

Ensuring Sustainable Income for Farming Community through Farmer Producer Organisations - A Case Study

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Abstract: *Farmers Producers Organizations (FPOs) are means to uplift the conditions of farmer especially marginal and small farmers. It is challenging task to uplift 85 per cent of these categories of farmers. The major challenges like marketing, economics of scale, adoption of profitable technologies, input management etc. Collective efforts can bring many advantages among the small and marginal farmers to overcome the constraints faced by them. Establishing 10,000 FPO is the target set by government of India through NABARD, SFAC and other institutions. Establishment of FPO and registered it as FPC is quite easy job but sustainability is the great challenge for the promoting institutions. In order to study the functioning of FPC in the sustainable income for the members, a case study was conducted. Marutham FPC was performing cotton trade, entered in e marketing venture but find difficult in adding full strength of 700. It has a clear future plan to take the locational advantages. Apart from constraints the board of directors, members and promoting institutions work coordinating manner for the growth and sustainability which is a lesson for such initiatives.*

Keywords: Farmer Producer Company, Sustainable Income

1. Introduction

A Farmer Producer Organisation (PO) is a legal entity formed by primary producers, viz. farmers. A PO can be a producer company, a cooperative society or any other legal form which provides for sharing of profits/benefits among the members who are the owners of the POs. (NABARD-2015).

The FPO s are mainly promoted for income Increase of farmers especially small and marginal farmers, eliminate the intermediaries, promote aggregation of the primary producers to avail the benefit of economies of scale and increase the bargaining power of producers.

Importance of Establishing FPOs

The Government of India is promoting the establishment of FPO under Central Sector Scheme called Formation and Promotion of 10,000 FPOs. As on March 2022, 7059 FPOS are established throughout the country which includes 225 women FPOs. The state Karnataka has the highest number of 578 FPOs, followed by Maharashtra (569) and Madhya Pradesh (550). These FPOs are promoted by SFAC, NABARD and other Implementing Agencies such as State Departments, NGOs, Corporates and so on.

The major tasks of FPO includes procurement of inputs, disseminating market information and technology and innovations, aggregation and storage of produce, primary processing like drying, cleaning and grading, brand building, packaging, labeling and standardization, quality control, marketing to institutional buyers, participation in commodity exchanges and export.

Case Study of Marutham FPC

In order to know the performance of FPCs focus group discussion with the executive committee members, members of FPC, representatives of supporting institutes was

organized and the following outcome were arrived. A study about the functioning of a FPC namely, Marutham Farmer Producer Company located at Karaikal district of UT of Puducherry was conducted to explore the activities of FPC.

Karaikal Marutham Farmers Producer Company Limited is a Private incorporated on 10 August 2021. It is classified as Non-govt company and is registered at Registrar of Companies. Its authorized share capital is Rs. 1,500,000 and its paid up capital is Rs. 370,000. It is involved in Agricultural and animal husbandry service activities. This case analysis has been carried out with the involvement of Executive directors, implementing agency and members. The following are the outcome the study.

It has a membership of 510. The objectives of the company includes transform the farmers to marketers, double the profit of the farmers with a aim of production of food and to perform value addition and marketing. This is a unique FPC in this area which achieved procurement of 2,32,000 quintal with a turnover of 1.62 crores during last year.

The Chairman was selected based on educational qualification and progressiveness in carrying out farming operations. The Board of directors were selected based on various standards and criteria put forth by NABARD. The Chief Executive Officer is a B.Sc (Agriculture) graduate, who is in-charge of all technical aspects of the FPC.

Locational Advantage

Karaikal district is predominated by agriculture and suitable for cultivation of paddy and pulses. The other crops includes cotton, chilly, coconut, groundnut, fruits, flowers and vegetables. Income for animal husbandry is also considerable extent. This district is also have the intuitions viz. department of agriculture, horticulture, fisheries, animal husbandry and forestry, Agriculture College & research institute viz., PAJANCOA & RI, vocational agriculture

school, Krishi Vigyan Kendra (KVK), regulated market committee, state seed farm, PASIC to providing support for Karaikal agriculture.

Major activities performed:

The following are the major activities performed by FPC

- Acts as an Agri-clinic
- Acts as farmer's knowledge centre
- Input distribution
- Shortened Market linkage by avoiding intermediaries
- Procurement of cotton
- Selling of cotton seeds
- Sells organic inputs like bio-fertilizers
- Offering training program to the farmers with help of KVK, Madur & Department of Agriculture.
- Arranging exposure visits to the farmers in free of cost by using NABARD allowance
- Initiated e-marketing activities through tie-ups.

Role of Institutions

The FPC is supported by the institutions like NABARD, Hand-in- Hand, Department of Agriculture. The following is the role of institutions in the function g of FPO. NABARD is the funding agency for this FPC and promoted by Hand-in-Hand NGO. The NGO supported the FPC for the registration process, enrollment, selection of Board of members and other day to day activities. The FPC is getting technical support from department of agriculture, KVK for training, visits, providing technologies, arranging linkage with various institutions through ATMA and other developmental schemes.

