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**Original Article****Farmers producer organization: A Case Study**

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**Abstract**

Small and marginal farmers in India have been vulnerable to risks in agriculture production. Several organizational prototypes are emerging to integrate them into the value chain with the objectives of enhancing income and reduction in transition costs. One such alternative is Farmer producing organization (FPO). The students of Adhiparasakthi Agricultural College undergoing the Rural Agricultural Work Experience (RAW) at Kaveripakkam block visited the Sri Athivarathar Farmer Producer Company Limited in Ocheri. Our analysis suggested that FPOs have the potential to provide benefits through effective collective action. The main challenge for the Chief Executive Officer is to raise sufficient capital that can maximize these benefits.

**Keywords:** Farmer producing organization, Rural Agricultural

**Introduction:**

A Farmers Producer Organization (FPO) is a type of producer organization where farmers are its members. The FPO is an organization of any produce, such as non farm products, agricultural artisan products, etc., by producers. The small Farmers Agribusiness Consortium (SFAC) provides support for FPO's promotion. FPO provides end to end services and support to the small farmers and covers marketing, technical services, processing, marketing and other aspects of cultivation inputs. The idea behind the FPO's is that the farmers are producers of agricultural products can form groups and register themselves under the **Companies Act, 2013**.

**Goal of FPO:**

- ❖ The goal of FPO's is to increase farmer's advantage in emerging market opportunities and their competitiveness.
- ❖ The main operations of the FPO's include the supply of seed, market linkages and machinery, training and technical advice.
- ❖ The primary aim of the FPO's is to increase the income of the producers through an organization of their own.
- ❖ The FPO's will help to eliminate the chain of intermediaries in agriculture marketing.
- ❖ The primary producers can benefit from the economies of scale through accumulation.
- ❖ The farmer's producers have good bargaining power in the form of bulk suppliers of inputs and buyers of produce.

**Features of FPO:**

- ❖ The FPO's are voluntary organizations controlled by farmer members who actively participate in making decisions and setting policies.
- ❖ The FPO's provide training and education for their farmer members, managers, elected representatives.
- ❖ The FPO's are promoted and formed through the Cluster Based Business Organizations (CBBO).
- ❖ The FPO's provide hand holding and the CBBO's give the Initial training.

**Benefits of FPO:**

- ❖ Declining average land holding size the small and marginal farmers share increased from 70% in 1980-81 to 86% in 2015-16.
- ❖ FPO may also result in additional employment generation because of the increased intensity of farming.
- ❖ Negotiating with corporate the FPO's can benefit farmers to compete with large corporate enterprises in bargaining.
- ❖ Economics of Aggregation: The FPO's can provide quality and low cost inputs, machinery, loans for crops and input agri-Inputs (Pesticides, fertilizers).

While these organizational innovations bring about the benefits of collectives into farming, they also entail costs, particularly in situations of market deficiencies and in context of unavailability of coordinating mechanisms that links farmers to markets. We explore the benefits and challenges of this new form of organization, as perceived by the members, through a detailed case study.

**Study Analysis**

Sri Athivarathar Farmer Producer Company Limited was established on 26<sup>th</sup> July 2021. Currently, 300 farmers are members of this company. However, if a farmer wants to join this company, he or she needs to give Rs. 2,000 for membership. The aim of raising funds in FPOs is to get an equal amount of equity funding from the government. As of now, they have collected Rs. 6, 00,000 and also received the same amount from the government. For raising funds and maintenance of accounts, the company has one chief executive officer and an accounting officer. The government would provide a salary for them. Sri Athivarathar Farmer Producer Company Limited has a tie-up with National Agro Foundation (NAF). NAF appoint RI (Resource Investor), RI conduct a meeting with the farmers in a regular manner to share the knowledge to farmers. Small Farmer Agribusiness Consortium (SFAC) and NAF link farmers up to 5 years thereby maintenance of records.

In Kaveripakkam block, the majority of small and marginal farmers are cultivating crops like paddy, groundnut, jasmine, etc. At present, the company has plans to prepare biodegradable plates and have a separate input shop. For the preparation of biodegradable plates, paddy straws are used as input.

**NAF support to FPO:**

Farmers Producers Organizations (FPOs) have been identified as engines of change in agribusiness. In order to address the challenges faced by the farmers in making agriculture a profitable business, FPOs are being promoted with handholding support from the Government. FPOs are agribusiness companies promoted by farmers and primary producers as shareholders. This helps in collectivization of their inputs and resources thereby enabling them to access technology, inputs, credit as well as market thereby realizing the economic benefits from agriculture.

