

Farmer Producers Organisation As New Generation Company

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Abstract- *Farmer Producer Organizations (FPOs) are evolving as a changing power India's agricultural economy, predominantly in the backbone state-Punjab. The main aim to FPOs is to empower the small and marginal farmers by enhancing their socio-economic status through nurturing collective farming, easy access to markets, and allowing better price realization. The present study is based on content analysis of secondary data sources and reports. The significant efforts are made by central and state government for establishing FPOs with the support of NABARD and other agencies. The evolution of FPOs in Punjab faces several challenges, including limited infrastructure, poor market linkages and group leadership, low farmer awareness, and dependence on outdated farming techniques. This study critically scrutinizes the current status, policy interventions from 2014-2024, challenges, and opportunities for FPOs in Punjab, contribution of group leaders' insights on working of FPOs. Recommendations are suggested for bracing the FPO network in Punjab, guaranteeing long-term progress and socio-economic upliftment for growers.*

I. INTRODUCTION

Farmer Producer Organizations (FPOs) in India have experienced prominent growth, with 3,044 FPOs registered by 2020-21, mainly enabled by NABARD and SFAC (Agarwal&Goyal, 2022). In Maharashtra, FPOs primarily focus on crop production and marketing, with NABARD being a major promoter (Rashtrapal et al., 2022). FPOs seek to mitigate issues encountered by small and marginal farmers, including market access and exploitation by intermediaries (Krishna, 2018). FPOs have shown enhanced performance and elevated income levels for members, their growth has varied across states (Nathan &Palanichamy, 2021). Whereas Punjab face numerous trials in their operationalization and functionality. Challenges encompass insufficient financial support and elevated indebtedness levels among farmers (Devi et al., 2020). Primary obstacles include of inadequate working capital and management, lack of experienced personnel, and dependence on peripheral agencies (Malik &Kajale, 2024). Managerial, socio-psychological, economic, and marketing such as distrust, financial difficulties, and inadequate group leadership hinder FPO operations in Punjab, India (Singh et

al., 2022). State governments should implement flexible policies to foster the growth of FPOs, facilitating their transition into self-sustaining and commercially viable enterprises (Agarwal&Goyal, 2022).

Research also indicates inadequate group leadership, moderate group communication, and minimal group engagement among FPO members (Amitha et al., 2021). There was a 17.22% increase in small farmers' income. After joining the FPOs, the income of landless farmers climbed to 7.9%, while the income of medium farmers increased by 11.07 percent (Singh, 2021). FPO members' lack of market understanding, their lack of business insight, and their contact to formal, involved contract-based marketable dealings among farmers were some problems of Punjab FPOs. To tackle these difficulties, recommendations encompass the creation of extensive databases, the establishment of performance measures, the provision of managerial skill support, and the promotion of social capital development efforts (Malik &Kajale, 2024).FPOs use bulk input purchasing, marketing, and equipment sharing to decrease middleman exploitation and give small and marginal farmers scale economies (Padmanand et al., 2017). To improve FPO effectiveness and farmer integration into the mainstream economy, matching funds in PPP mode should be used to expand capacity and shared facilities and create an Agri Business Promotion Facility. The present study focusses on analysing the current status of FPOs for empowering farmers' leaders, government policy interventions trend from 2014 to 2024, challenges and opportunities in state like Punjab, while comparing it with Maharashtra.

II. OBJECTIVE OF THE STUDY

Therefore, the following research questions have framed to fill the research gap.

1. To study the current status of FPOs.
2. To study the Women participation in FPOs
3. To study the government policy for FPOs
4. To study the challenges and opportunities of FPOs.

III. TO STUDY THE CURRENT STATUS OF FPOS

FPOs in India are crucial in empowering small and marginal farmers by contribution of collective negotiating power, input supply, marketing, and technical assistance (Malik & DilipKajale, 2024; Shrivastava and Shrivastava, 2022). Almost 7,000 FPO, with 4.3 million small producers contributing to their share capital, are presently functioning throughout India (Neti et al. 2019). Despite a swift rise in numbers since 2014, attributed to governmental initiatives and incentives, over 50% of these are concentrated in merely four Indian states. Currently, 579 FPOs, in Maharashtra, and only 128 FPOs in Punjab registered in NABARD, SFAC and IAs under the 10000s FPO by 2024 (Ministry of Agriculture and Farmers Welfare, 2024).

