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FPO AND ITS IMPORTANCE IN DEVELOPMENT OF AGRICULTURE

Email

kalpusiva@gmail.com

¹Venkatesa Palanichamy N, ¹Parimalarangan R and ¹Kalpana M*

¹Tamil Nadu Agricultural University, Coimbatore 641003, Tamil Nadu, India

Around 70 per cent of India's population works in agriculture, India ranks second worldwide in farm production. Agriculture is a production-oriented sector rather than a market-oriented sector, with more than 80 percent of farmers contributing to half of total production being marginal farmers. One of the biggest challenges is the lack of access to credit and weak market connections as well as the inability to adopt new technologies and farming practices. In the global world, India has huge agricultural stand, gearing up to cater the robust demand for the upcoming years. The increase in population is driving to increase the demand of food products around the world and India is on poised to take such leap. In India, several technologies has been adopted for farming which helps to develop the quality of the produce, seed, irrigation methods, technology inclusion, logistic management, warehousing etc. Small and marginal farmers has low access to the right input, lack of knowledge on modern farming techniques and access to the market directly. They carry out farming activities for their subsistence and sell their produce when necessary. For small and marginal farmers, farming is just a necessity and not a business opportunity, so they are unable to realize their potential and earn a better living. The food and agriculture sector could, however, be transformed if they are given the right support and direction. Through Farmer Producer Organizations(FPO), farmers are empowered to enhance crop productivity and achieve profitable markets by leveraging their strengths.

What is FPO?

FPO stands for Farmer Producer Organization. Farmers are the members of FPOs. It provides and end-to-end support and servers to the small farmers, covers technical services, processing, marketing and other aspect related to cultivation inputs. Farmers can leverage their collective strength to scale their economies and access institutional credit through Farmer Producer Organizations (FPOs) or Farmer Producer Companies (FPCs). By

collectively marketing their produce, they can get better price. Members of FPO will have access to quality inputs which will result in increased crop productivity and higher income. In India, necessity of FPO arose as farmer's struggles to market their goods. FPO helps the small farmers to improve the quality of produce with quality seeds, manage the soil, use of less fertilizer, irrigation and manure. Farmers are given assistance to sell the goods in better market and upgrade them with latest technology. An FPO is usually formed with the equity contribution of the members and then registered as a non-profit organization, a trust, or a corporation. Farmers own the FPO collectively, and a group of professionals manages the day-to-day operations under the direction of a Board of Directors or General Body.

FPO and its Importance

- Pooling of produce from its members, helps to reach a better market.
- Bigger and better credit options are available when compared to unregistered organizations.
- Quality inputs such as seeds, fertilizers, pesticides, etc., are supplied to farmers at wholesale rate.
- Value addition facilities such as grading, cleaning, packing, storage and logistic are provided to the farmers
- Agrl. Machinery and infrastructural facilities are provided to the farmers for sale and on hire basis.
- Market information on produce, demand, trends, price fluctuations and government regulation are provided to the member farmers.
- An FPO has the ability to collect deposits from members in the form of fixed or recurring deposits and distribute them as loans with a fair interest rate.

FPOs and Digital Technology

Digital technology can be used in the following ways for better management of FPOs

- Digital platform for farm management
- Prediction of yield and reduced loss through Artificial Intelligence technology.
- e- Post harvest management
- Supply chain optimization and better visibility through traceability.
- Market Analytics for better insights.
- Climate resilient practices.

- E-commerce for Agricultural produces.

Challenges in FPO

Following are the major challenges faced by FPOs:

- It might be challenging to locate skilled management and control in rural areas, since farmers make up the majority of an FPO
- FPO cannot compete with large markets with the financial strength of small and medium farm members,
- Credit guarantee scheme are availed to large company registered FPOs with minimum 500 members and not accessible to small registered FPOs.
- At present, insurance of risk is only on produce and not on the FPO itself, so there is high risk involved in provision insurance to business.
- Majority of small and marginal farmers, lack awareness about legal aspects of a FPO.

Conclusion

FPOs serve as a middleman between farmers and the government and help small and marginal farmers to produce quality produce, better management and financial support. The main aim of a FPO is to maximize farmers' income. In India, Government supports large number of FPOs through various institutions, those FPOs focus on livelihood security of small and marginal farmers. Hence, FPO are contributing to the overall development of the farmers.

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