



Farmer Producer Organizations (FPOs): A Scheme for Transforming the Agricultural Sector of India

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Abstract:

India is well-known for being the "Land of Villages." About 65 percent of India's people live in villages (according to World Bank). Agriculture and activities related to agriculture are their main occupations. As the largest and most significant sector of our economy, agriculture employs more than 70% of Indians. The Indian economy is heavily dependent on agriculture. The aim of the study is to address the present scenario of the agriculture sector in India. To gain knowledge about government initiatives and plans for the extension of agriculture, as well as the role that agriculture plays in the Indian economy. In this study, secondary sources of data were used. The information has been gathered from agricultural department journals, periodicals, publications, etc. This study reached the conclusion that the government of India initiates several plans for growth and supports agriculture and the allied sector. Through government support, agriculture and the allied sector contributed a huge portion of GVA in Indian economy.

Keywords: FPOs; Agriculture; Indian Economy; Government Initiatives; Expansion of Agriculture

Introduction

The main industry in the economy is agriculture. It directly utilizes natural resources. It differs from the tertiary sector (which produces complete goods) and the secondary sector (which generates manufactured and other processed commodities). Typically, this business is more significant in developing nations. Before the industrial revolution, the great majority of people engaged in agriculture. Rather than cultivating the majority of their crops for export, farmers in pre-industrial agriculture grew them largely for their personal use. The agricultural industry is the most significant sector in the Indian economy. It has seen tremendous change during the past 20 years, with policies promoting globalization and liberalization creating new possibilities for agricultural modernization. Investments in the industry have led to a variety of technological and institutional advancements, in addition to commercialization and diversification. The largest and most important sector of our economy is agriculture, which employs about 70 percent of India's workforce. According to Ramappa and Yashashwini (2018), FPOs have developed into an essential tool for assisting individual farmers in overcoming structural limitations and strengthening their position as negotiating agents in the market. Furthermore, FPOs are a calculated way to double farmer earnings by 2022, in line with the government's larger goals for agricultural policy, claim MP and Mathur (2018). First People's Organizations (FPOs) have the potential to significantly impact India's rural economy by promoting cooperative efforts and facilitating enhanced agricultural techniques. Farmers' wages and standard of living have increased as a result of FPOs, according to Chandrakar, Chandrakar, and Das (2023).

Traditionally, agricultural goods have served as the main source of raw materials. This indicates the relative perceived importance and dominance of agriculture in the Indian economy. Additionally, it significantly raises GDP. Agriculture provides the fundamental raw materials needed by the majority of

industries. The nation has been able to establish a considerable buffer supply and achieve self-sufficiency in food grains thanks to its systematic approach to development. A supportive policy environment played a significant role in these successes. Indian agriculture sought to achieve food security by encouraging growth and ensuring equitable access to food. As a result, major famines are no longer a problem, and agricultural productivity is unaffected by poor weather.

Review of Literature

The author concluded that agribusiness is an effort to improve the appeal and financial viability of agriculture. It is obvious that there is a lot of room for entrepreneurship in the agricultural sector, but this potential can only be realized through efficient management of Agri-elements like soil, seed, water, and market requirements. The agricultural industry has a significant potential to boost national GDP while also directly employing and supporting a wider and needier segment of society. For increasing output and profitability in the agricultural and related sectors, agripreneurship is both an opportunity and a necessity (Bairwa *et al.*, 2014).

The author came to the conclusion that agricultural laborers who are socially, economically, and educationally deprived are given a very low status in the Indian social order. The weaker sectors of society in India are denied rights to the economy, education, freedom, and human rights. The Indian government must undertake programmes for the improvement of underprivileged groups in rural areas and take the required steps for the development of agricultural labourers (Raja & Elango, 2015).

The author emphasizes the fact that agricultural diversification is necessary for increased crop yields, crop production in a given region, and farmer profitability. By increasing employment and revenue, diversification will lessen the vulnerability of impoverished farmers and support policymakers and planners who want to double agricultural income (Deogharia, 2018). According to the author, FPO members make more money than non-members. Government support for the PCs in the form of grants during the early stages should be made available. The presence of a funding agency on the board of PCs and the exemption from corporate tax, at least during the first few years, can both be beneficial. Individual stores should be given FPOs at a discounted price in Mandi yards and regulated markets (Yadav, Joshi & Gauraha, 2018).

The author came to the conclusion that FPO would be the best answer because the majority of marginal and small farmers experience significant suppression from middlemen and commission brokers for a fair price and a profit. For education, business planning, and market linkages with various national and international enterprises, more and more input from the promoting institutions is essential. For the farming community, cooperation from the decision-makers in administering the FPO will be a huge benefit. To foster a caring spirit and a passion for agriculture, farmers must urge their children to participate more in the agriculture business (Marbaniang, Chauhan & Kharumnuid, 2019).

