FPOs - Should they be Aggregating Agents of Agri corporations or Harbingers of *Atma Nirbhar* farming communities?

"Farmer Producer Organisations (FPOs)" is a term applied to different kinds of collectivisation of farmers, which can take different legal forms or even remain as informal. Such collectives are meant to empower the member farmers, especially in terms of greater bargaining power to interface with markets. FPOs hold great promise especially in terms of organisation of marginalised farmers like women farmers, tribal farmers, small and marginal farmers. FPOs are supposed to provide the advantages of scale, through aggregation of small volumes of produce of member farmers, and help the collective to deal with market forces on equal terms. FPOs are also supposed to help members to cross various barriers that they face as individual farmers, and provide the opportunity for farmers to move up the value chain rather than just remain as a primary producer.

The Government of India has launched an ambitious scheme for the formation and promotion of 10,000 Farmer Producer Organizations (FPOs). This note prepared by Alliance for Sustainable & Holistic Agriculture (ASHA) takes a critical look at certain aspects of the operational guidelines released for the implementation of the scheme, steps taken up of the implementing agencies (NABARD, SFAC, NCDC), and overall direction the program seems to be moving towards, including reports of implementation related developments from the ground with relation to the GoI program.

While the first wave of Farmer Producer Organisations with a special focus on collectivisation of farmers, to provide economies of scale to deal with markets, had organisations like NABARD and SFAC working closely with public sector institutions and civil society organisations towards this goal, the second wave seems to be focussing more on techno-managerial aspects of collectivisation towards linking FPOs up to competitive markets rather than addressing the economic and socio-political requirements of such collectivisation.

FPOs are also being moulded as an offering as an organized and ready-made market for agri-input companies to push their products. They are being shaped to offer a platform to big agri-businesses to plan cultivation of required commodities, aggregate and procure them at competitive rates. An unsustainable approach of "One District-One Crop" is being proposed in a reductionist manner which suits this purpose.

The key strategy of the FPO promotion scheme is also the "one-district-one-product" approach announced by the government in a simplistic mode of operational manageability. While on the one side the government keeps talking about crop diversification in states like Punjab, Haryana and other states, and has also taken up proactive steps to promote organic/natural farming on a large scale through various schemes and programs, "one-district-one-product" approach is essentially going to encourage large scale mono-cropping. This will reduce diversity in cultivation leading to environmental and ecological degradation, and exposing farmers to the risks of climate change, pest attacks, volatility in markets as well as lead to compromised local food and nutrition security.

This new instrumental way in which FPOs are being shaped, to primarily serve the interests of others, rather than holistic empowerment of the member farmers themselves or the collective as a capable entity in the market space, is most apparent in terms of the kind of organisations that are leading the Cluster Based Business Organisation (CBBO) list as of now. An audit and law consultancy firm like Grant Thornton (a wholly owned subsidiary of an American company by the same name) which has no focus in the farming, agri-markets or rural development spaces in India is the leader of this list with maximum number of states and FPOs under it.

If the FPOs are viewed as farmer-owned enterprises and encouraged to integrate better into value chains, carry out storage, processing and value addition locally as much as possible and cater to the needs of local markets, there is a possibility of creating vibrant local economies, and achieving better returns for the farmers. Further, if the FPO building process also focuses on the most invisible and marginalised farmers who need additional investments and hand-holding from the government – women farmers, tenant farmers, Adivasi farmers, marginal farmers, small rainfed farmers etc. – the scheme can empower them directly and also fulfil the commitment of the government to double farmers' incomes (given the low and unstable incomes of these categories of farmers, it is quite possible to double the incomes of these farmers). This sort of a vision requires not just investments in building management systems within an FPO, but also perspectives around viability, sustainability as well as equity. Such a vision should consciously translate into removal of entry, participation and leadership barriers to marginalised farmers in FPOs and in turn, of FPOs in agri-market spaces, and have strong institution-building components.

On the other hand, with a lack of consciously chosen direction in the implementation of the scheme, there is a possibility that the FPOs may turn out to be just a tool of big agri-businesses to further the corporatization of agriculture. The operational guidelines seem to have taken up the latter direction. It is worth noting that it is not just a scheme's guidelines that have adopted this perspective, but also the Central Farm Laws against which lakhs of farmers of the country are protesting at this point of time.In these central laws, FPOs have been equated with Farmers in a framework where they will be aggregating agents for corporations; on the other hand, the Rules framed in the APMC Bypass Act intrude into the autonomy of an FPO by legally dictating when and how prices have to be paid by FPOs to their own members! By doing so, it appears that the government is going against its own stated intention of strengthening FPOs.

With this broader viewpoint, we make the following specific demands:

1. The broad direction of the FPO guidelines should not be to collectivise farmers so as to create ready-made markets for agri-input corporations; similarly, it should also not be about creating cheap supply chains for food companies. It should be about empowering farmers to become stronger in their market interfaces, and get a better deal from the markets both in the backward linkages and the foreword linkages of farming.

2. Preventing corporate takeover of the FPO sector by removal of the miscellaneous section (section 17) of the guidelines becomes essential. This section enables any agri-business corporation to form FPOs with the financial support from the government on par with CBBOs, effectively creating cheap supply chains for their operations, while sidestepping all the monitoring framework put in place for CBBOs in the guidelines. While no one can stop private companies from creating farmer collectives, using public funds through government schemes is not advisable.

3. Preventing the tendencies for the promotion of monocropping through cluster based 'one district-one product' approach.

4. Barring consultancy agencies who have no focus and work experience in agriculture and rural development sector from taking on hand-holding roles as CBBOs. This is a role that has to be taken up by public sector institutions like KVKs, Agriculture Universities, Rural Development Institutions etc as well as public-spirited civil society organisations working in the field of agriculture and rural development.

5. Removal of prerequisites for hand-holding organisations (CBBOs) to have at least 2 crore Rupee annual turnover / utilisation of funds that denies opportunity for financially smaller yet effective organisations that have a long history of working with farmers on sustainable farming and sustenance of rural livelihoods.

6. Explicit and adequate investments to be made on strong institution-building processes to include and empower the most marginalised farmers through FPOs.