

MANAGE Agricultural Extension "Evening4Learning (E4L)" Webinar Series

Topic: "Strengthening Sustainable FPOs through Agricultural Extension: Experiences from Puthari Farmer Producer Organization"

Schedule:
23-11-2022, 19:30-20:00 PM

MANAGE - Center for Agricultural Extension Innovations, Reforms and Agripreneurship (MANAGE- CAEIRA)
National Institute of Agricultural Extension Management (MANAGE)
Rajendranagar, Hyderabad- 500 030, INDIA



About the Program

The MANAGE Agricultural Extension "Evening4Learning" Webinar Series is aimed at enhancing knowledge and professional engagement in the field of agricultural extension. The twelve-day series is structured with each day focusing on a distinct topic under a common theme, allowing participants to gain comprehensive insights into key areas of extension. The programme is intended for a diverse audience, including postgraduate and doctoral students, agricultural faculty, and industry professionals. It covers broad themes ranging from entrepreneurship and sustainability to emerging technologies in agriculture.





Speaker

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About the Speaker

Dr. Saju George is a Principal Scientist in the Mariculture Division of the ICAR-Central Marine Fisheries Research Institute (ICAR-CMFRI), Kochi. He holds a Ph.D. in Agricultural Extension from YCMOU, Nashik, and an M.Sc. in Dairying (Dairy Extension) from ICAR-NDRI, Karnal. His areas of expertise include the socio-economic assessment of mariculture technologies, technology dissemination and adoption, and strengthening farmer organisations. He is currently involved in evaluating the socio-economic impacts of mariculture interventions and promoting a Fish Farmers Producer Organisation (FFPO) in Ernakulam district with support from NABARD. His work focuses on linking research and extension interventions with sustainable mariculture development, improved livelihoods and the empowerment of fish farmers.

Introduction

Farmer Producer Organisations (FPOs) have emerged as an important institutional mechanism for strengthening farmers' collective bargaining power, improving access to agricultural inputs and markets, reducing cultivation costs, and promoting agricultural entrepreneurship. By bringing farmers together, FPOs facilitate collective procurement, aggregation of agricultural produce, value addition, processing, and marketing. However, the successful establishment and long-term sustainability of FPOs require effective institutional support, professional management, financial planning, capacity building, and continuous engagement with farmers.

Krishi Vigyan Kendras (KVKs) and agricultural extension professionals play a significant role in facilitating the formation, development, and strengthening of FPOs. Their technical expertise, farmer outreach, training facilities, and linkages with government departments and development agencies can help address the institutional and operational challenges faced by farmer collectives. In this context, the experience of Puthari Farmer Producer Organisation (FPO), established with the support of a KVK in Karnataka, demonstrates how agricultural extension institutions can contribute to the development of sustainable, farmer-led organisations.

Genesis and Development of Puthari Farmer Producer Organisation

The journey of Puthari Farmer Producer Organisation (FPO) began with a training programme on FPOs organised by the Krishi Vigyan Kendra (KVK) in 2017. During the programme, the District Development Manager (DDM) of the National Bank for Agriculture and Rural Development (NABARD) explained the concept, benefits, and institutional procedures involved in establishing an FPO. Inspired by the programme, a group of farmers expressed interest in forming a collective organisation to address their agricultural production and marketing needs.

As an initial step, 27 progressive farmers contributed seed capital in December 2016 to initiate activities while the registration process was underway. With facilitation and institutional support from the KVK and guidance from NABARD, the organisation was formally incorporated in March 2017 under the Companies Act. The KVK also provided space and support for its initial operations.



Over time, Puthari FPO expanded its membership and operational activities, bringing together farmers engaged in coffee, pepper, paddy, and other allied agricultural activities. Through collective action and improved access to agricultural inputs and services, the organisation helped reduce cultivation costs by approximately 25–30% and emerged as a major farmer organisation in the plantation sector.

Major Interventions and Experiences of Puthari FPO

Collective Procurement and Supply of Agricultural Inputs

The FPO initially focused on procuring and supplying agricultural inputs at affordable prices. Considering the plantation-based agricultural economy of the district, it primarily served coffee and pepper farmers while gradually extending its services to paddy cultivation and allied activities, including piggery and fisheries.

The organisation established linkages with manufacturers and suppliers to procure inputs directly and reduce additional costs associated with transportation, intermediaries, and delays in availability. It initially established connections with approximately 50 companies and offered more than 800 products, ranging from seeds and crop-protection products to agricultural machinery and equipment.

