

ROLE OF MILLET MODEL IN GENERATING INCOME TO FPOs

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ABSTRACT:

A Farmer Producer Organization (FPO) is typically a society/company consisting of farmers who are actual producers of a specified commodity/ commodities, and is formed under the Mutually Aided Cooperative Societies (MACS) Act 1995 or as a Farmers Producer Company (FPC) under the Companies Act 2013. The role of FPO is to act as an aggregator for member farmers including from inputs to output which will enhance the economy of scale and bargaining power of member farmers. To support the International Year of Millets the Millets FPO Model developed by ICAR-IIMR helps the small and marginal farmers in terms of timely availability of credit and agricultural inputs, aggregation of produce, storage, processing and value addition of millets, direct market linkages, CHC etc. Through this Millet model, better market linkages exist between the members of FPOs -food industries-organizations that in turn provides better incomes to small and marginal farmers.

FPOs:

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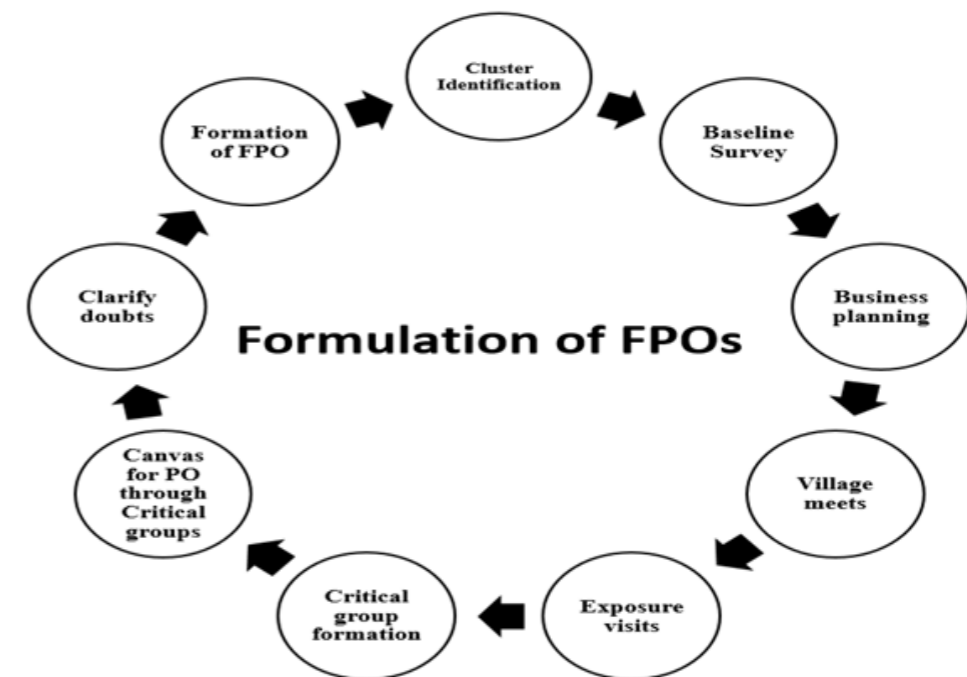


Fig: 1.1 Flow chart of formulation of FPO

ROLE OF FPOs IN AGRICULTURE?

1. Supply high-quality production inputs at affordable prices, such as seeds, fertiliser, insecticides, and other inputs.
2. Offer custom-hired manufacturing and post-production machinery and equipment to members based on need in order to lower per-unit production costs.
3. Provide facilities for value addition, such as cleaning, sorting, grading, packing, and farm-level processing, on a user-pay basis and at a lower cost. The provision of storage and transportation facilities is also possible.
4. Engage in higher-paying jobs like mushroom farming, beekeeping, and seed production.
5. Aggregate smaller lots of the produce produced by farmer-members; add value to increase their marketability.
6. Facilitate the market knowledge needed to make informed manufacturing and marketing decisions.
7. Provide logistics services, including loading and unloading, transportation, and storage, at a reduced cost.
8. Offer better and more lucrative prices when marketing the combined produce to customers and through marketing channels.
9. Bargaining power is with farmers
10. Directly linked to markets by eliminating the middle men



