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- Subhrajyoti Panda and Satarupa Modak

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Farmer Producer Organization (FPOS) as a Change Agent for Agricultural Development

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Subhrajyoti Panda

*Assistant Professor,
GIET University, Gunupur, Odisha*

Satarupa Modak

*Assistant Professor, Centurion University
of Technology Management,
Paralakhemundi, Odisha*

ABSTRACT

Farmers Producer Organizations are one of the kinds that take an active part in solving the marketing, collective bargaining, providing agricultural advisory services and other problems faced by the small and marginal farmers in India. This article discusses the role of FPOs in the development of the agriculture sector in India, benefits of Farmers Producer Organisation, policies related to it, defining different roles and other supporting mechanisms. This gives access to small and marginal farmers to take part in the global economy by strengthening linkage with organizational support. FPOs in the state Odisha can be beneficial for the farmers in improving their economic condition, as well as providing better advisory services.

INTRODUCTION

The agriculture sector contributes 19.9 percent of the gross domestic product in our country. Majority of the farmers belong to a small and marginal category mainly depend on the local markets or mandi to sell their produce, also lacking in resources and information. Small and marginal farmers are often deprive of modern agricultural facilities as well as e-commerce (Reardon & Barret 2000; Daviron & Gibbon 2002). So, the farmers should know about the global market information to improve their production and marketing. FPO is one of the grass-root level organizations that organizes producers, especially small and marginal farmers and emerged as one of the most effective pathways to address the many challenges of agriculture but most importantly it will lead to improved access to investments, technology, inputs and markets. The farmer producer organizations (FPOs) shall be an indicator of change and will act as a catalyst in the income and economic growth of farmers of Odisha across the State resulting in higher scale employment generation in rural areas through people, public and private partnerships.

DEFINITION OF FPO

A Farmer Producer Organization (FPO) is typically a society/company consisting of only practicing farmers who are also actual producers of a specified commodity/ commodities, and is formed under the Cooperative Societies Act, 1962. Farmers Producer Company (FPC) under Section 581 (C) of the Indian Companies Act, 1956, as amended in 2013. FPOs have generally been recognised as the most appropriate institutional form around which Government can mobilise farmers and build



their capacity to collectively leverage their production and marketing strength. These organizations are created at the cluster, block, district or State level depending upon the needs of the producers considering the demand potential to adopt value chain approach to enhance farmers'/producers' economic and social benefits (Odisha Farmer Producer Organisations (FPOs) Policy, 2018).

BENEFITS OF FARMERS PRODUCER ORGANISATION

Some of the important benefits of farmer producer organization are as under:

- The production cost can be minimized by buying all necessary inputs in bulk at wholesale rates.
- The marketing cost can be reduced by bulk transport and collection of produce which enhances the net income of the producer.
- Access to modern technologies, facilitation of capacity building, extension and training on production technologies and ensuring good quality of agriculture produce.
- Post-harvest losses can be reduced through different post harvest technologies and efficient management of value chain.
- The supply of produce and quality control can be possible through proper planning and management.
- The practices like contract farming, agreements helps in reducing the price fluctuation in market.
- The information about price, volume and other advisory services about agriculture

can be easily communicated and disseminated among the farmers.

- Access to financial resources against the stock, without collaterals
- Easy access of funds and other support services by the government / donors /service providers, and improved bargaining power and social capital building.

STATUS OF FPOS IN INDIA

Farmers' Producer Organizations (FPOs) are farmers' collectives with membership mainly comprising small/marginal farmers (around 70 to 80%). Presently, around 6000 FPOs (including FPCs) are in existence in the country, which were formed under various initiatives of the Govt. of India (including SFAC), State Governments, NABARD and other organizations over the last 8-10 years. Of these, around 3200 FPOs are registered as Producer Companies and the remaining as Cooperatives/ Societies, etc. Majority of these FPOs are in the nascent stage of their operations with shareholder membership ranging from 100 to over 1000 farmers and require not only technical handholding support but also adequate capital and infrastructure facilities, including market linkages for sustaining their business operations.(NABARD,2019)

ROLE OF FPO IN THE DEVELOPMENT OF AGRICULTURE

1. The FPOs helps in collecting better inputs for the better production of crops.
2. The FPOs organize different trainings, demonstrations for improving the skill of



farmers and provides modern technology to the farmer.

- 3. The main role of FPOs is to provide better agricultural marketing to their producers.
- 4. To provide better income to the farmers.

GOVERNMENT ORGANIZATIONS INVOLVED IN DEVELOPING FPOS

In India, the government organization provides support for the development of FPOs. The following organizations are mainly working for the FPOs development:

- 1. Small Farmers Agri-business Consortium (SFAC)
- 2. National Cooperative Development Corporation (NCDC)
- 3. National Bank for Agriculture and Rural Development (NABARD).
- 4. States may also if so desire, nominate their Implementing Agency in consultation with DAC&FW.

CONCLUSION

In the past few years, FPOs have become one of the important organizations helpful for the small and marginal farmers. Active participation of farmers in FPO can reduce the market risk, get new information on different technologies, improved inputs and financial support. The FPOs are more effective by linkage with other organizations helping the small farmer to become globalised. FPOs in the state Odisha can be beneficial for the farmers in improving their economic condition. With the initial support of the government and banks FPOs in raising the fund, members also aggregate to raise the benefits of the FPOs in three to five years. So,

the FPOs can be more effective in providing service to the farmers.

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