective actions and also link to develop valuable markets in India towns. (*Trebbin A & Hassler M., 2012*)

Research by Trebbin, emphasised that producer firms in India have a great potential of becoming chunk of new retailer supply chains, but very few firms have reached up to that. A pertinent language may be added in the law of producer firm after testing in the ground. Simultaneously food retail laws in India may in future have a pre-requisite that a particular quantity of fruit must be obtained from farmer cooperatives. (*Trebbin, Anika , 2014*)

This research by Harrington, speaks about the educating industrial strategies and policies, helping to develop

the young, growing and grown FPOs and also traditional-digital FPO capacities in particular geographical circumstances. (Harrington, Tomás Seosamh, & Jagjit Singh Srail, 2019)

Advantages of Farmer Producer Organizations:

FPOs are beneficial to its members in following ways -

1. Providing better market knowledge
2. Providing opportunities of betterment of income
3. Enabling to be integrated vertically
4. Development of buyer and market relationship
5. Ensuring accessibility to market
6. Opportunities for benefits of economies of scale

Financial Aspects of Farmer Producer Organizations:

In this research work financed community based farm projects with social inclination and commercial plan was studied. Organizations want to accept for the sponsoring producer organizations, the hurdles remain to be considered. One very old sponsor of farm projects all over Africa, Latin America, Eastern Europe and Central Asia is Oiko Credit. (Chauhan S & Murray E., 2019)

In this study the author elaborated about some concerns, the SFAC makes provision for agenda and finance, implementing work is administered by Civil Society Organizations (CSOs). Producer Organizations Development Fund (PODF) is an important project of NABARD, funds qualified producer Companies up to 50 crores, collaterally by holding company's assets. This is a limitation for newly started companies and firms who are not having assets. (Joglekar, Abha, 2016)

Obstacles & Challenges before Farmer Producer Organizations:

The following are some of the obstacles, challenges and issues faced by the Farmer Producer Organizations (FPOs):

1. Distances form the market
2. Lack of storage facilities or warehouse
3. Members not contributing properly
4. Problems of getting appropriate and timely finance
5. Lack of owned office building
6. Lack of transporting vehicle
7. Lack of technology and upgradation

Farmer Producer Organizations; Scenario at National Level:

The Central Government has initiated Central Sector Scheme of promoting and forming of 10,000 Farmer Producer Organizations and for which sanctioned a budget of 6865 crores of rupees, with object to form and promote 10,000 new FPOs upto 2027-28. Under the scheme the basis of formatting and promoting FPO will be specialised commodity based and Produce Cluster Area approach. In cluster based approach, FPO formation focus will be on "One District One Product" for developing product specialisation. In start, one block will get one FPO. Till now, Organizations implementing the scheme got assigned totally 4465 fresh FPOs produce cluster for forming FPOs and about 632 FPOs got registered. (Ministry of Agriculture & Farmers Welfare, 2021)

Up to March end of the year 2020, country has about 4959 number of FPOs totally. Many unregistered FPOs are also there in the country also some FPOs are under the process of registering. Promotion of FPOs are done by SFAC (Small Farmers Agribusiness Consortium) and financed by NABARD (National Bank for Agriculture and Rural Development). Technical support to FPOs for the first year is given by POPIs (Producer Organization Promoting Institutions). After one year, the system management is entrusted to management committee of FPO. As state level data is discussed, Maharashtra at 1950 FPOs have highest number, at second is UP with 654 FPO, at third is Haryana with 257 FPOs then Tamil Nadu with 241 FPOs in their states. (Rashtrapal BR, Mathur A, & Beniwal A, 2022)

CONCLUSION:

The majority of FPOs are promoted by Produce Fund of NABARD and World Bank Scheme. The

organizations and NGOs working in the field must educate rural masses about the advantages of FPOs and work for their promotion. In the research conducted by Singh and Pordhiya, the authors pointed out the concerns of large number of farmers about low farm revenue, low resource use efficiency and declining productivity level of farms. The authors conducted the research for examining the socio-psychological and socio-economic features of members of FPO from 4 districts of Madhya Pradesh by collecting 240 responses. FPOs (Farmer producer Organizations) mainly are working on the formulae of collective action and economies of scale and these FPOs have emerged as a shining ray of hope for solution to many challenges and issues faced by the FPOs. (Singh, Deepa, et al., 2018)

For enhancing the crop production profit margins, FPOs should collect knowledge and information about mixed cropping system and related farm practices. There are variations in turnover of FPOs. The FPOs have high turnover financially, can develop itself for automation and technology adoption. Automation and advance technology adoption in the field for packaging and processing value addition will increase the value of the product. Ultimately this effort will turn into earning more profits and improving and upgrading the livelihood of members. Additionally, schemes for betterment will help in providing financial aid and loans for building and improving FPOs and for expenditures of projects.

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CONFLICTS OF INTEREST:

This is to bring to your kind consideration that this research work has no conflicts of interest.

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