



A REVIEW

A review on farmer producer organisations: A new dimension to the farmer centric approach

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Abstract : Farmers are the backbone of our country. Since a decade number of small and marginal farmers keep on increasing. Due to the fragmented holding and improper management practices in farming inadequate access to market making them agriculture more unviable. Same time increasing demand for the quality and fresh food products is providing the greater opportunities to the farmers. Farmers Producers Organisations is the great ray of hope to tackle these above mentioned two problems effectively. It plays a greater role to narrow down the relationship between Agriculture and Marketing. The farmers who were registered in Farmers Producers Organisation get a good support from both state and central government; technically as well as financially. This approach is very helpful to small and marginal farmers to develop themselves in the global agricultural and to take control over market effectively. However, majority of these located in rural areas and suffer from the problems like Inadequate Professional Management and Manpower, poor start-up capital, lack of technically skilled man power, ineffective capacity building training programmes. There is a need to find the solution and to need bring policy changes to handle this problem to empower our farmers to and Indian economy too.

Key Words : Farmer producer organisation, Quality produce, Market growth, Opportunities

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INTRODUCTION

Production of an Indian agriculture predominantly depends on the large number of small holdings possessed by the small and marginal farmers. They both together constitute around 85 per cent of the total land holding and hold around 44 per cent of the land under cultivate. It plays a significantly an important role in the country economy. By providing food security and employment

to an around 56 per cent of the Indian work-force it helps in reduce the poverty in the country (National Paper - PLP 2019-20). Increasing cost of cultivation due to highly fragmented and scattered land holding restricts the access of small /marginal farmers to the public resources, credit facility, modern technology and also control over the markets. For them agriculture has gradually become unviable.

Since the last decade recent structural changes in

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agro-food markets in both developed and developing countries like, increasing public demand for quality food and food safety. This is due to increasing purchasing power of consumers. So the situation demands for major structural reforms in case of productivity enhancement, in agricultural marketing and post-harvest management (Narrood *et al.*, 2009 and National Paper - PLP 2019-20).

Access to the modern marketing channels and Product commercialization by small producers is the most significant way to eradicate the rural poverty in developing countries (Barrett *et al.*, 2010; Collier and Dercon, 2014; Dethier and Effenberger, 2012; National Paper - PLP 2019-20 and 2018 and Trebbin, 2014,). But problem is this small farmer alone with the minimum quantity of produce is usually unable to respond to the changing demands in his surroundings. Changing environment and global level growth can be both opportunities and challenges to smallholder farmers. The changes like arising from export markets, local supermarkets and new processing firms allow farmers to get benefits from opportunities, (Bijman, 2016). However, these new markets calls for higher production and food safety standards and the stronger coordination of sequential activities in the value chain (Abebe *et al.*, 2013). The requirements of high costs of compliance with these standards might ignore the small farm holder from these new markets (Latynskiy and Berger, 2015).

In this present situation, a problem can be solved by achieving the economy of scale and creating commodity-specific Agri- value supply chain with the co-ordinated act of Agri entrepreneurs and primary producers in the process of collection of agricultural produce and value addition/ marketing by. However, for smallholders achieving this goal is challenging task. Especially due to their lack of knowledge in required managerial practices, cost-intensive production technology and unavailability of the sophisticated infrastructures. It is believed that Farmers Producer Organizations (FPOs) can only mitigate existing negative consequences of the present agrarian structure. In underdeveloped countries like Uganda Rural producer organizations (RPOs) are currently considered as mechanisms to improve the market accessibility and of to reduce the transaction costs and of smallholder farmers (Sonawane, 2016 and Latynskiy and Berger, 2015). This FPOs concept is a new dimension to the farmer centric approach. "These organisations are considered as the

promising tool to help the marginal and small farmers to empower themselves". Main goal of this review paper is to know the current scenario of the FPOs in India. To discuss the critical aspects of FPO's, to know the major barriers of FPOs.

