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## Role, issues and challenges faced by various agencies in promotion of FPO

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### ABSTRACT

FPO (Farm Producer Organizations) enable farmers to improve productivity through proficient, gainful and sustainable resource and helps to higher returns for their produce. FPOs are being promoted in the country under various schemes and programmes of the Central government, State government, and other agencies. NPMA: it helps in Programme management, implementation and training & capacity building for development and dissemination of learning and best practices. SFAC: strengthens the dashboard for collecting information, provide linkages to markets and link all other stakeholders. Other organizations supporting FPOs are Bill and Melinda Gates Foundation, TATA Trust, Reliance Foundation, Ambuja Cement Foundation and HDFC Foundation.

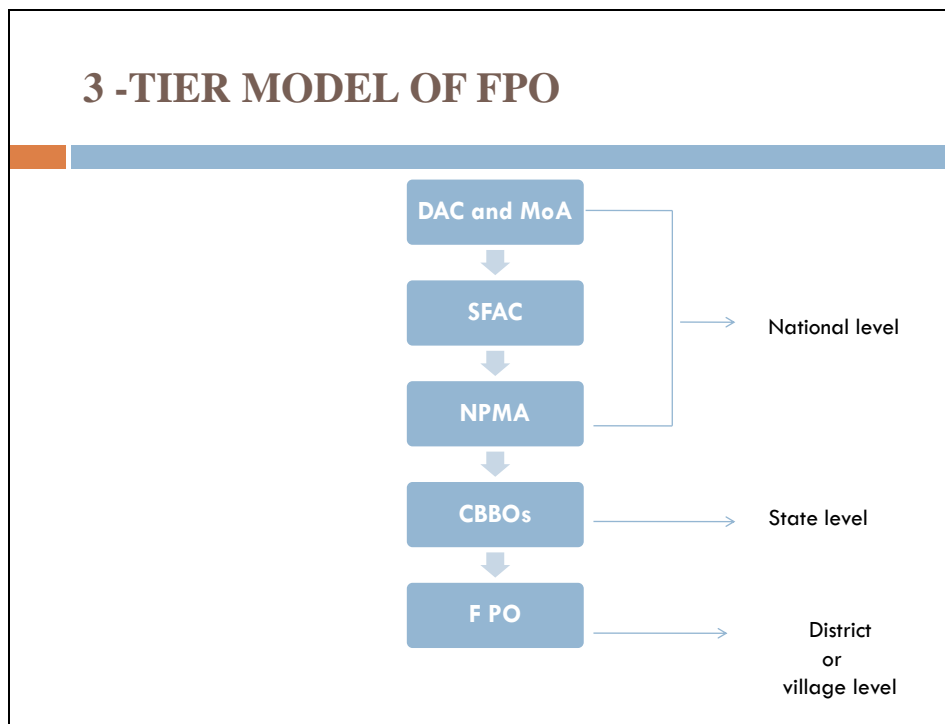
Due to limited access to institutional or equity funding as well as backing from various government programmes and departments, FPOs also experienced difficulties with their infrastructure. The BoDs, or leaders and CEOs of the FPOs, need to expand their capability and acquire more entrepreneurial and business management abilities. Lack of knowledge, symmetry, and misinterpretation are challenges at the policy level and for institutional credit coverage. There is also no knowledge of how to reform the state's APMC act, make it easier for FPOs to obtain direct market licences, relax Mandi's requirements or file statutory compliances and penalties for late compliance.

**Keywords:** FPO, Infrastructure and Issues

## INTRODUCTION

In the agriculture sector, FPO assists member-owned Producer Organizations in promoting, supporting, and providing the necessary assistance and resources - policy action, inputs, technical knowledge, financial resources, and infrastructure to enable agricultural farmers to improve productivity through efficient, profitable, and sustainable resource and helps to higher returns for their produce. The Ministry of Agriculture & Farmers' Welfare and the Department of Agriculture, Cooperation & Farmers' Welfare have designated SFAC as the nodal organization for promoting FPOs throughout the nation. Since 2011, the country has encouraged FPOs through a number of initiatives and programmes run by the federal government, state governments, and other organizations. There are severe concerns about the viability of small holders in India because the amount of operational holdings is steadily shrinking with each succeeding generation (Pandey *et al.*, 2010). Farmers' participation is seen as being constrained by issues including weak vertical and horizontal ties and limited access to the market, training, and financing (Fernandez-Stark *et al.*, 2012). Additionally recognised as a key restriction is the chain's poor information flow (Shearer, 2011). Small and marginal farmers face a greater degree of market access difficulty. In order to take advantage of economies of scale, farmers must band together. Producer's associations offer a venue for members to communicate, plan activities and reach decisions together while also assisting in lowering transaction costs (Singh *et al.*, 2013).





