

Present Status, Opportunities and Challenges of Farmer Producer Organization

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Abstract- *Farmer Producer Organization (FPO) is a registered body with farmers and producers as shareholders in the organization. FPO do the activities related to business and produce from farm. Working of FPO is just concerned for the benefit of its members. The focus of FPO is towards the increase of capacity of farmer by latest agricultural practices for increasing its production. This chapter will focus on potential of Farmer Producer Organization in Punjab. The objectives of the study are: To study the present status of FPO's, To study the opportunities of FPO, To study the challenges faced by FPO, SWOT analysis of FPO. With the formation of FPO its benefits are optimizes cost of production by procuring all necessary inputs in bulk at wholesale rates, Reduces marketing cost through aggregation of produce and bulk transport and thus, enhance net income of the producers, reduce aggregation enables to take advantage of economies of scale and attracts traders to collect produce at farm gate etc.*

Keywords- Farmer Producer Organization (FPO)

I. INTRODUCTION

A Farmer Producer Organisation (FPO) is a authorized entity which is formed by primary producers, viz. farmers, milk producers, fishermen etc. FPO members are little farmers who are backed by FPOs to trade in agricultural platforms. FPO is an organization of the producers, by the producers and for the producers. It is right time that the producer organization contributions should be recognized and capacities should be enhanced for providing good range of services towards producers (Chander, 2013).

Farmer Producer organizations can help the small producers in increasing their access to latest technology, information of the market and business services of rural areas which contribute towards production, growth and intensification and commercialization of small farmers which results in increase in their profits (Shiferawet *et al.*, 2016).

The objectives of the study are:

1. To study the present status of FPO's
2. To study the opportunities of FPO

3. To study the challenges faced by FPO
4. SWOT analysis of FPO.

II. MAIN CONTENT

2.1. TO STUDY THE PRESENT STATUS OF FPO'S

In Andhra Pradesh allocated FPOs are 226 , 204 are registered FPOs and 22 FPOs are under registration process, in Arunchal Pradesh allocated FPOs are 39, there are 38 registered FPOs and 1 FPOs is under registration process, In Assam allocated FPOs are 177, there are 175 registered FPOs and 2 FPOs are under registration process, In Bihar allocated FPOs are 303, there are 294 registered FPOs and 9 FPOs are under registration process, In Chhattisgarh allocated FPOs are 69, there are 67 registered FPOs and 2 FPOs are under registration process, In Gujarat allocated FPOs are 136, there are 131 registered FPOs and 5 FPOs are under registration process, In Haryana allocated FPOs are 120, there are 111 registered FPOs and 9 FPOs are under registration process.

In Himachal Pradesh allocated FPOs are 61, there are 58 registered FPOs and 3 FPOs are under registration process, In Jammu & Kashmir allocated FPOs are 142 , there are 135 registered FPOs and 7 FPOs are under registration process, In Jharkhand allocated FPOs are 93, there are 93 registered FPOs, In Karnataka allocated FPOs are 52, there are 50 registered FPOs and 2 FPOs are under registration process, , In Kerala allocated FPOs are 45, there are 44 registered FPOs and 1 FPOs is under registration process, In Madhya Pradesh allocated FPOs are 335, there are 328 registered FPOs and 7 FPOs are under registration process, In Maharashtra allocated FPOs are 220, there are 207 registered FPOs and 13 FPOs are under registration process, In Manipur allocated FPOs are 9, there are 9 registered FPOs , In Meghalaya allocated FPOs are 14, there are 13 registered FPOs and 1 FPOs is under registration process, In Mizoram allocated FPOs are 14, there are 14 registered FPOs.

In Nagaland allocated FPOs are 8, there are 8 registered FPOs, In Odisha allocated FPOs are 158, there are 151 registered FPOs and 7 FPOs are under registration process, In Punjab allocated FPOs are 78, there are 77

registered FPOs and 1 FPOs is under registration process, In Rajasthan allocated FPOs are 221, there are 218 registered FPOs and 3 FPOs are under registration process, In Tamil Nadu allocated FPOs are 91, there are 89 registered FPOs and 2 FPOs are under registration process, In Odisha allocated FPOs are 158, there are 151 registered FPOs and 7 FPOs are under registration process, In Telangana allocated FPOs are 120, there are 113 registered FPOs and 7 FPOs are under registration process.