Farmers producers organisations:

In India the concept of producer companies came into existence in 2002 by the Government of Indian. It was mainly to set up the producer organisations in order to bring the sight transformations in the in agro-food industries of the country. A decade after the first producer company was officially registered in India, (Trebbin, 2014). In simple words farmer producer organisation (FPO) is nothing but a group of primary producers of any commodity but it is a legal entity formed by producers (NABARD, 2015). FPOs are getting support both from central and state government and their agencies. However, these are receiving major financial support from small farmers agribusiness consortium (SFAC), NABARD and state livelihood missions and also receiving technical support from promoting NGOs and Resource Institutions (CIKS and FWWB, 2017).

Current scenario of FPOs in India:

Around 70 to 80 per cent FPOs membership hold by small/marginal farmers. At present more than 5000 (including FPCs) are working in the country (National Paper - PLP, 2019-20). They are all formed under the different programmes and initiatives of Government of India (including SFAC), State Governments, and NABARD. In India so far 586 FPOs have been registered and 152 are under the process of registration. Though total 254 FPOs are exist in Chhattisgarh when it comes to number of farmers participation it is higher in Madhya Pradesh and high in Karnataka and it found that 145000,122500 farmers involvement in FPOs so far. But not showing any active results from North-East of India SFAC (Annual report: 2017).

Potentials of farmers producer organizations:

Study conducted in Chhattisgarh to analyse the economic impact of farmer producer organizations and the main carried out by the FPOs was marketing and selling of vegetables and dairy produce. Members of these FPOs were increased their share of profit considerably as compared to when they used to produce and market the same products alone. It was recorded

Table 1: State-wise farmers' producer organizations (FPOs)

State	No. of farmers			No. of FPOs		
	Mobilised	Under mobilization	Total	Registered	Under the process of registration	Total
Andhra Pradesh	6360	640	7000	3	4	7
Arunachal Pradesh	1750	0	1750	2	0	2
Bihar	19065	3935	23000	19	5	24
Chhattisgarh	20670	5330	26000	10	15	254
Delhi	3535	0	3535	4	0	2
Goa	1810	0	1810	2	0	21
Gujarat	18959	1041	20000	20	1	25
Haryana	12570	0	12570	19	6	25
Himachal Pradesh	4887	0	4887	5	0	5
Jammu	3694	287	3981	1	2	3
Srinagar	3120	960	4080	1	3	4
Jharkhand	10009	0	10009	8	0	8
Karnataka	83904	38596	122500	81	39	120
Madhya Pradesh	111010	33990	145000	117	27	144

Source: SFAC Annual report: 2017

that there was 28 per cent increase in price of milk, 37 per cent increase in number of employment days, 50 per cent increase in savings of farmers. In case of vegetables they witnessed the change in the price it's almost three (75%) times higher than the previous year price. Farmer producer organisations also offered employment opportunities to its members (Dewangan, 2018).

Recent study connected in the Rajasthan. Shyam Industries is promoted by Mr. Bhinya Ram Jani. It is engaged in the processing of wheat into different products like flour, sooji etc. it is marketing its product under the brand name "Sanvaro Bhog". The firm has set up its project with total cost of Rs. 394 Lacs and availed assistance of Rs. 40.03 Lacs from small farmers agribusiness consortium (SFAC) under venture capital assistance scheme of SFAC (as Interest free Loan) on 28.03.2017 to meet margin requirements. The unit is working at a capacity level of 500 MT/ per day and has achieved the turnover of Rs. 1830.36 Lacs in the year 2016-17 (SFAC, 2016-17). This way FPOs are under taking different activities to strengthen the economic standards ultimately to rise the living standards of organisations member.

Challenges and issues in successful building of robust FPOs:

Various research studies have clearly shown that FPOs are playing positive role in order to increase the

income of small/marginal farmers by providing better marketing information and providing better access to the inputs and agro-services, institutional credit, marketing facilities. This way FPOs are helping farmers to bring the betterment in the farming operation and making it more viable. However, these studies enlisted some of the important challenges are there in building sustainable, strong, long lasting FPOs and are as listed below (National Paper - PLP 2019-20; Gajanand, 2018 and Trebbin, 2014).