The FPO adopted a relatively low-margin pricing strategy, generally charging around 10–12% above procurement costs. Collective procurement and efficient input distribution helped reduce farmers' cultivation costs. The initiative also improved the timely availability of quality agricultural inputs through a retail outlet established within the KVK campus.

Ensuring the Quality of Agricultural Inputs

Ensuring the quality of agricultural inputs, particularly lime and dolomite used to correct soil acidity in high-rainfall plantation areas, was an important concern. Inadequate quality assurance and the lack of reliable information about calcium and magnesium content posed challenges for farmers.

To address these issues, the FPO established linkages with the Coffee Board and adopted a process involving quotations, sample analysis, and quality certification. This enabled farmers to access quality-assured inputs and strengthened their confidence in the organisation's services. The KVK's soil-testing facilities further helped farmers understand soil conditions and make informed decisions regarding soil amendment and crop management.

Market Interventions during the COVID-19 Pandemic

During the COVID-19 lockdown, disruptions in transportation and market access led to distress sales and a decline in vegetable prices. The FPO intervened by procuring vegetables from farmers at remunerative prices and supplying them to consumers at reasonable rates.

This initiative helped connect producers with consumers, reduce marketing difficulties, and support farmers during a period of considerable uncertainty. The experience demonstrated the importance of collective marketing institutions in responding to market disruptions and protecting farmers from adverse price fluctuations.

Governance and Institutional Support

The KVK provided institutional support by facilitating meetings, offering infrastructure, and assisting the FPO with organisational and administrative functions. Support was extended for conducting regular board meetings and annual general meetings, organising elections, carrying out audits, and preparing annual reports. These activities helped strengthen governance and ensure compliance with statutory requirements.

Programme Implementation and Management Committee (PIMC) meetings associated with NABARD support brought together representatives from NABARD, relevant line departments, and the FPO's board. These meetings provided a platform to review progress, address operational issues, and establish linkages with agriculture, horticulture, and veterinary departments. Such coordination helped the FPO access relevant schemes, technical support, and institutional resources for its members.

Farmer Training and Exposure Visits

Capacity building was an important component of the FPO's activities. The KVK and the FPO jointly organised training programmes for coffee and pepper farmers, with technical inputs from KVK scientists and experts from agricultural input companies. Exposure visits to innovative farmers' fields were also organised to facilitate practical learning.

Farmer-to-farmer extension proved valuable because farmers were often more willing to adopt improved practices after observing successful demonstrations by fellow farmers. The organisation also encouraged farmer engagement through activities such as International Coffee Day celebrations, which provided opportunities for knowledge sharing and interaction among stakeholders.

Institutional Management and Capacity Building

The KVK played a key role in facilitating the FPO's institutional development and business operations. Its support extended beyond technical advisory services to include organisational management, stakeholder coordination, and compliance-related activities.

Major activities included:

- Facilitating regular meetings of the Programme Implementation and Management Committee (PIMC), as required under the NABARD-supported initiative.
- Supporting meetings of the Board of Directors and annual general meetings, as well as elections, audits, and the preparation of annual reports.
- Establishing linkages with agriculture, horticulture, and veterinary departments to facilitate access to relevant schemes and services.

- Organising capacity-building programmes for coffee and pepper farmers, with contributions from KVK scientists and subject-matter experts from agricultural input companies.
- Facilitating exposure visits to innovative farmers' fields to encourage peer learning and farmer-to-farmer extension.
- Exposure visits and practical demonstrations were particularly effective in motivating farmers to adopt improved agricultural practices.

Observing the successful experiences of fellow farmers helped build confidence and strengthened the credibility of extension recommendations.

Digitalisation and Strengthening Farmer Linkages

The FPO adopted digital systems for inventory management, purchasing, and sales through NABARD-supported software. Farmer identity cards were issued to facilitate member identification, and approximately 90% of transactions had become cashless by the time of the presentation.

These initiatives improved the organisation of business operations and enhanced transparency in transactions. The FPO's experience was also documented in a NABARD annual publication, highlighting its progress and institutional achievements.

An important outcome of the initiative was the mutually reinforcing relationship between the FPO and the KVK. The retail outlet made recommended agricultural inputs readily accessible to farmers, while the FPO strengthened the KVK's outreach and farmer engagement. The availability of recommended products at the KVK helped address farmers' difficulties in accessing inputs and supported the adoption of improved horticultural technologies.