In Odisha allocated FPOs are 158, there are 151 registered FPOs and 7 FPOs are under registration process, In Tripura allocated FPOs are 22, there are 21 registered FPOs and 1 FPOs are under registration process, In Uttar Pradesh allocated FPOs are 757, there are 748 registered FPOs and 9 FPOs are under registration process, In Uttarakhand allocated FPOs are 44, there are 43 registered FPOs and 1 FPOs are under registration process, In West Bengal allocated FPOs are 157 there are 155 registered FPOs and 2 FPOs are under registration process,

Source: <https://sfacindia.com/>

2.2 TO STUDY THE OPPORTUNITIES OF FPO

Benefits of FPOs for the Members :

1. **Enhanced farm income:** By forecasting demand and after buying in bulk, an FPO can assure a better farm income for its members. Transporting in bulk quantities lowers the transportation costs which in return lowers the overall cost of production. By combining all the production of its members as one and selling it in large quantity will result in higher profit for their production. (Mudholkar, 2019)
2. **Updated information of market:** FPO can provide up to date information of the markets to its members which will help them to retain their produce till the market price increases and this will help to increase the income produce from its produce by selling at right time when price are high. (Navaneetham, 2017)
3. **Economies of scale:** By ordering and purchase of common items in bulk will result in lower cost of manufacturing of the FPO. Cost such as order cost of products, cost of transportation and agriculture inputs material like seeds, fertilizer, pesticide, agriculture implements etc all are part of the money savings because of economies of scale. (Sawairam, 2014)
4. **Enable vertical integration:** Organizations that are producers owned are best illustration of vertical integration which forms the basis for horizontally coordinating farmers as the starters because they demonstrates such as cooperating farmers to the top

level of food chain which will established ownership if they could get essential quality requirements, good finance, loyal and trust within organization. (Richa, 2020)

5. **Ensuring access to market:** Accessing to the markets is guaranteed by purchasing the produce members and transporting is same as organization's manufacturing inside logistic activities. The activities of purchase include controlling of quality and price of required material. (Paty, 2018)
6. **Developing markets and buyers relationships:** For being a reliable market partner its important to have best and long lasting relation with consumers of all segments. It needs better contracts and agreements among them. Markets knowledge is important for FPOs for making business decisions. (Murray, 2008)
7. **Collective bargaining:** Farmer producer organizations get benefitted because large number of producers come together under FPO and purchase of raw material for the produce can be done at economical rate and other facilities such as transportation, storage, processing etc of the produce can be done at economical pricing because product quantity will be in large and this is the major benefit of the FPO.
8. **Better manufacturing facilities:** With the formation of FPO the members can get latest machinery which an individual producer cannot purchase because of low finance and this will benefit the producers in the quality of produce.

2.3 TO STUDY THE CHALLENGES FACED BY FPO

1. **Less technical knowledge:** Lack of awareness amongst the farmers regarding importance of collective effort & not having availability of necessary organization for giving required technical know how. (Jibrin, 2011)
2. **Poor organization Management skills:** A Farmer Producer Organization should run by the professional, skilled and highly qualified individual and other members should be under the control of independently elected Board of Management. However required trained individuals are not available in the rural areas for managing FPO in professional manner. (Desai, 2014)
3. **Poor Finances:** FPOs are formed by small and marginal farmers which have less resources background and these members are financially weak for giving good product and service to the individual. (Chand, 2011)

