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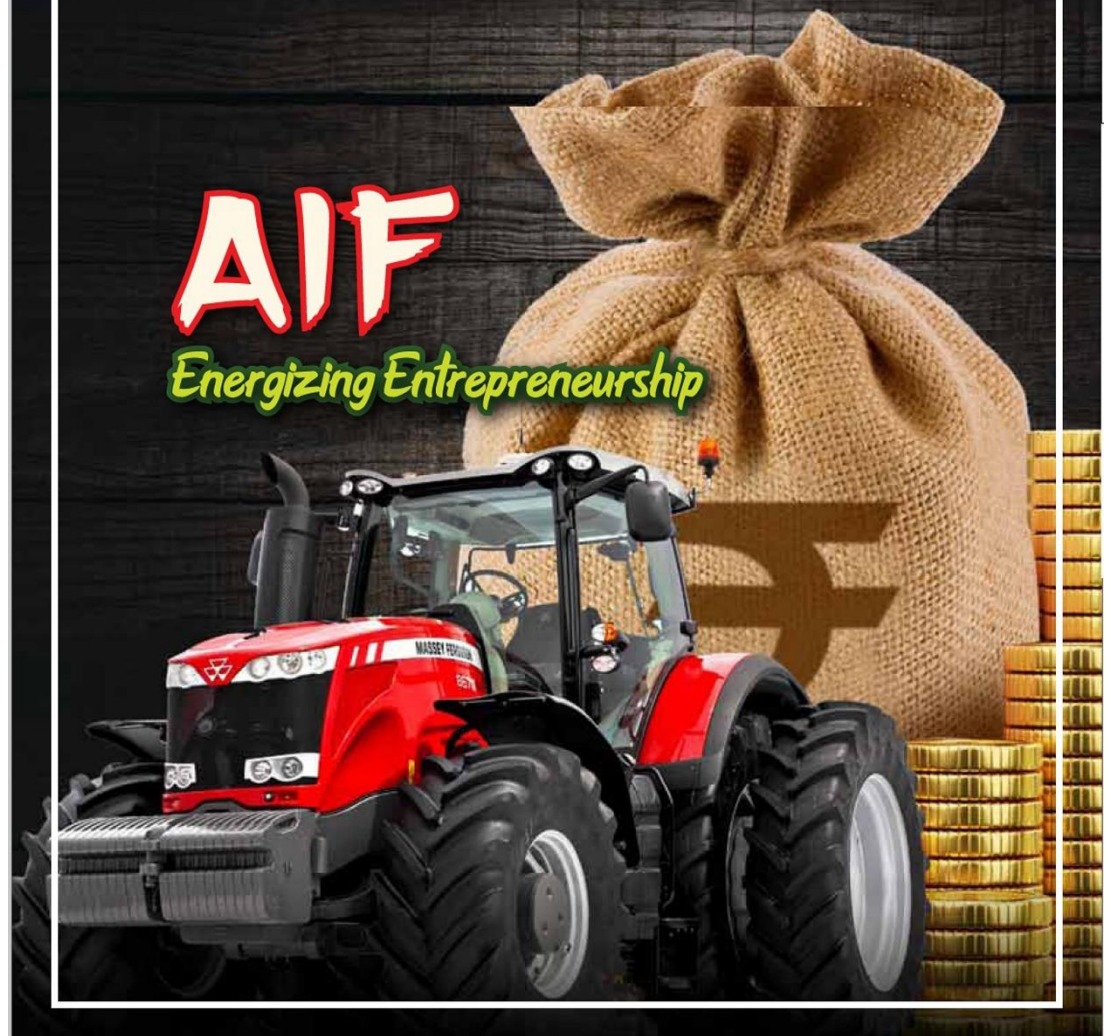
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WHEN A FARMER NEEDS DHAN

Farmer Producers Organization (FPO) as a solution to access credit by smallholder farmers

It is estimated that around 58% of India's population earn their livelihood from agriculture and allied services. In accordance with the estimates of National Income FY22, the percentage share of Gross Value Added (GVA) of agriculture and allied sectors (at current prices) is 18.8% of the total GVA.

Over the years it has also been observed that the agriculture and allied sectors are facing a plethora of

challenges which are mainly small and fragmented land holdings, high cost of quality seeds, manures, fertilizers and biocides, lack of mechanisation and inadequate agricultural marketing infrastructure, logistics, and access to capital.

The small and fragmented land holdings with the average landholding in India today around 1 hectare and smallholders cultivate 42% of operated land and constitute 83% of total landholdings. This particular issue

The FPOs scheme has emerged as one of the best solutions for smallholder farmers in India. FPO provides smallholders a collective voice and power to negotiate, thereby opening up an opportunity to earn higher profits from farming

About the AUTHOR

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Business Scope/Potential for FPOs

Farmer Producer Organizations (FPOs) have been monumental in helping Small Holder Farmers with shared interests to negotiate for better input aggregation, market linkages and extension services.

FPO's can link smallholder's farmers to Local, Regional, National and International markets effectively. FPOs allow its member to access financial and other input services. To surpass this effective and viable profit making, FPOs need to be competent with other companies and rivals in the market and has a huge business potential to capture the future food retails not only in India but in the world.

Kissandhan works in close association with FPOs to build Customised Solutions that help them thrive in the agricultural ecosystem.

needs argent attention and to mitigate this Farmer Producer Organizations (FPOs) scheme has emerged as one of the best solutions for smallholder farmers in India. FPO provides smallholders a collective voice and power to negotiate thereby opening up an opportunity to earn higher profits from farming.

The paybacks to farmers accumulate on multiple fronts like ability to negotiate better prices for quality agri inputs due to bulk purchases, collectively; realize higher profits through the sale of output in bulk and last but not the least a quicker technical assistance on problems being faced by the members from the other expert members in the FPO. Other benefits to FPO members emerges from optimum utilization of resources while allowing conservation of the resources being used.

Access To Credit

Credit remains to be a major challenge for the FPOs, i.e., inadequate access to institutional credit due to low capital base, absence of vintage and non-availability of collateral. Easy access to finance for

both input and output procurement to the FPOs will be a growth driver. Key parameters for selection of FPO and the quantum of finance include total farmer base of the FPO; number of years in operations and profile of the CEO, and BODs.

With a target of 10,000 FPOs by 2027-28, corporates to public service organizations are committing towards

promotion of FPOs. And key constituents in the value chain are confident that FPOs will play an important role in making Indian agriculture globally competitive while being remunerative to the small farmers. As the segment grows, it may also become a probable answer to problems in Indian Agriculture like non-diversified cropping patterns causing scarcity/glut in a few Agricultural commodities.

fun FACT

I love gardening. It has a deeply positive influence and is a great stress reliever

About Kissandhan

Kissandhan is actively engaged with Farmer Producer Organisations (FPOs) and till date on-boarded more than 30 FPOs across 8 States and impacted 30K plus smallholder farmers. At Kissandhan we have plans to partner with 100 plus FPOs in a Cluster-based approach, to disburse INR 20 crore and accordingly impact more than 75K smallholder farmers by March 2023.