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Current status of formation of farmer producer organizations in Karnataka

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Abstract

The Farmer Producer Organizations (FPOs) are emerging as the most effective means to collectivise small holder farmers to address their challenges and cater to their different needs. Karnataka is one of the leading states in India in promoting over 1100 Farmer Producer Organizations (FPO). Several development departments of Government of Karnataka, National Bank for Agriculture and Rural Development (NABARD), National Cooperative Development Corporation (NCDC), Small Farmers Agri Business Consortium (SFAC), National Agricultural Cooperative Marketing Federation of India Limited (NAFED), Civil Society Organizations, Philanthropic Organizations and Nongovernmental Organizations etc have facilitated the promotion of FPOs as institutional vehicles for mainstreaming small holder producers in agriculture, horticulture and allied sectors. These FPOs are ensuring several benefits to member farmers such as; Increasing bargaining power through bulk buying of inputs and marketing of produce; Capacity building of farmers; Helping farmers in reducing post-harvest losses by storage and value addition; Assisting farmers for getting benefitted by different government schemes; Fast dissemination of Good Agricultural Practices; Access to extension services; Facilitate contract farming to address distress sale of farm produce; Custom Hiring Services providing agricultural implements on rental basis; Ensuring Insurance Services; Technical and Networking Services for connecting farmers with financial institutions, traders and consumers through digital platforms such as e-NAM, ReMS and NCDEX Services. The promoting departments have enabled in facilitating collaborative linkages with different stakeholders in supply and market chains. An attempt is made in this study to understand the current status of formation of FPO's in Karnataka.

Keywords: Farmer producer organizations, NCDC, SFAC

Introduction

Agriculture continues to be the prominent sector in Karnataka which serves as the major sources of income, employment and livelihood apart from its role in food and nutrition security for the majority of the rural communities. Horticulture, Sericulture, fisheries, animal husbandry sectors form important sectors in Agriculture. Agriculture contributes to more than 10 percent to the total GDP of the state. The small holder farmers face several challenges and issues and also their organizations for sustainable agribusiness operations (M. Roopa Mallanna and Dinesh G P., 2022) ^[1]. Since these small holder farmers are not able to adopt innovative technologies, mechanization, use high-yielding varieties, inputs like seeds, fertilizers etc. Further due to limited access to markets and absence of institutions to safeguard farmer's interests, they are unable to integrate with the agricultural value chains, fight the risks and vulnerabilities such as commodity price volatility, crop failure and insect pest attacks etc on their own. To address these issues several institutional models have prevailed over a period of time and there has been a spurt of approaches to organize farmers in order to enhance their farm profitability and FPO is one such potential model. As part of the state's effort to strengthen Integrated Horticultural Development through Public Private Partnerships (PPP-IHD), Department of Horticulture, Government of Karnataka (DoH-GoK) for the first time facilitated the promotion of FPOs as institutional vehicles for mainstreaming horticulture producers, especially the small holder farmers in horticultural value chains. Apart from this NABARD also took initiative to promote and strengthen FPOs in Karnataka as rural agri based industry initiatives towards achieving self reliance (M. Roopa Mallanna and Dinesh G P., 2022) ^[2]. In the later stages various development departments of Government of Karnataka, different organizations of Government of India are involved in the promotion of FPOs in Karnataka. The FPOs promoted by these promoting institutions are in different stages of development. Some of the FPOs are growing into real business organizations and showcasing their best performance.

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A few FPOs have obtained licence to become nodal agencies for procurement of agricultural commodities at minimum support prices (MSP) and some other are selling directly to resident welfare associations, hotels and corporate buyers. Studies across India on FPO's have tried to understand their challenges, performance and impacts (Singh and Singh, 2014) [5]. However, for FPO's promoted in Karnataka, sufficient systematic studies are not undertaken and there is a gap in understanding their formation. This study aimed at understanding the current status of formation of FPO's in Karnataka.

Materials and Methods

To understand the efforts in the state of Karnataka in promoting over 1100 FPCs to address rural distress, to take note of their formation status this study was undertaken. Data from different promoting institutions was collected and analysed to provide the descriptive statistics.

Results and Discussions

The Karnataka state has laid a strong foundation for the promotion of over 1100 FPOs that aim at bringing the attention of the stakeholders towards immense opportunity to transform agriculture through FPOs which are inclusive institutions truly represented by small and marginal cultivators and their experiences are to be shared among FPOs as opined by Venkattakumar and Sontakki (2012) [7]. The current paper aims at bringing the efforts of Karnataka in promotion of FPOs, current status of formation of FPOs in Karnataka and involvement of different institutions in supporting FPOs. The state also aims at addressing the major concerns of the small holder farmers such as (a) Inadequate extension services and low level of technology adoption (b)

Lack of capital and poor business skills and (c) Low income due to poor infrastructure and low market efficiency. The above situation calls for major structural reforms and transformational initiatives towards the revitalization of agriculture both, by way of stepping up investments for productivity enhancement as also through reforms in agricultural marketing and post-harvest agri-logistics for boosting agricultural growth.