Linkages with Agricultural Extension and Value Addition

The partnership between the KVK and the FPO demonstrated how agricultural extension institutions can facilitate the establishment and development of farmer organisations while strengthening their own outreach and technology dissemination activities.

The retail outlet enabled farmers to access inputs recommended by KVK scientists, thereby bridging the gap between technical advice and practical implementation. The joint identification of suitable products by KVK experts and the FPO's board also helped align input availability with farmers' needs.

In addition, support from the horticulture department enabled the organisation to undertake initiatives related to pepper processing. This experience illustrated how collaboration among extension institutions, FPOs, government departments, and development agencies can create opportunities for value addition and enterprise development.

Role of KVKs and Extension Personnel in FPO Promotion

KVKs and extension professionals can perform several important functions in promoting and strengthening FPOs.

- **Identification of suitable funding agencies:** Extension professionals should be familiar with the support available through NABARD, agriculture and horticulture departments, and other relevant institutions to facilitate FPO formation and development.
- **Diagnostic studies and business planning:** Cluster identification, baseline assessments, feasibility analyses, and business plan preparation are essential for establishing viable FPOs. These activities help identify local opportunities, farmers' requirements, and potential business models.
- **Farmer mobilisation and institutional development:** Mobilising farmers, explaining the benefits of collective action, and encouraging participation through share-capital contributions are important but time-consuming tasks. Extension professionals must sustain farmer engagement and build trust among members.
- **Strengthening input and output markets:** Collective procurement, custom hiring services, aggregation, bulk transportation, storage, and collective marketing can reduce costs and improve farmers' returns.
- **Governance and management support:** Extension professionals can assist FPOs in developing organisational systems, conducting meetings, maintaining records, building teams, and improving managerial effectiveness.
- **Business development and market linkages:** FPOs should progressively expand from input supply to produce aggregation, collective marketing, processing, value addition, and other viable agribusiness activities. Extension professionals can facilitate linkages with buyers, processors, and service providers.
- **Access to technology and extension services:** KVKs can provide technical guidance, organise training programmes, promote good agricultural practices, and support quality assurance and traceability of agricultural produce.
- **Collective marketing and post-harvest management:** Produce aggregation, shared storage, bulk transportation, and value addition can reduce transaction costs and post-harvest losses while strengthening farmers' bargaining power. Where feasible, warehouse-based storage and credit arrangements can also help farmers manage adverse price fluctuations.
- **Capacity building and technology transfer:** Training in good agricultural practices, improved production technologies, quality management, and post-harvest practices can strengthen members' technical capabilities.
- **Convergence with line departments**: Extension agencies can facilitate linkages with agriculture, horticulture, veterinary, and other departments to improve access to technical services, government schemes, infrastructure, and processing facilities.

The development of a successful FPO is a gradual process. Continued handholding, transparent functioning, and visible benefits to members are crucial for building trust and encouraging wider participation.

Challenges in FPO Formation and Sustainability

Several challenges may arise during the formation and management of FPOs.

- **Farmer mobilisation:** Farmers may initially hesitate to join an FPO because of uncertainties regarding its functioning, financial management, and potential benefits. Membership generally increases as farmers observe tangible results and develop confidence in the organisation.
- **Limited managerial capacity:** Board members may have limited experience in business management, financial planning, institutional governance, and marketing. Continuous capacity building and professional support are therefore necessary.
- **Financial and regulatory compliance:** Proper accounting, auditing, timely meetings, statutory compliance, and transparent decision-making are essential for maintaining the organisation's credibility and operational continuity.
- **Business viability**: FPOs must develop sustainable business models, manage operating costs, and generate sufficient revenue to support their activities. Business expansion should be based on local demand, resource availability, and market opportunities.
- **Coordination among stakeholders:** Effective collaboration among farmers, KVKs, funding agencies, government departments, and private-sector partners is necessary to mobilise resources and sustain business activities.

To overcome these challenges, FPOs require systematic planning, professional support, institutional convergence, and continuous capacity building. Extension professionals can play a crucial role in addressing these gaps through their knowledge of participatory approaches, communication, management, and problem-solving.

