

Govt Moves to Set Up Fodder-Centric Farmer Producer Organisations

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What's in today's article:

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Why in news?

- The National Dairy Development Board (NDDB) was recently designated by the Government of India as the implementing agency for the establishment of 100 fodder-centric Farmer Producer Organizations (FPOs) in 2022-23.

The Farmer Producer Organizations (FPOs):

- **Background:**

- There is a need to facilitate Indian farmers with access to improved technology, credit, better input and more markets to incentivize them to produce better quality commodities.
- Because more than 86% of farmers in India are small, marginal and landless, aggregating these farmers into FPOs will assist farmers improve their economic strength and market linkages, hence increasing their income.

- **About FPOs:**

- FPO is a type of voluntary Producer Organisation (PO) registered under the Companies Act, 2013 and controlled by farmer-members who actively participate in making decisions and setting policies.
 - The PO is a producer-led organisation that aggregates any produce, such as non-farm products, agricultural products, artisan products, etc.
- Supported by the Small Farmers' Agribusiness Consortium (**SFAC**), the **primary operations** of the FPOs include the supply of seed, market linkages and fertiliser, machinery, training, financial, networking and technical advice.
- The main aim of the FPOs is to increase the income for the producers as a small producer does not have the volume to take advantage of economies of scale. Thus, FPOs boost farmers' competitiveness.

- **Benefits of FPOs:**

- The FPOs can engage farmers in **addressing productivity issues**, emanating from small farm sizes.
- It may also result in **additional employment generation** because of the increased intensity of farming.
- It allows farmer members **to negotiate with corporates as a group** and help small farmers in both output and input markets.
- The FPOs can provide **quality and low-cost inputs** to member farmers, enable them to save time, avoid distress sales, reduce transaction costs, isolate themselves from price fluctuations, etc.
- **Social capital will develop in FPOs**, improving women farmers' decision-making and gender relations in the FPOs. It will ensure **food-nutritional security** and reduce social conflicts.

- **Government initiatives to promote FPOs:**

- **Since 2011**, the government has intensively promoted the FPOs under the NABARD, SFAC, NGOs and state governments.
- The Ministry of Agriculture and Farmers Welfare stated that the FPOs are developed under '**One District One Product**' scheme, where the agricultural/horticultural produce are grown to improve market access for members and leverage economies of scale.
- The ongoing support for the FPOs is mainly in the form of cash infusion (up to Rs.10 lakh to registered FPOs) and providing credit guarantee cover to lending institutions.
- The **Union Budget 2019-20** talked of setting up additional 10,000 FPOs in the next five years.
- As a result, the Central Sector Scheme of "**Formation and Promotion of 10,000 Farmer Producer Organizations (FPOs)**" till 2027-28 was launched in 2021.

News Summary:

- According to the National Statistical Office report, titled – **Situation Assessment of Agricultural Households and Land and Livestock Holdings of Households in Rural India, 2019:**
 - 48.5% (8.37 crore) of the total 17.24 crore rural households reported owning cattle ‘in milk’, young cattle and cattle in ‘others’ category during July-December 2018.
 - Further, 43.8% of the total 9.3 crore agricultural households used green fodder, and 52.4% dry fodder during the period.
- The idea of establishing fodder-centric FPOs was first proposed by the Union Ministry of Fisheries, Animal Husbandry and Dairying in 2020, with the goal of addressing the country’s fodder deficit.
- The Department of Agriculture & Farmers Welfare has recently approved to designate NDDDB as implementing agency under the scheme of formation and promotion of 10,000 FPOs to form and promote FPOs.
- Under this, NDDDB has been assigned to form 100 FPOs during 2022-23, which will be primarily fodder centric and animal husbandry activities as a secondary activity.
- This comes just a month after a report revealed that wholesale price index-based fodder inflation reached a 9-year high of 25.5% in August 2022, emphasising the difficulties faced by rural families whose livelihoods rely on livestock.

Source: <https://vajiramandravi.com/current-affairs/govt-moves-to-set-up-fodder-centric-farmer-producer-organisations/>

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