3.1 FPO's Landscape

The India's agricultural hub- Punjab, has shown modest improvement in FPO growth, mainly focused on grain and cereal crops. Recent efforts, such as the establishment and Promotion of 10,000 FPOs Scheme created several organizations but their scope normally stays limited to primary agricultural produce (Prasad, 2019). FPOs in Punjab come across problems like restricted diversification, lacking farmer awareness, good leaders and insufficient infrastructure (Kaur & Singh, 2021). Initiatives to improve agricultural variation via FPOs have established potential, particularly in inspiring farmers to foster high-value commodities such as vegetables and fruits (Mansingh et al., 2021) and it can happen with the proper channel and leaders of farmers (Khushwara, 2024). In summary, there has been a slight uptick in permanent labor employment; farmers have experienced a notable income increase of 15%, attributed to a shift in cropping patterns and the effective utilization of agricultural inputs. Most of the FPOs are dealing in Paddy and Basmati in Punjab. The research shows that out of 67 FPOs surveyed, 48% were operational, 28% were closed, and 24% were invisible (Rant et al., 2018). The collapse of FPOs is because of several factors such as loss of business, dissolution of farmer membership, funding delays, industry switches due to low profit margins, and administrative issues. Efforts in crop diversification through FPOs could potentially increase their contribution to in the coming years. Leadership roles by women in FPOs remains low.

Maharashtra is the 2nd populous state in India, and 3rd biggest by land. Maharashtra, an agricultural leader with considerable manufacturer of staple and cash crops, is commonly recognized as a portent in the nation's smallholder accumulation initiative. The leader of FPOs-Maharashtra focussing more on horticulture, dairy, and cash crops like

sugarcane (Illahi, 2022). As the number of FPOs increases, western India has become the epicentres of FPOs in the nation, with Maharashtra taking a protruding role. In 2019, Maharashtra's FPOs earned Rs. 777 crores. FPOs cultivated 33 crops. Maharashtra collectives sell pulses (tur dal), soybean, cotton, onion, maize, wheat, tomatoes, and chickpeas (Illahi, 2022). According to Maharashtra Cooperative Marketing Federation (MarkFed) and the Maharashtra Farmers Producers Company (Maha FPC), vegetable FPCs are rapidly gaining prominence in the state (Rani et al., 2018). A significant number of FPCs are also managing input business and market connections for the farmers. The state rewards from robust cooperative frameworks, historic expertise in community agriculture, and extensive governmental backing (Pawar, 2023). Maharashtra's FPOs have outshined in adapting digital platforms, refining market linkages, and implementing value addition activities, including processing and branding (Nagaraji, *et al.*, 2023). Nevertheless, financial limits and fragmented landholdings linger to pose significant hindrances. FPOs contribute to rural employment, driven by their focus on horticulture, dairy, and food processing. In Maharashtra, Farmers are also digitally trained for using internet for selling their produce Value-added services and supply chains account for an additional employment opportunity. Women's participation in FPOs is higher, particularly in dairy cooperatives and horticultural FPOs. The emphasis on value-added products and export-oriented markets could push FPOs' contribution in the near future.

Punjab's FPOs are gradually emerging with a prominence on primary agriculture, whereas Maharashtra's FPOs display a more differentiated portfolio and incorporation into value chains business model. Mutually two states deal with the following challenges; limited access to credit and inadequate market infrastructure; though, Maharashtra's experience with collectives' organisation offers it with a notable lead. Punjab may gain assistance from Maharashtra's business model and strategies vis-à-vis value addition and cooperative/collectives' agendas.

Financial constraints, inadequate infrastructure, and limited access to market information further hinder their effectiveness (Gariyashi Tamuly et al., 2023). To address these issues, there is a need for proactive government support, comprehensive databases, performance metrics, management skill assistance, and streamlined licensing procedures (S. Malik & DilipKajale, 2024). Research on FPOs in India is growing but scattered, with case studies being the predominant method of exploration (C. Prasad et al., 2019). As the Indian government plans to add ten thousand FPOs in the coming years, addressing these challenges is crucial for fostering sustainable agricultural practices and improving farmers'

socio-economic conditions (S. Malik & DilipKajale, 2024; GariyashiTamuly et al., 2023).

