



The Power of Farmer Groups: How FPOs Are Transforming Indian Agriculture

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INTRODUCTION

Indian agriculture today is at a crossroads. With shrinking landholdings, volatile markets, mounting input costs, and limited access to finance and technology, small and marginal farmers who form the backbone of the sector are under immense pressure. Over 86% of farmers in India own less than two hectares of land, which restricts their bargaining power and leaves them vulnerable to exploitation by middlemen. Amid these challenges, Farmer Producer Organizations (FPOs) have emerged as a game-changing model. These farmer-owned and farmer-led collectives empower smallholders through group action, collective bargaining, market linkages, and shared resources. By organizing farmers into cooperatives or producer companies, FPOs provide a pathway to move Indian agriculture from subsistence-based farming to a more profitable, sustainable, and resilient system.

Why Farmers Need FPOs

Smallholder farmers working individually face several disadvantages: they cannot negotiate prices effectively, lack economies of scale, and struggle to access formal credit or quality inputs. FPOs address these issues by pooling farmers' resources and acting as a collective unit in the market.

Challenges Faced by Individual Farmers	How FPOs Address Them
Weak bargaining power and price exploitation	Collective marketing gives farmers stronger negotiation power and ensures fairer prices
Small, fragmented landholdings and low surplus	Aggregation of produce enables economies of scale



Limited access to credit and finance	Banks and NABARD view FPOs as reliable borrowers, making institutional loans more accessible
High input costs and poor-quality supplies	Bulk procurement reduces costs of seeds, fertilizers, and equipment
Lack of post-harvest facilities	Shared storage, processing, and transport minimize wastage
Limited technical know-how	Capacity building and extension services provide training and skill development

Examples of Successful FPOs

1. Grape FPO – Nashik, Maharashtra :A group of grape farmers formed a producer company to improve production standards and export directly to overseas markets. By adopting collective branding and marketing strategies, they increased their incomes by nearly 40% in just two years (SFAC, 2022).
2. Vegetable FPO – Dharmapuri, Tamil Nadu: Farmers in this region organized themselves to cultivate pesticide-free vegetables and sell directly in weekly markets in Chennai. By cutting out intermediaries, members earned about 30% higher returns than through traditional market channels (NABARD, 2023).
3. Women-led Millet FPO – Mayurbhanj, Odisha: Tribal women farmers established an FPO to revive indigenous millet cultivation and develop value-added products like millet flour and snacks. This not only provided them with a steady supplementary income but also enhanced household nutrition and food security (Ministry of Agriculture, 2021).

How FPOs Create Impact

- Stronger Market Linkages: Farmers sell collectively, bypassing middlemen and directly accessing institutional buyers, processors, and exporters.
- Better Access to Finance: FPOs are eligible for collateral-free loans from NABARD, SFAC, and rural banks, enabling timely investments in production.
- Affordable Inputs: Joint procurement of seeds, fertilizers, and pesticides cuts costs by 10–15% and ensures better quality.
- Infrastructure Support: Shared cold storage, warehouses, transport, and processing facilities reduce post-harvest losses and increase value realization.
- Capacity Building: Training on scientific farming, digital tools, bookkeeping, and enterprise management strengthens farmer skills.
- Women’s Empowerment: Women-exclusive FPOs encourage leadership, improve decision-making power, and enhance rural women’s financial independence.



Enabling Policy Environment

1. 10,000 FPOs Scheme (2020): With a budget of ₹6,865 crore, the Government of India aims to establish 10,000 FPOs over five years to enhance farmer incomes and promote sustainable agriculture (Ministry of Agriculture, 2021).
2. NABARD and SFAC Support: These institutions provide funding, credit linkages, training, and capacity-building assistance to strengthen FPOs (SFAC, 2022).
3. Integration with eNAM: FPOs can trade produce on the National Agricultural Market, gaining transparent pricing and a wider pool of buyers (NABARD, 2023).

Recommendations for Scaling and Sustaining FPOs

Recommendation	What Needs to Be Done	Expected Impact
Enhance digital literacy	Train farmers to use digital platforms for marketing, price tracking, and input management	Expands market reach and boosts efficiency
Promote inclusive governance	Ensure representation of women, SC/ST, and marginal farmers in FPO boards	Builds trust, inclusivity, and broad participation
Link with government schemes	Integrate FPOs with PM-KISAN, crop insurance, and mechanization subsidies	Ensures farmers benefit from multiple programs
Develop value chains	Invest in processing, packaging, and branding	Increases profits and reduces dependency on raw commodity sales
Encourage private partnerships	Promote linkages with agri-tech firms, exporters, and retailers	Improves product quality, standardization, and long-term market stability

Conclusion

Farmer Producer Organizations are not just farmer groups—they are engines of rural transformation. By pooling resources, building collective strength, and directly linking farmers to markets, FPOs are helping smallholders secure fair prices, reduce costs, and access new opportunities. Beyond economic benefits, they foster social empowerment, especially for women, and build resilience against climate and market shocks. With consistent policy backing, improved infrastructure, and stronger capacity-building measures, FPOs can unlock the untapped potential of Indian agriculture, making farming more equitable, sustainable, and profitable for millions of smallholders.



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