



## **FPO Consultation:** **Experiences of Farmer Producer Organisations**

### **CONCEPT NOTE**

The Agriculture sector has achieved significant momentum in the past decade. Mobilizing farmers into their collectives, as Farmer Producer Organisations, has emerged as the most preferred institutional mechanism for farmer prosperity by policy makers and development agencies. It is the lynchpin strategy for Doubling Farmers' Income, Budget 2018 had slew of measures supporting FPOs including 5-year tax breaks.

From modest beginnings, the FPO numbers have acquired impressive strength in many States. So far, Farmer Producer Organizations in the country have crossed the 3500 mark. In context of Southern states of India, many successful FPOs have emerged due to initiatives taken up by State governments providing constant hand-holding support. Andhra Pradesh and Karnataka are the pioneers in development of State FPO policy guidelines. Karnataka has also established a Centre for Excellence and Andhra Pradesh is giving impetus on promoting FPOs for climate resilient agriculture, including Zero Budget Natural Farming. These initiatives have served as an example for FPO transition to become sustainable and achieve scale in the long-run.

Despite this, many FPOs face several challenges ranging from management of business, irregular supply and lack of timely financial assistance. The ability to influence the agri-value chain in a significant manner remains far-fetched for the majority of FPOs. In States like Telangana, Tamil Nadu and Kerala, there does not seem to be much importance given to FPOs by State Governments. As promoting FPOs is seen as an initiative of Government of India, passion for this at State Government level is limited. This stagnates and restricts the FPOs to become robust business entities.

While there is focus given by NABARD/RBI in addressing challenges related to access to credit through FPO-Bank linkage policy, there seems to be many issues that the FPOs face such as good governance, systems orientation, access to markets and government schemes. With NABARD being the single largest agency that is pushing FPO agenda along with their associated POPs which have their own limitations, it raises the question of FPO sustainability. Therefore, a holistic approach to address the majority of challenges faced by FPOs is the need of the hour. With continuous awareness drives and initiatives, synergies between various efforts on supporting FPOs can be integrated. This can help bridge the knowledge gap among state bodies, think tanks, promoting organizations and FPOs.

In this backdrop, a consultation is proposed to be held on **12<sup>th</sup> July, 2019 in Hyderabad** in collaboration with APMAS and NAFPO to identify constraints and key building blocks of an effective support to build a strong ecosystem for FPOs to thrive. The discussion will focus on deliberating institutional/design innovation in FPO promotion (including FPO federations) to develop them to achieve scale and sustainability and become autonomous.

The participants of the consultation will include representatives from State Government bodies- Agriculture department, Horticulture department, NABARD, SFAC, FPO representatives, financial institutions, promoting organisations along with experts and practitioners.