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NEED OF FARMER PRODUCER ORGANIZATION (FPOS) FOR SUSTAINABLE AGRICULTURE

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INTRODUCTION

FPO stands for Farmer Producer Organizations. FPO is a legal entity formed by primary producers, viz. farmers, milk producers, fishermen, weavers, rural artisans, craftsmen. A Producer organization can be a producer company, a cooperative society or any other legal form which provides for sharing of profits/benefits among the members. Farmers Producers Organization supports small farmers with end-to-end support and services, including technical assistance, marketing, processing, and other areas of agricultural inputs.

The idea behind the Farmer Producer Organizations (FPO) was that

“Farmers, who are the producers of their agricultural products, can form the groups and can register themselves under the Indian Companies Act”.

To ease the process, the Small Farmers Agribusiness Consortium (SFAC) was mandated by the Department of Agriculture and Cooperation, Ministry of Agriculture, Govt. of India, to support the State Government in the formation of the Farmer Producer Organizations (FPOs). The purpose is to improve farmers' competitiveness and provide them a competitive advantage in new market prospects. Farmers Producer Organization's (FPO) operations include seed, machinery, market connections, and fertilizer, as well as training, networking, and financial and technical guidance.

WHAT IS THE NEED FOR FPO?

The Farmer Producer Organization's major aim is to provide producers with a better income by forming their own organization. Small producers do not have the necessary volume individually (both inputs and produce) to get the benefit of economies of scale. Besides, in agricultural marketing, there is a long chain of intermediaries who very often work non-transparently leading to the situation where the producer receives only a small part of the value that the ultimate consumer pays. The primary producers can take advantage of economies of scale by accumulating the benefits. They will also have better bargaining influence vis-à-vis the bulk buyers of produce and bulk suppliers of inputs.

NEED OF FPOS FOR SUSTAINING AGRICULTURE:

1. Institution building for sustainability

Promoting Producer Organization only on the basis of cooperative principles is insufficient to ensure their long-term viability, as producer organizations must



operate in a difficult market environment. As a result, both the government and the facilitators should create the enabling ecosystem first. The enabling ecosystem includes the institutional architecture, capital, access to technology, market, etc. Appropriate architecture of producer companies at panchayat, block and district levels have to be promoted considering the key design variables such as size, scope, technology, management and ownership and these variables need to be simultaneously optimized for sustainability. The primary goal of this structure should be to facilitate ideal duties and responsibilities at various levels, as well as to develop long-term, stable commercial connections between producer organizations at various levels. This networking design can help farmers/producers maximize productivity, lower transaction costs, boost efficiency, and assure their long-term viability.

Like the SHG movement, enough resources, time and capacity building should be availed by all the stakeholders. Enough time should be provided both for promotion and growth of the organization. A minimum of three years of time is needed to build the capability of producers to handle the business and sustain it.

2. Patient capital

Patient capital is another name for long-term capital. With patient capital, the investor is willing to make a financial investment in a business with no expectation of turning a quick profit. Instead, the investor is willing to forego a quick profit in exchange for a larger profit down the line. Investors and banks must inject this type of cash to entice the novice agricultural community to enter the industry and make it sustainable.

3. Creating viable ecosystem

Because these producer enterprises deal with the most susceptible segment of the agri-value chain, which begins with the farm and ends with processing and distant markets, a friendly ecosystem is essential for their development. The critical ecosystem services include emergency credit, consumption credit, production credit, retail services of inputs for agriculture and other agricultural production services required by the small and marginal farmers. Unless these services are provided by a producer company, it cannot divert the surplus produce from the local trader or shop keeper to the producer company. In addition, the producer company can take up other services related to facilitating linkage with the banks and departments for ensuring the infrastructure access for the business. The producing company's scope will be expanded, and it will become financially viable much sooner as a result of the many services. It is not necessary to seek economies of scale just from surplus agricultural produce, which would be detrimental to the producer company due to its seasonal nature.

4. Increasing productivity

Suitable crop, seed, correct recommendation of inputs and proper harvest and post-harvest technology should be evolved and adapted for the each of the contexts with the perspective of climatic change adaptation and mitigation. Farmers' research and field experimentation/demonstration are needed to develop sustainable agriculture practises and equipment (SAP and SAK). It is necessary to confirm and distribute indigenous seeds and techniques.



5. Market Knowledge

Farmers' market practices and the government-instituted system are not convergent in any way. Larger farms benefit from government infrastructure and policies, while small and marginal farmers rely heavily on agents and brokers due to low output volumes. There is a need for collectivization of products and the understanding on the market for the small producers. Along with this, consumer need and demand has to be understood by the farmers for deciding their crop and quality of production. Hence, thorough knowledge on the customer food safety, environmental protection and the market should be developed and integrated as the component of the production.

6. Market infrastructure and public procurement

The infrastructure for the producer company includes the basic facility for conducting the day to day operations, storage facility for the surplus produce of the farmers, processing facility for drying, grading and value addition. As the producer company increases its volume of transaction, it will require its own transport and marketing facilities. Government facilities such as warehouse, godown and machineries should be available on lease to the PCs. The government can also allocate some common land for the PCs to establish such an infrastructure. The policies on the public procurement at the regulated market should be relooked and consider the need of the small and marginal farmers.

7. Startup Hub

The Startup Hub is a platform for entrepreneurs to connect with other entrepreneurs, advisers, consultants, mentors, guides, impact investors, incubators and accelerators & venture capital firms. This platform helps them to connect, collaborate, learn, and seek advice and network with fellow members. The startup hub should

1. Support the PCs in completion of regulatory formalities which are time consuming and difficult in nature.
2. Help in establishing the collaboration.
3. Assist startups through their lifecycle with specific focus on important aspects such as obtaining finance, feasibility testing, business structuring, enhancement of marketing skills, providing technology and management evaluation
4. Organize mentorship programmes in collaboration with government organizations, incubation centers, educational institutions and private organizations.

CONCLUSION

Building a sustainable community system which is a producer and market driven organization is indeed highly knowledge intensive and resource intensive. Collaborating with experts who can think out of the box for sustainable solutions can be the way forward. The startup hub should create such a platform for the PCs to work with the local (district or state) level academic, social work, agriculture and management institutions.