Setting up of Farmer Producer Organizations (FPOs)

Context

To support farmers in various aspects ranging from input procurement to market linkages, Government of India through Small Farmers’ Agribusiness Consortium (SFAC), a registered society under Department of Agriculture, Cooperation & Farmers Welfare, Government of India, is promoting Farmer Producer Organizations (FPOs) by mobilizing the farmers and helping them in registering as companies.

What is a “Farmers Producer Organisation” (FPO)?

It is one type of Producer Organisation (PO) where the members are farmers. Small Farmers’ Agribusiness Consortium (SFAC) is providing support for promotion of FPOs. PO is a generic name for an organization of producers of any produce, e.g., agricultural, non-farm products, artisan products, etc.

What is the need for PO?

- The main aim of PO is to ensure better income for the producers through an organization of their own.
- Small producers do not have the volume individually (both inputs and produce) to get the benefit of economies of scale.
- Besides, in agricultural marketing, there is a long chain of intermediaries who very often work non-transparently leading to the situation where the producer receives only a small part of the value that the ultimate consumer pays.

Features of a PO?

- It is formed by a group of producers for either farm or non-farm activities.
- It is a registered body and a legal entity.
- Producers are shareholders in the organization.
- It deals with business activities related to the primary produce.