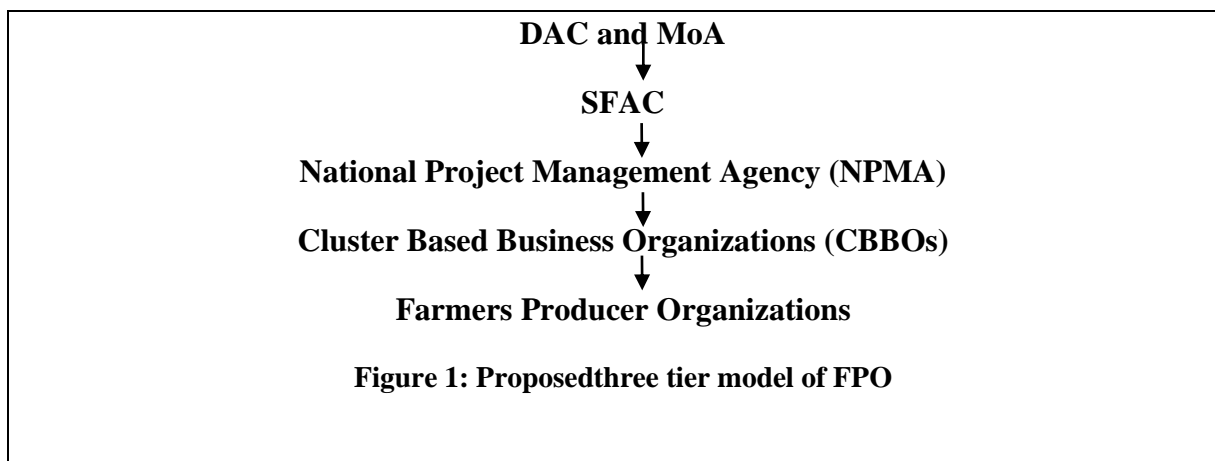
Source : <http://sfacindia.com/FPOS.scheme>

### DIFFERENT CENTRAL GOVERNMENT INSTITUTIONS IN THAT SUPPORT FPOS

1. SFAC
2. NABARD
3. State Government (Funded by leveraging RKVY or the World Bank funds)
4. NRLM Programme(MoRD)
5. Other Organisations, Trust or Foundations:

Some of the other organizations supporting FPOs are Bill and Melinda Gates Foundation, TATA Trust, Reliance Foundation, Ambuja Cement Foundation, HDFC Foundation, C &A Foundation, HSBC CSR, Axis Bank Foundation, Jindal Steel and Power Ltd. and Syngenta foundation.

### THREE TIER MODEL OF FPO



Source:<http://sfacindia.com/UploadFile/Statistics/Strategy-Paper-on-Promotion-of-10,000-FPOs.pdf>.

**Department of Agriculture and Cooperation (DAC), Ministry of Agriculture (MoA):** serves as the focal point for the expansion and development of FPOs. DAC is collaborating with the State Governments and the Food Corporation of India (FCI) to persuade them to include FPOs as procurement agency for the Minimum Support Price (MSP) procurement.

**Small Farmers Agribusiness Consortium (SFAC):** is a society and designated DAC agency that acts as a single-window system for knowledge, research, technology, and technical support, training needs management, and to establish connections to investments, markets in the public and private sectors, including input suppliers, technology providers, extension and research agencies, and marketing and process firms. It also provides all-around support to State Governments, FPOs, and other entities engaged in the promotion and development of FPOs.

**National Project Management Agency (NPMA):** It assists with programme administration, execution, training, and capacity building for the creation and distribution of knowledge and best practices. It promotes and locates agribusiness institutes and clusters at the national and state levels across the nation and offers aid in choosing CBBOs and their key performance metrics for its monitoring. Additionally, it facilitates the linkage of MoUs with these organizations for long-term involvement and FPO development. It supports SFAC's technical assistance efforts, improves the dashboard for information gathering, establishes connections to markets, connects all other ecosystem stakeholders, aids in structured interaction with stakeholders like ministries and financial institutions and supports policy orientation and related advocacy at National and State level.

