



Mains Practice Question

Q. Farmer producer organizations have the potential to act as a solution to agrarian distress. Comment.

12 Apr, 2021 GS Paper 3 Economy

Approach

- Start the answer by defining the concept of Farmer Producer Organizations.
- Discuss the role of FPOs in dealing with agrarian distress.
- Conclude suitably.

Introduction

The concept of 'Farmer Producer Organizations, (FPOs)' consists of collectivization of Producers especially small and marginal farmers so as to form an effective alliance to collectively address many challenges of agriculture such as improved access to investment, technology, inputs, and markets.

Body

Role of FPOs in Dealing with Agrarian Distress

- **Negating Small Land Holding Issue:** FPOs can engage farmers in collective farming and address productivity issues emanating from small farm sizes.
 - Further, this may also result in additional employment generation due to the increased intensity of farming.
- **Negotiating With Corporates:** FPOs can help farmers compete with large corporate enterprises in bargaining, as it allows members to negotiate as a group and can help small farmers in both input and output markets.
- **Economics of Scale:** FPOs can provide low-cost and quality inputs to member farmers.
 - For example, loans for crops, purchase of machinery, input agri-inputs (fertilizers, pesticides, etc.) and direct marketing after procurement of agricultural produce.
 - This will enable members to save in terms of time, transaction costs, distress sales, price fluctuations, transportation, quality maintenance, etc.
- **Social Impact:** Social capital will develop in the form of FPOs, as it may lead to improved gender relations and decision-making of women farmers in FPOs.
 - This may reduce social conflicts and improved food and nutritional values in the community.

Conclusion

The Government of India has reiterated the importance of FPOs. For example, the One District One Product Cluster approach envisages the development in production clusters, wherein agricultural and horticultural produces are grown/cultivated for leveraging economies of scale and improving market access for members. However, agrarian distress needs holistic reforms in the input, output, and

processing aspects of agriculture.

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