The author observes that while agriculture's inherent characteristics have an impact on varied surroundings, plant breeders work to boost production yield growth and endeavour to bring about the required adjustments. The new genotype forms the foundation for subsequent breeding and selection. Presently, there are numerous unique trees that are extremely difficult to grow, and Indian farmers adopt a number of cultivating methods. Although developments in agricultural expertise, many farmers are still unaware of the present conditions facing the agricultural industry. The environment does not dictate every circumstance in agriculture. This processing period has a significant impact on the processes of managing seeds, watering, pest and weed control, harvesting, selling, and product demand (Manida & Nedumaran, 2020).

The author of this study examined the average farm size, income, and other significant governance aspects of FPOs and their members. It was noticed that, in contrast to younger farmers in FPOs supported by ICRISAT, who had completed their higher secondary education and were from various communities, older farmers in FPOs were from the same caste group and had completed their primary education. And they also came to the conclusion that promoting organizations should focus on

improving the governance and management of FPOs to ensure their viability and long-term effectiveness (Amitha *et al.*, 2021).

Objectives of the Study

To discuss the current state of India's agricultural industry.

To gain knowledge about government initiatives and plans for the expansion of agriculture, as well as the role that agriculture plays in the Indian economy.

Discussion

Present scenario of agriculture sector in India

The purpose of the Farming System is to produce enough food economically and sustainably to meet a variety of farm livelihood needs while sustaining the resource base and upholding high environmental standards.

Early in the 20th century, Organic Farming emerged as an alternative agricultural system in response to constantly evolving farming techniques. It stresses crop rotation and companion planting techniques and is reliant on organic fertilisers such as compost, manure, green manure, and bone meal. Basically, "Organic agriculture is described as an integrated farming system that prioritizes sustainability, improving soil fertility and biological diversity while, with very few exceptions, banning synthetic pesticides, antibiotics, synthetic fertilizers, genetically modified organisms, and growth hormones."

Precision agriculture (PA) or Satellite Farming or Site-Specific Crop Management (SSCM) is a farming management idea centred on monitoring, quantifying, and reacting to crop variability both within and between fields. Furthermore, precision agriculture gives farmers access to a wealth of data that they can use to record their farm, promote the sale of farm products, improve decision-making, strengthen their relationship with landlords and leasing agreements, and enhance the inherent quality of farm products (such as the amount of protein in wheat used to make bread).

Government initiatives and plans for extension of agriculture

The Indian government has adopted a number of initiatives to promote the expansion of agriculture and its allied sectors, including, National Mission for Sustainable Agriculture (NMSA), Pradhan Mantri Krishi Sinchai Yojana (PMKSY), Farmer Producer Organizations'(FPOs), Pradhan Mantra Fasal Bima Yojana (PMFBY), Paramparagat Krishi Vikas Yojana (PKVY), Micro Irrigation Fund Scheme, e-NAM, Kisan Credit Card (KCC), Soil Health Card, , PM-Kusu etc. This study basically focuses on farmer producer organizations (FPOs).

In 2011, NABARD began the process of developing FPOs at a time when SFAC, Departments, Civil Society Organizations, etc. were actively promoting FPOs. The promotion of FPOs receives financial assistance from National Bank for Agriculture and Rural Development (NABARD).

Farmer producer organizations are becoming even more influential between suppliers and buying groups. Many policies were designed in India to support, establish, and develop FPOs in order to directly solve the challenges faced by farmers in the production and marketing of their crops.

Every time there is a chance to comprehend the significance of FPOs, problems, and obstacles in order to make FPOs even more practical and efficient. The transformation of rural India depends in large part on Farmers Producer Organizations (FPOs).

The Indian government owns all shares of the National Bank for Agriculture and Rural Development (NABARD), which is the country's leading development finance organization. Through financial, developmental, and super visionally efforts, it seeks to create an economically independent and empowered rural India.

To resolve the marketing problems of farmers, the Government of India launched a pan-India portal, known as e- National Agriculture Market (e-NAM), on April 14, 2016. Through this portal, agriculture-

based commodities are trading online all over India. Currently, e-NAM has connected around 1000 mandis in 18 states and 3 union territories.

By reducing transaction costs, overcoming information asymmetries, and assisting in the extension of market access for farmers and other stakeholders, the Small Farmers Agribusiness Consortium (SFAC) has implemented e-NAM. Since its launch, 1.66 billion farmers, 1.31 lakh traders, 73,151 commission agents, and 1,012 farmer producer organizations have registered as e-NAM users (FPOs) (Ministry of Agriculture & Farmers Welfare, 2020).

The comprehensive Agriculture Export Policy (AEP) was designed by the Indian government to promote the export of agricultural goods. Increased high-value agricultural exports, diversified export sources and destinations, promotion of indigenous, organic, traditional, and non-traditional agriproduct exports, provision of an institutional framework for pursuing market access, and enabling farmers to capitalise on export opportunities in overseas markets are the principal objectives of the AEP.