Essential Skills for Extension Professionals

Managerial and interpersonal competencies are essential for extension professionals supporting FPOs. These include:

- **Managerial skills:** Planning activities, allocating resources, coordinating operations, and improving organisational efficiency.
- **Team-building skills:** Bringing together diverse groups of farmers and facilitating collaboration among board members, employees, and other stakeholders.
- **Coordination skills:** Establishing linkages among funding agencies, KVKs, government departments, input suppliers, and market actors.
- **Persuasion and communication skills:** Motivating farmers to participate in collective initiatives and helping them understand the benefits of improved technologies and organised business activities.
- **Problem-solving skills:** Identifying operational challenges, evaluating alternatives, selecting appropriate solutions, and facilitating their implementation.
- **Facilitation skills:** Understanding farmers' needs, promoting participatory decision-making, and ensuring that the organisation remains responsive to its members.

These competencies enable extension professionals to move beyond their conventional advisory roles and function as facilitators of collective action, institutional development, and agribusiness management.

Key Highlights

- **FPO Formation through Extension Support:** Puthari FPO was established in March 2017 with the facilitation of KVK and institutional guidance from NABARD, following farmer interest generated through an FPO training programme.
- **Collective Procurement and Cost Reduction:** The FPO established linkages with approximately 50 companies and offered over 800 agricultural products. Collective procurement and affordable input supply helped reduce farmers' cultivation costs by approximately 25–30%.
- **Quality Assurance and Market Interventions:** Collaboration with the Coffee Board and KVK soil-testing facilities improved access to quality-assured agricultural inputs. During the COVID-19 lockdown, the FPO procured vegetables from farmers at remunerative prices and supplied them to consumers at reasonable rates.
- **Institutional Management and Capacity Building:** KVK supported governance, statutory compliance, stakeholder coordination, farmer training, and exposure visits, strengthening the FPO's organisational capacity and promoting farmer-to-farmer learning.
- **Digitalisation and Business Development:** Adoption of NABARD-supported software for inventory, purchasing, and sales, along with farmer identity cards and increased cashless transactions, improved operational efficiency and transparency. Linkages with government departments also supported initiatives in pepper processing and value addition.
- **Role of Extension Professionals in FPO Sustainability:** The experience highlighted the importance of farmer mobilisation, business planning, professional management, market linkages, institutional convergence, and continuous handholding in developing sustainable, farmer-led organisations.
- **Essential Skills for Extension Professionals:** Effective FPO promotion and sustainability require extension professionals to possess managerial, team-building, coordination, communication, persuasion, problem-solving, and facilitation skills to mobilise farmers, strengthen institutional governance, build stakeholder partnerships, and support sustainable agribusiness development.

Interactive discussion

1. How can a Farmer Producer Organisation (FPO) negotiate better prices for farmers' produce?

An FPO can help farmers obtain better prices through the collective aggregation and marketing of their produce. By pooling produce such as paddy, maize, pulses, and other commodities, the FPO can attract bulk buyers who may not otherwise procure directly from individual farmers in remote areas.

This enables the FPO to reduce intermediaries, establish direct linkages with bulk buyers and end users, and negotiate better prices. Maintaining the required quality standards is also essential to securing remunerative prices. Thus, collective bargaining and efficient FPO management can strengthen farmers' market access and improve their returns.

2. What is the role of women and youth in the management and functioning of FPOs?

Women's and youth's participation is important for the effective functioning of FPOs. Including one or two women members on the Board of Directors (BoD) can help ensure women's participation in organisational activities and decision-making. Youth, particularly educated members, can contribute to efficient management by taking initiatives, completing documentation, obtaining licences, and handling administrative responsibilities. A balanced representation of youth and experienced members on the Board of Directors, supported by KVKs, can strengthen organisational performance and ensure the active involvement of different groups in FPO management.

3. What cost and economic benefits have farmers gained through the FPO's collective activities?

Through collective activities, Puthari FPO helped reduce farmers' input costs by approximately 25–30% per acre through collective procurement and the supply of agricultural inputs at affordable prices. One of its major achievements was reducing the cost of farm machinery, particularly motorised weed cutters. While these machines previously cost approximately ₹20,000–₹30,000 per unit in the market, the FPO made them available at prices ranging from ₹6,000 to ₹15,000. However, since coffee is a well-organised market, the FPO observed limited differences in the final selling prices of coffee. Its major economic benefit was therefore achieved through reduced input costs and improved access to affordable farm machinery.

YouTube link: https://youtu.be/JYhSGBpzOfs?t=2117

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