4. **Poor Access for credit:** Poor access for necessary credit for requirement of collaterals and poor history regarding credit is most important constraint that FPOs are facing. The guarantee of credit cover which SFAC offers for lending by collateral-free for Farmer Producer Companies which have more than 500 shareholder members. (Bhosale, 2014)
5. **Risk Mitigation:** The risk of the production at producer level is partly covered under the present insurance schemes, but the business risk related to Farmer producer organization is not covered. (Joglekar, 2022)
6. **Poor Access of Market:** The product marketing at required cost is very much required for the betterment of farmer producer organizations. The prices of the inputs are broadly done the by corporate producers. Market opportunities will be better for FPOs, if they could analyze local markets consumers demands and have linkages for the selling of their products. An integration of FPOs with large

retailers/industry is need of the hour for long term sustaining of business of FPO.(Sukhpal, 2013)

7. **Poor Infrastructure:** The farmer producer organization have lack of access to required infrastructure like transportation, storage of produce, adding value to produce and processing of produce, building of brand and marketing of produce.(Onumah, 2007)
8. **Lack of co-ordination:** In the FPO there is problem of coordination among its members which directly affects the working of the FPO.
9. **Lack of Quality of produce:** One of the big problem of the produce is that it sometimes lack the quality of produce because of poor access to the latest technology of the production and the technical know how of the members towards processing of the produce is also less.

2.4 SWOT Analysis of FPO

<p><u>STRENGTHS</u></p> <ol style="list-style-type: none"> 1. Producers could get the benefit of the economy of the scales 2. Rural youth Employment avenues. 3. Participation of members in the activities of agri-business. 4. Groups have better power in bargaining with the supplier, bank and creditor supplier and with end consumer of the produce. 5. Marketing directly their produce 6. Farmer Producer organizations have good potential for expanding their businesses towards towns and other locations across country 7. Educated Board of Directors are educated and they are dedicated towards work <p>(Bernard, 2009)</p>	<p><u>WEAKNESS</u></p> <ol style="list-style-type: none"> 1. Producers are less interested in joining farmer producer organization. 2. Poor directing, planning, staffing of the business . 3. Members are less interested and have poor participation in the group activities of FPO 4. Inefficiency of Board of Management and CEOs of farmer producer organization 5. Lack of infrastructure 6. Poor supply of input raw materials for sustaining business 7. FPOs are failing in integrating with large businesses for selling their produce. 8. Poor experience of brand development. <p>(Shiferaw, 2016)</p>
<p><u>OPPORTUNITY</u></p> <ol style="list-style-type: none"> 1. Women’s empowerment can be done through farmer producer organizations 2. Produce can be processed and brand can be created 3. Economy of village can be development by farmer producer organizations 4. Multiple linkages can be developed between for service providers for public and private support through FPO’s 	<p><u>THREATS</u></p> <ol style="list-style-type: none"> 1. Because price of produce fluctuations there is risk to the members 2. Private industries are the main competitors for produce and there is also problem of political interferences during the business operations 3. Resistance from local manufacturers for production of the produce 4. Board of management try to dominate its members which provide hindrance of business

<p>5. Produce can be sold directly to end consumers</p> <p>6. Online marketing of produce can be done.</p> <p>7. Good or best quality produce can be sold at international level with formation of FPOs</p> <p>(Trebbin, 2014)</p>	<p>operations of FPOs.</p> <p>(Harrington,2019)</p>
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III. CONCLUSION

Farmers can be helped with the formation of Farmer producer organization in following ways Production cost can be minimized by the storage of all required raw material for production at wholesale rates, Cost of marketing gets reduced by production at large scale of all producers and bulk transportation of the produce in large quantities which will result in better income for the producers from their produce, All the produce under one roof of the FPO will definitely enable the advantages of economy of scale and will attract trader for the buying of produce at the farm rates only.

With the formation of farmer producer organization the members get facilitated for accessing the latest technology, development of capacities of operations, extension services and latest technologies training for production and availability for traceability of agriculture's produce, By value addition post harvest loss of produce gets minimized and value chain get managed efficiently, Properly planning and managing ensures the non stop supply of the produce from farm and quality of the produce, Contractual farming and market agreements helps in good management of price fluctuations of the produce in the market.

Information related to price of produce, volumes of produce and farms regarding knowledge, Better approach towards the fund and other supported service given by the Government / donor / services provider and FPO development will ensure better collective bargaining power and economies of scale.

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