Major Objectives of Formation of FPOs

Major objectives of formation of FPOs in Karnataka are inline with the one's studied by Radhikarani and Amarendra (2014) [4] that include, (i) Production, harvesting, procurement, grading, pooling, handling, marketing, selling of produce of member farmers (ii) Facilitating processing of farm produce (iii) Rendering technical services, consultancy services, training, education, research and development etc. (iv) Revitalization of land and water resources (v) Custom hiring to promote mechanization (vi) Promoting mutual cooperation, assistance, welfare measures, financial services, insurance of producers or their primary produce.

The policy initiatives and reforms by Government of India to form Farmer Producer Organizations under central sector scheme aims to promote agribusiness and self reliance among FPOs (Ranchi M. Roopa Mallanna and Dinesh G P., 2022) [3].

Stakeholders Involved in the promotion of FPOs in Karnataka

Different Stakeholder institutions of Government of Karnataka involved in the Promotion of FPOs in Karnataka are given in table-1. These stakeholders comprise of various development departments of Government of Karnataka.

Table 1: Stakeholder Institutions of Government of Karnataka Involved in the Promotion of FPOs in Karnataka.

Sl. No	Name of the Development Department/Stakeholder
1	Department of Horticulture
2	Department of Agriculture
3	Department of Sericulture
4	Department of Animal Husbandry
5	Department of Fisheries
6	Department of Watershed Development
7	Department of Handlooms and Textiles
8	Department of Scheduled Tribes Welfare
9	Department of Social Welfare(Karnatak State Thanda Development Corporation)

Source: PMU-WDD, Government of Karnataka

Stakeholder Institutions of Government of India Involved in the Promotion of FPOs in Karnataka

Different Stakeholder institutions of Government of India involved in the Promotion of FPOs in Karnataka are given in

table-2. These stakeholders comprise of various organizations, boards/corporations and development departments of Government of India.

Table 2: Stakeholder Institutions of Government of India Involved in the Promotion of FPOs in Karnataka.

Sl. No	Name of the Development Department/Stakeholder
1	National Bank for Agriculture and Rural Development (NABARD)
2	National Cooperative Development Corporation (NCDC)
3	Small Farmers Agri Business Consortium (SFAC)
4	National Agricultural Cooperative Marketing Federation of India Limited (NAFED)
5	Coconut Development Board (CDB)
6	Tribal Cooperative Marketing Development Federation of India Limited (TRIFED)

Source: PMU-WDD, Government of Karnataka

Other organizations involved in promotion of FPOs in Karnataka include, private sector banks, CSR initiatives of

private companies, Civil Society Organizations, Philanthropic Organizations and Nongovernmental Organizations.

Formation of Farmer Producer Organizations in Karnataka by different organizations under GOI Schemes and GOK Schemes

Various development departments and organizations under central and state sector schemes promoted around 590 FPOs.

The summary of the FPOs promoted are given in table-3 below. NABARD promoted highest number of FPOs (272) followed by WDD (130). Least number of FPOs were promoted by KSSDB and Tribal Welfare Department (4 each).

Table 3: Formation of Farmer Producer Organizations in Karnataka by different organizations under GOI Schemes and GOK Schemes:

Sl. No	Department/ Institution	Registered FPOs	Collaboration/Scheme
1	Agriculture Department under NFSM scheme of Government of India	24	Collaboration with SFAC(NFSM)
2	Karnataka State Spices Development Board(KSSDB)	4	Collaboration with SFAC
3	NFSM-GOI (Nutricereals)	6	Collaboration with SFAC
4	Horticulture Department	92	Collaboration with SFAC (RKVY, NHM & SUJALA)
5	Horticulture Department	8	State Policy (RKVY & Department Scheme)
6	Sericulture Department	11	Department Guidelines RKVY (5) and State Policy (6)
7	NABARD	272	NABARD Schemes
8	Animal Husbandry Department	30	State Policy-2018 (RKVY)
10	Coconut Development Board	9	Coconut Development Board
11	Watershed Development Department	130	State Policy-2018 (RKVY & State)
12	Tribal Welfare Department of Government of Karnataka with Centre for Excellence for FPO	4	State Policy-2018(Tribal Department)
	Total	590	

Source: PMU-WDD, Government of Karnataka

Formation of FPCs by Agriculture Department under NFSM:

The central scheme 'National Food Security Mission' (NFSM) was launched during 2007. Support was extended for the promotion and marketing support for value chain integration was given through FPOs. Financial provision was given to establish mini *dal* mills and support for branding and marketing of pulses and millets. The scheme was implemented in two phases and 24 FPO's were formed in Kalyana Karnataka region. Another 6 FPOs were formed for the promotion of nutricereals. These FPOs were promoted with collaboration of SFAC.