Inadequate professional management and manpower:

To run manage FPOs efficiently for longer time it need some qualified professional to guide to supervise, especially good leader to control the elected Boards of Directors. That is lack in especially in rural areas to run the FPO professionally.

Weak financial support:

FPOS starts mostly by SF/MF with poor finance so when they are not financially strong enough end up with the failure to deliver quality and standard products to meet the market demands.

Inadequate access to credit facilities:

It's a biggest problem the FPOs are facing today. Though SFAC provides credit guarantee cover for

collateral free lending, it is available only to producer companies having minimum 500 shareholder membership and other forms of FPOs are not covered under this. Due to this access the benefits of credit guarantee scheme not available for the small size FPOs.

Lack of risk mitigation mechanism:

Insurance schemes are not available to cover business risks of FPOs.

Inadequate access to market:

Unavailability of nearest market to sell the farm produces.

Poor Infrastructure/ lack of technical skills and training:

Inadequate access to the infrastructure facilities like, transport, storage, required for value addition process (cleaning, grading, sorting, etc.). As well lack of technical skills those are required in supply chain.

Initiatives of Govt. of India/ SFAC for FPOs :

In 2013-14, Govt. of India of announced two major initiatives to support farmer producer companies (FPCs) viz., to provide financial support to the FPCs by providing matching equity grants and credit guarantee support for facilitating collateral free lending to FPCs.

Equity grant fund scheme:

To enhance the viability, sustainability and credit worthiness of the FPOs. It is mainly to encourage the participation of the members.

Credit guarantee fund scheme:

This scheme mainly to provide a credit guarantee cover to eligible lending institutions. It's to minimizing their lending risks.

Besides this initiative Government of India also brought important schemes to support FPOs like scheme for creation of backward and forward linkages, National rural livelihoods mission to link the small and marginal farmers' with the other different actors of the value and supply chain and ultimately to the market for ensuring remunerative prices for Agri produces.

Suggestions to over come the challenges:

Majority of the farmers producers live in villages. Many of these producer organisations are found in the

rural area. Here these organisations are suffering from inadequate professionals and management practices to run the business efficiently and strong leaders to manage the organisation in effective way. To solve this problem it's the time for policy makers to look beyond the concept of farmer. By involving the well educated people from the same locality or else qualified children of the members instead of looking for someone outside the locality will definitely help them to run the organisation smoothly. By providing the better training and effective monitoring by the external agencies definitely organisation will going to last for longer time. And also it will be a pleasure to the members of the organisation to see their children working in the office.

To fulfil credit needs of the FPOs Govt. of India initiated the schemes to provide credit guarantee support for facilitating collateral free lending to FPCs most of the FPOs are reported the issue. So both state and central Government should come up with plans like providing the start-up capital subjected to repayment of the same amount. Meanwhile by giving some subsidies in case of if organisation started running successfully. Because Govt. has to help them until they start helping themselves. Research has to be conducted in order to know the reality of the situation.

Till day India is the biggest market for the fresh farm produce. To mitigate the problem of lack of market facility Government has to strengthen the supply chain facility. Organisations need provide the facility to those interested organisation members set up their own store to marketing of fresh farm produces by doing the basic required value addition in order to avoid loss and also to attract the customers. It also helps to the organisation to exploit the growing market demand for quality product. e-Marketing and quality certifying forums should be strengthened by the strong bylaws to assure traders about quality of the produce. All can't be done by the Government alone. It should encourage the public-private partnership to invest in infrastructure like cold-storages, processing units in supply chain management etc. Even for the skill development training of the organisation members. For policy makers it's actually time to change the system. Let the private people to train the members and insider to evaluate the results. Research needs to be conducted to analyse the effectiveness of the training conducted in an organisation. With these solutions we can look forward to build the long lasting robust, Farmers

producer organisations.

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