



Farmer's Producer Organization (FPOS): Doubling the Farmers Income

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Abstract— Even though it still accounts for roughly 55% of all employment, the agriculture sector currently contributes only 14% of the GDP (GoI, 2014). According to the Agricultural Census of 2020, there were more than 138 million farm holdings in India. Of these, approximately 24.8 million were small farm holdings with individual operational land holding dimensions of less than 2 hectares, and approximately 92.8 million were marginal farm holdings, defined as having a man or woman operational landholding of less than 1 hectare. Though they will encounter many difficulties, small and marginal farmers in India will undoubtedly remain for a very long time. As a result, what happens to them has a significant impact on the entire financial system as well as the agricultural zone in particular. Consequently, their actions have a significant impact on the agricultural region in particular and the financial system as a whole, both of which affect people's ability to make a living. The current challenge is to bring these smallholders together and alter their economic outlook. The aforementioned circumstances necessitate radical measures and crucial structural changes aimed at reviving Indian agriculture. The most beneficial way for Farmer Producer Organisation (FPO) to fulfil the wishes of farmers at the local level is through the Farmer Producer Company (FPC) instrument, which is registered under the Companies Act. Encouraging small farmers in particular to join member-owned producer organisations, tripling their income, and boosting the nation's agricultural sector's output, productivity, and profitability are all crucial objectives.



Keywords— Farmers Producer Organization, Small and Marginal Farmers

INTRODUCTION

Agriculture in India is predominantly production-oriented restrained in giant quantity of fragmented smallholdings and plays a pivotal function in the Indian economy. It provides employment to around 56 percent of the Indian workforce, contributes to

the overall boom of the financial system and reduces poverty via offering employment and food security to the majority of the population. However, due to rather fragmented, scattered and heterogeneous landholding, the rising value of cultivation and restrained get admission to of small/marginal farmers (SF/MF) to public sources and markets, the small maintaining based agriculture has gradually become unviable. The lack of production quantities, resources, fantastic inputs, credit facility, contemporary technologies, etc., and normal crop failures,

lack of certain market, earnings safety, and the poorly developed supply chain has resulted in high dependency of farmers on the exploitative Small and marginal farmers constitute around 85% of the whole land protecting and keep around 44% of the land below cultivation (Ereneus K Marbaniang 2019).

The above situation calls for essential structural reforms and transformational initiatives towards the revitalization of Indian agriculture both, by using way of stepping up investments for productiveness enhancement as also reforms in agricultural advertising and marketing and post-harvest agri logistics for boosting agricultural growth. In this context, a the sustainable answer lies in the collectivization of agricultural produce and price addition marketing by using achieving the economy of scale and creating commodity-specific agri value chains with the

participation of agri entrepreneurs and predominant producers on the equitable terms. With all given circumstances, governments are banking upon FPOs to acquire their target of "Doubling Farmers' Income". Government, NBFCs, civil societies, and different monetary establishments have invested in FPOs, looking at its future position in rural development.

FPOs have possible to act as a catalyst of change in the economic system of our country. FPOs can function as expected, only when their management systems, governance and capital shape are strong. Other external elements like infrastructure development, market, and economic accessibility, deposit affordability, environment-friendly commodity pricing mechanism, etc. need to be managed through authorities at an equitable pace. Here are a few steps which can make a distinction in the medium to long term (Agyeya Tripathi 2020)

Objectives

1. To highlight the role of FPOs in doubling the farmer's incomes.
2. To describe the aim, services, and steps to establishing an FPO.

Methodology

The present paper is based on secondary data which is collected from books, journals, newspapers, websites, the internet, etc. to study the role of FPOs.

Meaning of FPO

FPO stands for Farmer Producer Organizations. FPO is an organization, where the members are farmers itself. Farmers Producers Organization provides end-to-end assistance and offerings to the small farmers, and covers technical services, marketing, processing, and others aspects of cultivation inputs (Kanika 2021).

Main aim of FPO

The important goal of the Farmer Producer Organization is to make sure higher profits for the producers through an organization of their own. Small producers do not have the extent in my view to get the gain of economies of scale. In agricultural marketing, there is a chain of intermediaries, who regularly work non-transparently main to the situation, where the producer receives only a small section of the value, which the final consumer pays. This will be eliminated. Through accumulation, the essential producers can avail the gain of the economies of scale. Farmers Producers have better bargaining electricity in the structure of bulk consumers of produce and bulk suppliers of inputs (Department of Agriculture and Cooperation 2013).

Services of FPO

(i) Supply satisfactory manufacturing inputs like seed, fertilizer, pesticides, and such other inputs at reasonably decrease wholesale rates.

(ii) Make available need-based totally manufacturing and post-production machinery and gear like cultivator, tiller, sprinkler set, combine harvester and such different machinery and gear on custom hiring groundwork for members to limit the per-unit manufacturing cost.