Formation of FPOs under KSSDB

Karnataka State Spices Development Board (KSSDB) promoted 4 FPOs in collaboration with SFAC. These FPOs mainly aimed at the promotion spice value chain in Karnataka.

FPOs Promoted by Horticulture Department

As part of the state's effort to strengthen Integrated Horticultural Development through Public Private Partnerships, Department of Horticulture undertook formation of FPCs for mainstreaming horticulture producers in horticultural value chains under RKVY, NHM and Sujala III programs from 2014-15 onwards and successfully registered 92 FPOs and 8 FPOs under state supported program. Further, it focused on empowering FPCs by providing a range of financial and non-financial assistance such as revolving fund, infrastructure development assistance, Resource Institution support and various other types of technical and institutional support mechanisms and benefits. Currently department promotes FPCs both under both central and state sector schemes.

Promotion of FPCs by Department of Sericulture

During 2015, the Department of Sericulture initiated the process of formation of FPC's in sericulture sector with the objective of fostering technology penetration; enhancing productivity; enable improved access to inputs and services;

strengthening forward and backward linkages; strengthening livelihoods of farmers. Karnataka State Sericulture Resource Development Institute is identified as the implementing agency with Department of Sericulture monitoring the review and progress. Currently Department promotes FPOs under state and central sector schemes.

Formation of FPOs by NABARD

NABARD promoted 272 FPOs adopting a flexible approach to meet the needs of producers. In order to give a special focus, "Producers Organization Development Fund" (PODF) was set up in 2011. In Karnataka, the formation of FPO's was launched in February 2015 through Produce Fund Programme announced by Government of India in the budget for 2014-15 (NABARD, 2015). Financial support of Rs. 9.06 lakh for a period of three years was provided to Producer Organization Promoting Institutes (POPI)/NGOs and RSAs for formation of one FPO. Realizing the need for promotion of FPOs at the ground level. During April 2017, a low-cost model with a financial support of Rs. 2.00 lakh for a period of two years was implemented for promotion of FPCs. A revised policy on promotion of FPC's was implemented during October 2018 with budget support of Rs. 21.60 lakh for a period of 05 years under PODF-ID Fund with financial assistance of Rs. 11.44 lakh for first three years and Rs. 5.16 lakh for the subsequent two years. Also, under the revised policy all the low cost FPCs sanctioned were upgraded into high cost budget i.e. Rs. 11.44 lakh. Currently NABARD adopts the central policy to promote FPCs in Karnataka.

Promotion of FPCs by Coconut Development Board:

To revive coconut cultivation in the state and fetch appropriate benefits to coconut farmers the Board promoted FPCs in Karnataka. The Coconut FPCs thus formed have a three-tier structure consisting of Coconut Producers Society (CPS), Coconut Producers Federation (CPF) and Coconut Producers Company (CPC). In Karnataka, there are 398 registered CPS, 124 registered CPF and 8 registered CPC's.

Formation of FPOs by Animal Husbandry Department

The Department of Animal Husbandry and Veterinary Services formed 30 FPOs in Karnataka under RKVY support following the state guidelines.

Formation of FPOs by Watershed Development Department

The Watershed Development Department of Government of Karnataka promoted 130 FPOs under RKVY support following state guidelines.

Promotion of FPOs by Tribal Welfare Department of Government of Karnataka with Centre for Excellence for FPO

In order to organize small holder tribal farmers in Karnataka, the Tribal Welfare Department of Government of Karnataka in collaboration with Centre of Excellence for FPOs promoted

4 tribal farmers FPOs in Mysore district.

Promotion of farmer Producer Organizations under Central Sector Scheme of 10000 FPOs of Government of India

Under the Central Sector Scheme of 10000 FPOs of Government of India a total of 380 FPOs have been allocated to Karnataka state. Out of these 380 FPOs, 219 FPOs are registered and the registration of the rest of the FPOs is in progress. The details of the FPOs registered under Central Sector Scheme of 10000 FPOs of Government of India are given in Table-4. Among the CSS scheme highest number of FPOs are promoted by WDD (100) followed by NABARD (60). Least number of FPOs are promoted by TRIFED (1). These FPOs are supported by Cluster Based Business Organizations (CBBOs).