The Agriculture and Processed Food Products Export Development Authority's (APEDA) plan for export promotion is known as the Financial Assistance Scheme (FAS). It is a part of the 2021–2022–2025–2026 Finance Commission Cycle. The primary goal of this programme is to assist businesses in expanding their export markets, infrastructure, and quality. The strategy will offer funding ranging from Rs.5 lakh (US\$ 6,500) to Rs. 5 crore (US\$ 650,000) (Indian Trade Portal, 2014).

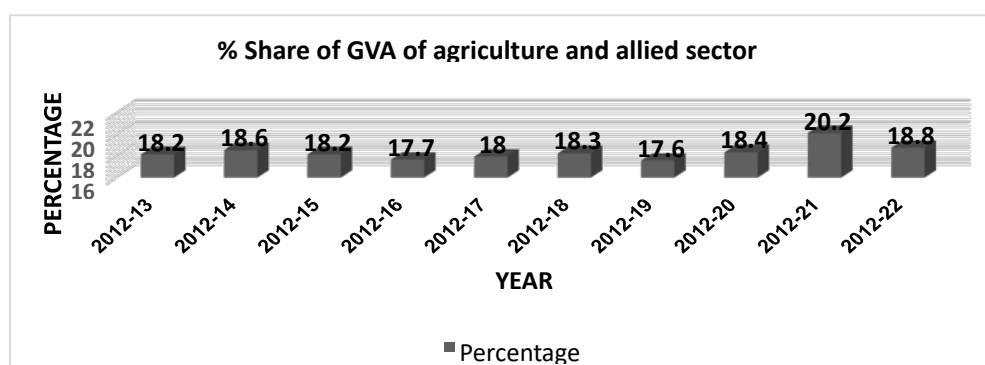
Contribution of agriculture sector in Indian economy

According to the Economic Survey 2020–2021, agriculture is the sole industry showing promise for GDP growth in 2020–2021, with its GDP contribution increasing beyond 20% for the first time in the prior 17 years (Kapil, 2021). The farming community persevered in the face of challenges, and in 2020–21, it was the only industry to have positive growth of 3.4% at constant prices. All other industries experienced losses.

The GDP share of agriculture increased from 17.8% in 2019–20 to 19.9% in 2020–21. In 2003–2004, the agriculture sector's GDP share last crossed 20%. After a terrible drought in 2002 that resulted in negative growth, this year's GDP growth for the industry was 9.5% (Testbook, 2023).

The rise of GVA (gross value added) in the agricultural sector and allied businesses has fluctuated over time. However, the survey found that although the GVA for the economy as a whole fell by 7.2% in 2020–21, the GVA for agriculture increased by 3.4% (Ministry of Finance, 2021a). Food security was also aided by the steady supply of agricultural products, which included well-known staples like rice, wheat, lentils, and vegetables.

A ten-year percentage of the Indian economy's total GVA that comes from agriculture and related industries is presented in figure 1. The sector's long-term trend is to contribute about 18% of the economy's overall GVA. The share of agriculture and allied sectors in total GVA improved to 20.2% in 2020–21 and 18.8% in 2021–22 (Chaudharya & Kumarb, 2020).



Source: <https://www.indiabudget.gov.in/budget2022-23/economicsurvey/doc/echapter.pdf>

Figure 1: Percentage Share of GVA of Agriculture and Allied Sector to Total GVA (At Current Price)

According to fourth-advance estimates, the nation's overall production of food grains (296.65 million tonnes) increased in 2019–20 over 2018–19 by 11.44 million tonnes (Ministry of Finance, 2021b).

Additionally, it exceeded the average production of 269.78 million tonnes for the preceding five years (2014-15 to 2018-19) by 26.87 million tonnes (Ministry of Finance, 2021c).

The National Food Security Act (NFSA) allocation of food grains increased by 56% in 2020–21 compared to 2019–20 as a result of the output growth. Up until December 2020, the government has allotted 943.53 lakh tonnes of food grains to the states and union territories.

Conclusion

FPOs are becoming a structural element that plays a big role in carrying out initiatives for agricultural and rural development. They may effectively carry out numerous supply and value chain operations because of this structure. However, there are a lot of related aspects that impact how well the FPOs work. When determining the structure and duties of FPOs, the stakeholders need to think about these related issues.

The study concluded that the government of India initiates several plans and initiatives for the growth and development of the agriculture and allied sectors in the country. Because of these initiatives like e-NAM, Farmer Producer Organizations, Agriculture Export Policy, Financial Assistance Scheme, etc. agriculture sector contributed some portion to the Indian economy. Apart from that, the Indian government has implemented additional measures to support the expansion and advancement of the nation's agricultural and related sectors.

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Conflict of Interest

The authors affirm that there are no conflicting objectives.

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