IV. TO STUDY THE WOMEN PARTICIPATION IN FPOS

Women have constantly played a vital role in Indian agriculture, importantly contributing to agricultural operations and household economies. Their involvement in FPOs is a comparatively under-explored area of study. FPOs deliver a basis to allow women through collective decision-making, leadership development, and economic autonomy. This study analyzes women's leadership and involvement in Farmer Producer Organizations (FPOs) in Punjab and Maharashtra, two states characterized by distinct agricultural methods and socio-economic conditions. 46% of agricultural workforce is female but only 13% of rural women are engaged in entrepreneurship (Charitha and Kumari, 2023). FPOs are projected to constitute merely 5.9% of the 17,000 FPOs planned for Women (Vasavada 2021), highlighting a considerable disparity. Women play central roles in diverse agrarian activities, with highest sharing detected in the sub-mountainous surging areas, chiefly in reaping and weeding (Sidhu, 2011). But, issues persist, with low attendance at cooperative meetings, partial access to training programs, and limited control over household finances (Choudhary, 2022). In potato production, farm women demonstrated moderate levels of participation, yet displayed significant training needs in specific areas (Jethi, 2008). Noteworthy inter-district disparities exist in female work participation rates, with Nawanshaher district displaying the highest and Gurdaspur the lowermost (Chopra et al., 2024). These discoveries show the requirement for targeted involvements to improve women's participation in Punjab's agricultural sector specifically in FPO's. Few women members attended training and meetings, with only 0.83% and 22.5%, respectively. At the household level, only 33.3% of women have personal bank accounts and 37.5% have expenditure freedom (Choudhary, 2022), which highlights the lack of women participation in FPOs also.

Women's participation in FPOs in Punjab remains modest, primarily limited to activities such as organic farming and post-harvest processing as well as socio-cultural norms acting as a noteworthy barrier (). Despite limited participation, targeted government schemes and NGOs are attempting to increase women's involvement through awareness campaigns and capacity-building workshops women's participation in FPOs is notably higher. Government programs like the MahilaArthikVikasMahamandal (MAVIM) have played a pivotal role in encouraging women to take active roles in FPO operations. Patriarchal norms and lack of financial literacy are key obstacles preventing women from assuming decision-

making positions. Efforts to address this gap have been initiated, including leadership training programs aimed at empowering women farmers. Maharashtra outpaces Punjab in women's leadership within FPOs leadership roles held by women (Deshmukh et al., 2022). Women-centric cooperatives and self-help group (SHG) linkages have provided a foundation for women to assume leadership roles in agriculture-focused FPOs. Additionally, exposure to financial management and marketing skills has boosted their confidence in leading such organizations.

Punjab's patriarchal societal structure often limits women's active engagement in public decision-making. Maharashtra's progressive SHG movement and government support provide an enabling environment for women's participation. Maharashtra demonstrates a more inclusive approach toward women's participation and leadership in FPOs, supported by proactive policies and a strong SHG framework. Punjab, on the other hand, needs more focused interventions to break socio-cultural barriers and provide women with the skills and confidence to lead. Both states can benefit from knowledge-sharing initiatives to promote best practices and further women's empowerment in the FPO ecosystem.

V. TO STUDY THE GOVERNMENT POLICY FOR FPOS

5.1. Vision of National Policy

The vision of the "National Policy" is to build a prosperous and sustainable ecosystem for development of agriculture and allied sector/activities like field crops, horticulture, apiculture, sericulture, medicinal & aromatic plants, permitted minor forest produce and animal husbandry and fisheries sectors by promoting and supporting memberowned Producer Organisations that enable farmer-producers and agrarian community to enhance productivity through efficient, cost-effective and sustainable resource use and realize higher returns for their produce and become sustainable through collective action facilitated by the government and fruitful collaboration with academia, research agencies, civil society and the private sector.

5.2 Mission of National Policy

- To scientifically and systematically consolidate the existing FPOs and also to form new FPOs. Thus, endeavour is to be made to create an FPO ecosystem wherein a minimum of 7-8 active primary level FPOs in each block of the total 7256 blocks in the Country , or at least in potential blocks , are formed

/consolidated in next five years, which may number roughly 50,000 . The policy would directly benefit 2.50 crore farmers (17% operational holdings) out of total 14.64 crore farmers including 12.60 crore small and marginal ones (operational holdings as per agriculture census, 2015-16) inhabiting in 6,48,577 villages, considering average number of 500 farmer-members per FPO.