The core purpose of this division is to focus on formation, nurturing and strengthening of the FPOs as a profitable and sustainable business model through the application of scientific management principles such as branding, marketing, setting up a supply chain, operations

management, financial management, value addition, processing, market linkage, digitization, etc., NAF is increasingly focusing on equipping the FPOs and considers these collectives as a strategic tool to achieve the governments vision of doubling the farmers income by 2022.

Broadly promotion of agribusiness and FPOs are done by building rural entrepreneurship, linking SMF to integrated agri value chains; promoting agri enterprises and facilitating forward and backward linkages through credit linkages produce aggregation, value addition and marketing linkage/tie ups.

NAF has been empanelled as a Resource Institution (RI) by Small Farmer Agri Business Consortium (SFAC), Ministry of Agriculture, and Government of India as well as by NABARD as Producer Organization Promoting Institute (POPI) for promotion of Farmer Producer Organizations (FPOs) in Tamil Nadu. Apart from the above, NAF has also been empanelled by SFAC, NABARD, NCDC and NAFED as Cluster Based Business Organizaton(CBBO) for promotion of FPOs under Central Sector Scheme for promotion of 10000 FPOs in Tamil Nadu, Andhra Pradesh, Uttar Pradesh and Maharastra. NAF has been promoting FPOs with support from Small Farmer Agribusiness Consortium (SFAC), Central and State Government, NABARD and World Bank.

### **Work Scope:**

SFAC in addition to the endeavors complying with its core objectives, also takes up implementation of schemes and programs of various Government of India(GoI), Ministries and Departments and other Financial Institutions and Banks on a service charge basis. The SFAC society is currently implementing the following schemes and programs viz., The Schematic Pattern of Assistance from SFAC, out of Gol grants-in-aid for promotion of value addition in the hands of farmers, through setting up part-processing, semi-processing and full-processing facilities through the setting up of Agri-Business ventures all over the country mostly in collaboration with the private sector and active co-operation of commercial banks SFAC provides to agribusiness projects involve agri-partner and post-harvest management, marketing, etc., SFAC is endowed with the task of implementation of National Agriculture Market by setting up of an appropriate common e-market platform through private partnership that would be deployable in selected regulated wholesale markets in State/wholesale markets in States/Union Territories(UT) desirous of joining the e-platform. SFAC has been identified as central procurement agency by GoI for price stabilization of onion and pulses under Price Stabilization Fund. In Kaveripakkam block, Sri Athivarathar Farmer Producer Company Limited has chosen five villages. Each village has five farmer interest groups (FIG). 100 FIG's are collectively called FPG. Hence this group of farmers can cultivate same variety in same crop and obtain profit given to FPO.

### **Constraints faced by FPO:**

- ❖ Adequate Skill is not found in farmers.
- ❖ No Co-operation among farmers.
- ❖ Share amount is not given by farmers.

Sri Athivarathar Farmer Producer Company Limited has 10 directors

1-Chairman, 1-Treasurer, 1-Secretary (They all have Signing Authority)

### **Vision:**

The aim of this FPO is promoting Agri- Business by encouraging institutional and private sector investments and linkages to ensure the empowerment of all farmers in the country.

### **Mission:**

The mission of this FPO is to link small and marginal farmers by adopting technology as well as to get an adequate knowledge about the markets and in association with private, corporate or co-operative sectors.

### **Objectives of FPO:**

- ❖ To catalyze agro-industrial growth in the country based on the Principles of:
  - a. Ecological sustainability

- b. Economic efficiency
- c. Social equity
- ❖ To undertake or assist in undertaking programs for Employment generation, growth and diversification of agriculture & agro-based industries to increase food production and export of agriculture products, in both primary and processed forms.
- ❖ To identify and promote post-harvest processing/ manufactures Units in the public, private and co-operative sector.
- ❖ To promote organization of marketing chain both for domestic and export marketing.
- ❖ To influence Government policies for agriculture, thereby Increasing the flow of resources and augmenting the rate of capital formation in agriculture sector.
- ❖ To pave the way for establishment of integrated producer's Organizations with forward and backward linkages.
- ❖ To prepare, print and publish papers, periodicals, monographs in furtherance of the objectives of the society.



## Conclusion

During the pandemic of covid-19 and disrupted supply chains, FPOs are bridging the supply chain gap by providing marketing support to the member farmers, retailing agriculture produce directly in urban centers. Government allowed FPOs to sell their produce through e- National; Agriculture Market (e-NAM) during the pandemic (Nikam and Kale, 2020). Such initiatives are commendable and are providing immediate relief to both farmers and urban consumers (FICCI, 2020). Hence, Sri Athivarathar Farmer Producer Company Limited would provide a great service to the member of this organization. The organizational structure of producer companies borrows much from the cooperative idea, but they are professionally managed to ensure economic viability. The Indian government should actively promote those companies as experience shows that FPOs represent the interest to their members and have the potential to articulate their need for agriculture services.

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