Group Promotional Activities:

One-third of the members are involved & actively participating in the FPC which implies the partial participation of farmers in the training program, annual general meeting, buying inputs and providing their produce for the procurement process.

Major communication among group members is through Board of Directors. Important information is personally reaching members through the Board of Directors, as each one of them belong to different areas in Karaikal region it is easy to cover all the members. However, physical meetings, Whatsapp group, publications are also used by them for sharing information among group members.

Conducting annual general meeting, bimonthly meetings among board of directors to discuss the upcoming activities & functions of the FPC are the mandatory meetings for the management purpose.

Training programmes, field visits, exposure visits are arranged for the members with the technical assistance from department of Agriculture and KVK. The farm advises such as application of fertilizers, herbicides and pesticides other farm related issues.

Marketing Management:

They procure cotton from the farmers and sell it to the mill located at Ariyalur which is around 70 KMs, without any interventions of the middlemen. It helps the farmers in

cutting the conventional market chain from retail local purchaser- Middleman – Wholesaler- Mills to Farmer – Mill. They acts as a bridge between the farmers and the mill. Farmers take their produce to the collection centre of FPC for the selling their produce. It has 4 procurement centers in Karaikal district. During the year they achieved procurement of 2,32,000 quintal (12,519 ton) cotton which is of the value of Rs. 1.62 crores. The procured cotton for Rs.130 per quintal from farmers, which is highest in the locality.

The FPC is also selling inputs includes seeds, fertilizers, herbicides, pesticides and bio-fertilizers through their Agri-Clinics. They are procuring cotton seeds are bought from private companies from Salem & Coimbatore and paddy seeds from Tamil Nadu Agricultural department. Other inputs from wholesales agencies.

Achievements of Marudham FPO:

- Best performing FPC in Pondicherry
- Procurement of cotton is done for Rs.1,62,00,000
- Marudham FPC fulfilled their objective by doubling the income of the farmers by procuring cotton.
- Increasing cooperation by the members by winning the confidence.

Benefits realized by Farmers as Member FPO:

- Share price to become a member in Marudham FPC is Rs.1000 that which is less compared to other FPCs
- Elimination of Middlemen by acting as a bridge between farmers and mills by contacting the mill on behalf of farmers
- Provided good quality certified cotton seeds
- Technical support from agricultural professional.
- Participated in training program organized by FPC.
- Easy access to procurement center established by the FPC.
- Installation of digital weighing machine in all 5 procurement centres instead of manual one in order to maintain accuracy and transparency
- Increase of procurement price in this region only after the interventions of FPC.

Problems faced by the members of FPC

- 1) Less awareness about the availability of various brands of inputs in FPC like seeds, herbicides, fertilizers
- 2) Inadequate availability of inputs in FPC
- 3) The benefits extended to registered members/farmers and other unregistered farmers are same.
- 4) Information about the meetings organized, training programs, special event days etc are not reached the farmers on time.
- 5) The quantity of inputs is given only based on the recommendation and cultivated area. If a farmer needs more fertilizers, herbicides or other inputs it is provided only after the submission of another Aadhar card of their family members.

Suggestion by Members of Marudham FPC for better functioning:

- 1) Procurement of paddy and black gram should be done as marketing is the major problem in agriculture

- 2) Proper awareness should be given among farmers about the advantage of being an FPC member so many of them may come forward to join it
- 3) Awareness should be given to the farmers about the services and the available inputs with the Marudham FPC
- 4) Construction of ginning mill should be done in Karaikal region
- 5) Harvesting machine and other implements & machineries should be made available to the farmers in subsidy amount
- 6) Frequent meeting should be organized among the members to discuss the current activities and future plans of Marudham FPC
- 7) Registered members in FPC should be given first preference

2. SWOT analysis of Marudham FPC

Strength

- 1) More area under Rice and Cotton
- 2) Availability of institutions such as KVK, PAJANCOA for technical guidance.
- 3) Social and Digital media for connecting farmers and marketers.
- 4) Strong support and monitoring by implementing agencies.

Weakness

- 1) Less enrollment of the members, eventually results in less cash flow
- 2) Difficulty in contribute the share price by marginal and small farmers.
- 3) Lack of using social and digital media.
- 4) Lack of storage facilities

Opportunity

- 1) Government support through various schemes
- 2) Less competition to sell their produces.
- 3) Rail and road connectivity
- 4) Increasing population diversity.
- 5) Increase of Farmers usage of mobile phone
- 6) Availability of technical support.

Threats

- 1) Competition from input dealers
- 2) Change of Farmers attitude towards concept of FPOs
- 3) Influence of intermediaries in procurement of farm produces at farmers filed.

3. Future Plans of Marudam FPO

- Construction of cotton ginning factory in Karaikal with the support of state government.
- Purchase inputs, implements & machineries for the betterment for the farmers
- Promoting seed production in rice.
- Procure organically grown traditional paddy varieties and process them further in the mill to convert them to rice and market the processed organic traditional rice varieties.
- Establish brand for FPOs products.

- Support farmers in growing vegetables by helping them in marketing horticultural crops by opening their own stall in the vegetable market.

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