- To promote FPOs to meet vibrantly and dynamically changing requirements for pre-production, production and post-production technologies, farm diversification, agri-preneurship development and the development of sustainable community enterprise systems across India with application of innovations and technology. Farm pooling for produce purchase agreement , waste to wealth and such other activities will be promoted.
- To provide adequate and need based support to FPOs in a systematic and planned manner. Support of any type and handholding are to be need based as assessed time to time by CNA through Central Professional Agency (CPA) engaged by it .The CNA with CPA will provide single window facilitation.
- To provide uniform and a facilitative ecosystem for entire value chain such that the FPOs as collectives of producers can flourish making agriculture and rural communities sustain and flourish.
- Depending upon the nature of the produce, its value chain and other relevant factors, need and choice based dual or triple tiered FPO federation or a JV with private corporate entities including startups will be promoted . Branding, packaging processing, marketing, export. etc at appropriate tier will be required to be undertaken professionally.

Source: F. No. 25011/03/2023 M. II –WBT, Government of India

VI. TO STUDY THE CHALLENGES AND OPPORTUNITIES OF FPOS

6.1 Organization of FPO/PC

On an average each FPC caters to the agribusiness and extension need of 1200-1500 farmers for a cluster 20-25 villages. A professional management team of three-five persons provide handholding support to the BoD to carry out day to day operation. They also build capacity of the BoDs for governing function.

6.2 Benefits to members

- Timely and easily availability of fertilizers, seeds and other agriculture inputs at a reasonable rate;
- Bulk selling of agriculture produce for better price and to meet quality standards and forma market specifications.
- Extension services received by the farmers which the FPC had arranged with the agriculture department or from other service providers,
- Receiving cash dividends from the FPC.

6.3 Current challenges of FPCs:

The following are the major challenges faced by FPCs

- Lack of mobilization of working capital and lack of support from financial support
- Lack of Organization Management Capabilities such as administration and financial management.
- Inadequate Business and marketing skills.
- Registrations and statutory processes compliances are very cumbersome.
- Insufficient knowledge of forward and backward linkages.
- Lack of skilled human resource.
- Lack of technical knowledge of package of practices for better production.
- Significant gap in infrastructure facilities envisaged and actual.
- social and economic challenges in form of eneterprenial culture, literacy, stigma etc.

(Sajeev and Singh, 2010)

- FPOs emerged as an interface between small farmers and the external world by providing forward and backward linkages (Trebbin and Markus 2012).
- Benefits accrued to the farmers by associating themselves with FPO range from input benefits, production benefits, marketing and post-harvest benefits that can have positive and significant influence on income and welfare of farmers
- Input and information benefits are achieved through collective procurement of inputs which helps members in getting inputs at lower price with better negotiation (Herck 2014, Abokyi 2013).
- Extension and advisory services (EAS) provided by FPOs fulfill the information need of the farmers, reducing their transaction cost and fulfilling information need (, Herck 2014, GFRAS 2015). Most of

- Association with FPOs help the farmers in market access to different channels by offering larger volume which as individual farmer is not possible (Mishra *et al.* 2004, Latynskiy and Thomas 2016).
- As collective nature of FPOs increases bargaining power of the farmers, decreasing middlemen giving more price to their produce (Bijman *et al.* 2012)

VII. CONCLUSION

FPOs in Punjab come across problems like restricted diversification, lacking farmer awareness, good leaders and insufficient infrastructure. Benefits of FPO are Timely and easily availability of fertilizers, seeds and other agriculture inputs at a reasonable rate; Bulk selling of agriculture produce for better price and to meet quality standards and form market specifications and Extension services received by the farmers which the FPC had arranged with the agriculture department or from other service providers. Problems faced by FPO members are Lack of mobilization of working capital and lack of support from financial support, Lack of Organization Management Capabilities such as administration and financial management, Inadequate Business and marketing skills, Registrations and statutory processes compliances are very cumbersome, Insufficient knowledge of forward and backward linkages, Lack of skilled human resource and Lack of technical knowledge of package of practices for better production.

Women have constantly played a vital role in Indian agriculture, importantly contributing to agricultural operations and household economies. Their involvement in FPOs is a comparatively under-explored area of study. FPOs deliver a basis to allow women through collective decision-making, leadership development, and economic autonomy. To scientifically and systematically consolidate the existing FPOs and also to form new FPOs, To provide adequate and need based support to FPOs in a systematic and planned manner. To provide uniform and a facilitative ecosystem for entire value chain

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