(iii) Make reachable value addition like cleaning, assaying, sorting, grading, packing, and additionally farm level processing amenities at consumer cost basis on a fairly less expensive rate. Storage and transportation amenities may also be made available.

(iv) Undertake higher income-generating things to do like seed production, beekeeping, mushroom cultivation, etc.

(v) Undertake aggregation of smaller loads of farmer-members produce; add cost to make them greater marketable.

(vi) Facilitate market statistics about the produce for really apt decisions in manufacturing and marketing.

(vii) Facilitate logistics services such as storage, transportation, loading/unloading, etc. on a shared price basis.

(viii) Market the aggregated produce with higher negotiation energy to the buyers and in the advertising channels supplying better and remunerative prices. (Operational Guidelines, GOI 2020)

Steps to establishing an FPO

Cluster identification

Cluster areas are to be selected by way of the RI in session with the respective State Government departments. However, it must be ensured that a cluster of 8,000-10,000 farmers should be formulated, inside one or two blocks, identifying eighty to a hundred and twenty contiguous villages of a particular district.

Diagnostic study

A Diagnostic Study is to be carried out by the RI in the chosen cluster area. The Diagnostic Study is conducted to verify the preliminary situation of the farmers and degree of agriculture in the area. The find out about will also assist in figuring out the viable interventions required and apprehend the unique undertaking implementation context.

Feasibility analysis

Feasibility Analysis for the formation of FPCs be carried out by using RIs and then appraised by hired external specialists in a variety of technical areas. A normal feasibility study should cover factors such as financial,

technical, legal, political, socio-cultural, environmental, financial and useful resource feasibility.

Baseline assessment

Baseline Assessment, to be carried out by RI, will assist in producing information associated to the modern prevailing state of affairs of farming and small, marginal and tenant farmers. Baseline assessment will cover a range of elements to perceive the manageable interventions, to sketch development and business plans and to establish the base figures based totally on future consequence symptoms that can be measured to recognize the exchange contribution.

Business planning

Business Planning will be carried out through RIs with the assist of chosen farmers' representatives. Business planning is a system through which the strategic and operational orientation of an emerging FPO is shaped. While baseline evaluation figures will be necessary inputs to apprehend the stage from which merchandise and services for farmers' members should be developed, greater important will be the collective visualisation of the future of the FPO. Using a variety of tools and systematic collective reflections, a commercial enterprise layout with perfect projections on more than a few elements wishes to be developed.

Mobilisation of farmers

Once a strong case has been set up with the aid of SHT with the help of a pick out group of farmers thru the commercial enterprise planning process, it is time to mobilise farmers into FIGs and ultimately as farmer-members of FPOs. Mobilisation of farmers be completed with a range of conversation aids like – pamphlets, documentary movies, posters, regular village-level meetings, desirable vision improvement of promoter farmer-members. Promoter farmer-members are these who are eager to shape a FPO on voluntary basis, having understood the importance and attainable benefits of forming FPOs, got thru training programmes and publicity furnished by SHT of RIs.

Organising and formalising

FIGs in an aggregated cluster together structure FPOs. Typically, around 50-70 FIGs can come collectively to shape a FPO. FPOs can be registered under the Producer Company provision beneath the Companies Act.

Resource mobilisation

Before initiating the operations of a FPO all required assets be mobilised by the RI with the help of FPO representatives and board of directors. Financial, human (staff), technical and bodily resources have to be developed

for the duration of this specific step. Based on the business format the RI should liaise with a range of financing businesses and mobilise assets for hiring/purchasing and growing a number resources.

Management structures improvement

RIs must facilitate the development of management structures in the FPO. Guidelines for administration systems have to be capable to tackle all necessities associated to monetary services, input and output management services. Systems related to management of finance, human resources, stock and inventory, procurement and pleasant management, marketing, internal audit, inner struggle resolution and other necessary practical areas be developed. Standard running tactics for the same must be established.

Business operations

Business operations is the commencement of procurement, production, processing, marketing and financial carrier activities of a FPO. RIs ought to carefully train each the governing and operational structures of the FPO in order to ensure clean functioning of enterprise operations. The whole value-chain related to a range of agriculture and allied merchandise and commodities wants to be managed.

Assessment and audit

RIs should facilitate the steady evaluation of the overall performance of a range of stakeholders like farmer members, governing board of directors, and service providers. They also assist FPOs to replicate using Institutional Maturity Index to understand areas of improvement.

CONCLUSION

It can be assessed by the above discussion that the very existence of FPOs for to doubling the farmers income with help of the government policies and procedures. Recognizing the problems of small and marginal farmers in India, the government is actively promoting Farmers Producer Organisation (FPO). The aggregation of small, marginal, and landless farmers in FPOs has helped enhance the farmers' economic strength and market linkages for improving their income.

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