Table 4: Promotion of Farmer Producer Organizations under Central Sector Scheme of 10000 FPOs of Government of India:

Sl. No	Name of the promoting Organization/Department	Number of FPOs Promoted
1	Watershed Development Department (WDD)	100
2	Small Farmers Agri Business Consortium(SFAC)	36
3	National Bank for Agriculture and Rural Development (NABARD)	60
4	National Cooperative Development Corporation(NCDC)	14
5	National Agricultural Cooperative Marketing Federation of India Limited(NAFED)	8
6	Tribal Cooperative Marketing Development Federation of India Limited (TRIFED)	1
	Total	219

Source: PMU-WDD, Government of Karnataka

Status of formation of Farmer Producer Organizations under Amrut FPO scheme of Government of Karnataka

In the commemoration of the 75years of India independence, the Government of Karnataka announced the formation of 750 new FPOs over a period of three years. Out of these 750

FPOs, 500 comprises of farmers producer organizations and remaining 250 shall comprise of fisherman and weavers producer organizations. The current status of formation of FPOs under FPO scheme are presented in Table-5.

Table 5: Promotion of farmer Producer Organizations under Amrut FPO scheme of Government of Karnataka:

Sl. No	Name of the Promoting Department	Number of FPOs	Supporting Scheme/Policy
1	Watershed Development Department	89	State Policy-2018 State fund
2	Thanda Development Corporation	18	State Policy-2018 State fund
3	Horticulture Department	63	State Policy-2018 State fund
4	Animal Husbandry Department	50	State Policy-2018 State fund
5	Sericulture Department	18	State Policy-2018 State fund
6	Fisheries Department	62	State Policy-2018 State fund
7	Handlooms and Textiles Department	30	State Policy-2018 State fund
	Total	330	

Source: PMU-WDD, Government of Karnataka

An overview of FPOs formed by Development Departments of Government of Karnataka and Central Government Departments /Organizations:

The FPOs promoted by different state and central government departments and organizations is presented in Table-6. Highest number of FPOs are promoted by WDD (337)

followed by NABARD which has promoted 332 FPOs in Karnataka. The Karnataka State Horticulture Department has promoted over 163 FPOs, Animal Husbandry Department has supported 80 FPOs, Fisheries Department has promoted 62 FPOs.

Table-6: Details of FPOs formed by Development Departments of Government of Karnataka and Central Government Departments /Organizations in Karnataka.

Sl. No	Promoting Departments/ Organizations	Number of FPOs
1	Watershed Development Department/Agriculture Department	337
3	Horticulture Department	163
4	Animal Husbandry Department	80
5	Sericulture Department	29
6	Fisheries Department	62
7	Handlooms and Textiles Department	30
8	Department of Tribal Development & Centre of Excellence for FPOs	04

9	Others	17
10	National Bank for Agriculture and Rural Development (NABARD)	332
11	Small Farmers Agribusiness Consortium (SFAC)	66
12	National Cooperative Development Corporation (NCDC)	14
13	National Agricultural Cooperative Marketing Federation of India Limited (NAFED)	8
14	Tribal Cooperative Marketing Development Federation of India Limited (TRIFED)	1
	Total	1143

Source: PMU-WDD, Government of Karnataka

Conclusions and way forward

Karnataka continues to pioneer its efforts in formation and strengthening of FPOs to address rural distress and attain self sustainability. The state has provided immense opportunity to FPOs to transform themselves into true business organizations. The Government has been organizing a series of workshops, consultations, meetings with a diverse set of partners involved in promoting and strengthening of FPCs as rural agri-based industry initiatives towards achieving their sustainability. The state policy for FPOs in Karnataka has carved a way forward for ensuring all support for FPOs. The current status of formation FPOs in the state by different stakeholders gives an overview of FPOs and their further strengthening. Several suggestions have emerged from experts which can positively impact the functioning of FPCs. As per the findings of Shubhangi (2016) ^[6] who studied the effective linkage of small producers with market and concluded that Farmer Producer Organizations are the important means to bring the small and marginal farmers together in local communities to build their own enterprise, managed by professionals FPOs offers a proven pathway to successfully deal with a range of challenges that confront farmers today, especially small producers. The FPOs are the best means of linking producers to market for getting fair prices for their produce as it helps in giving market information on different markets and prices in different markets. The recent series of steps undertaken by Govt. of India and the state government to address the challenges of farmers' welfare help us to believe that with the right institutional framework, Karnataka can move towards the goal of doubling farmers' income and provide required support to farmers towards sustainable development. There is need for various stakeholders to come together for mutual exchange of ideas, opportunities and experiences.

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