### **Cluster Based Business Organizations (CBBOs)**

It assists the NPMA in the creation, implementation, and execution of the programme and business plan in accordance with the scheme's guidelines. It also assists in community mobilization, equity mobilization, and capital raising, in the registration of FPOS, in training and capacity building for BODS and FPOS or farmers groups, in on the roles and responsibilities of BODS and FPOS, as well as in workshops, exposure visits, incubation services, acquiring land and in assisting with regulations (e.g. Government departments, Financial institutions, Training and Research development institutions at the cluster level). Additionally, it aids in easing the creation of necessary common facilities, traceability, compliance and worldwide market connectivity, strategy paper for promotion of FPOS small farmers agribusiness consortium , review and monitoring of the field team during implementation as per desired outcomes and assist in communication and dissemination of information to farmers by way of market and crop advisory and data collection, generating reports and submission of progress report on all specified target activities submitted periodically to the NPMA. Ensuring programme project targets are to be met and help in any other activity related to implementation, management and monitoring of the project.

#### **Issues relates to the promotion of FPOs**

**Difficulties and retardation in mobilization of farmers:** Lack of knowledge by BoDs and FPO leaders of the collaborative achievement of business planning and its benefits, high manpower deterioration rate, capacity and competency gaps in the formation of FPOs.

**Limitation of capacityof the organization and management agency or in processing, storage and customization facilities:** BoDs or leaders and CEOs of the FPOs, need to increase their capability and receive training because they lack the necessary entrepreneurial and business management abilities.It works powerfully in good management practices and business planning efficiently and effectively.Due to restricted access to institutional and equity funding as well as backing from various government programmes and departments, FPOs also struggled to maintain a good infrastructure.

**To provide incubation and handholding support and network:**In order to implement their business plan and to take advantage of scale economies, there aren't enough networking and bargaining opportunities.

**Time consuming process based on membership:**Government organizations/agencies promote FPOs and it takes a lot of time and effort to increase the number of FPO members.

**The limited capacity of FPOs to raise necessary equity:**it should be taken into account in the SFAC Equity Grant Scheme to give farmers an equal share of the benefits despite the vast uncovered area.

**Policy level and institutional credit guarantee cover challenges:** lack of knowledge, symmetry and misinterpretation, there is no knowledge regarding reforming the state APMC act, facilitating direct market license to FPOs, relaxation in *Mandicess*, relaxation in filing statutory compliances and Penalties of delayed compliance.

## CONCLUSION

To overcome the challenges regarding FPO proposed interventions are: the establishment of environment for promotion of FPO reconstruct the design in a systematic way and their implementation by drawing from global best practices and experiences and plan should be integrated by mobilization of farmers through motivating potential FPO members on the envisaged benefits of aggregated and collectivized action, evolving a viable common business plan, with informed selection on crops or commodities and revenue-generating options, increase capacity building and training of BoDs or leaders, manager or CEOs of FPOs to promote FPOS. Institutions should provide certificate or diploma courses to train all members of FPO. Managers or other members should remain updated and remained in link with the FPO through appropriate selection and incentive structure, with legal agreement restricting typically high attrition rates of CEOs. Support for capacity building could be in the form of grant, loans, or a combination of the two based on the need of the situation. Give proper knowledge about SFAC schemes like Equity Grant and credit guarantee fund Scheme, National Agriculture Market (NAM), Venture Capital Assistance scheme and credit support by NABARD. FPO promotion by providing the necessary budget to SFAC from the RKVY head. NABARD and National Horticultural Board (NHB) are also promoting incorporation of producer companies. MANAGE FPO knowledge academy are Centre for Agricultural Extension Policy, Reforms and Processes Agri-Business Management, Centre For Agri-institution Capacity Building, Centre for Allied Extension and Water or Input Use Efficiency, Center for Agricultural Markets, Supply Chain Management and Extension Projects, Centre for Knowledge Management, ICT and Mass Media, Center for Agripreneurship, Youth and Public Private Partnership, Center for Women and Household Food and Nutritional Security, Urban Agriculture & Edible Greening, Center for Agrarian Studies, Disadvantaged areas and NRM extension and social mobilization all these are supported and fund should be provided to strengths these.

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