SUPPLY CHAIN OF MILLETS:

In the existing supply chain of millets farmer are not getting remunerative prices for the millets because of existence of excess intermediates. Farmers were not linked to markets directly in the existing supply chain as the quantum of produce available with the farmers is less and the transportation costs remains high so to overcome this constraint farmer as a collective (FPO) will alter the existing supply chain and assures better prices to the produce and bring back the bargaining power of farmers.



Traditional Supply chain of Millets Millet Supply chain with FPO Intervention

Fig: 1.2 Supply Chain of Millets

SUPPLY CHAIN OF MILLETS AND FPOs:

With the technical support, guidance and capacity buildings to FPOs the producer organizations can produce, procure, aggregate and store millets and thereby process the grains and sell the produce in market directly as shown in Fig:1.3. This FPO intervention will alter the existing supply chain by eliminating middlemen and thereby helping small and marginal farmers to target the markets with the bulk quantities. FPO as a collective has the ability to perform both input and output business with millets. ICAR-IIMR is a nodal agency that is working exclusively on millets and handholding 41 millet FPOs in four states vis., Andhra Pradesh, Karnataka, Telangana and Madhya Pradesh. Through its FPOs ICAR-IIMR promoted the millets model (as shown in Fig: 1.4) for providing better market linkages, subsidised inputs, CHCs, capacity buildings etc.

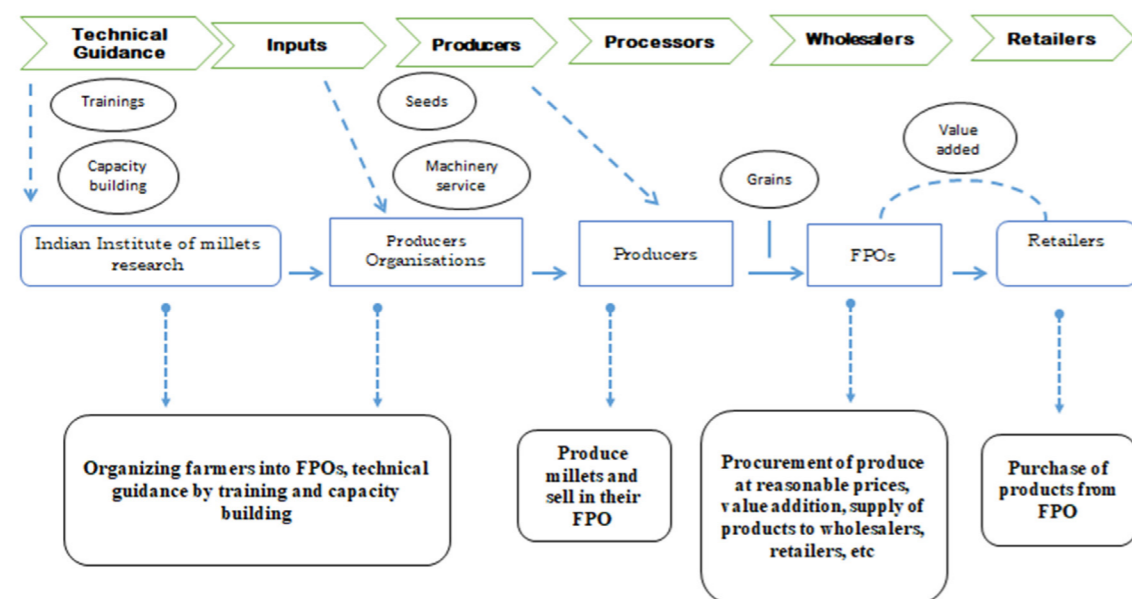


Fig:1.3 Supply Chain of Millets and FPOs

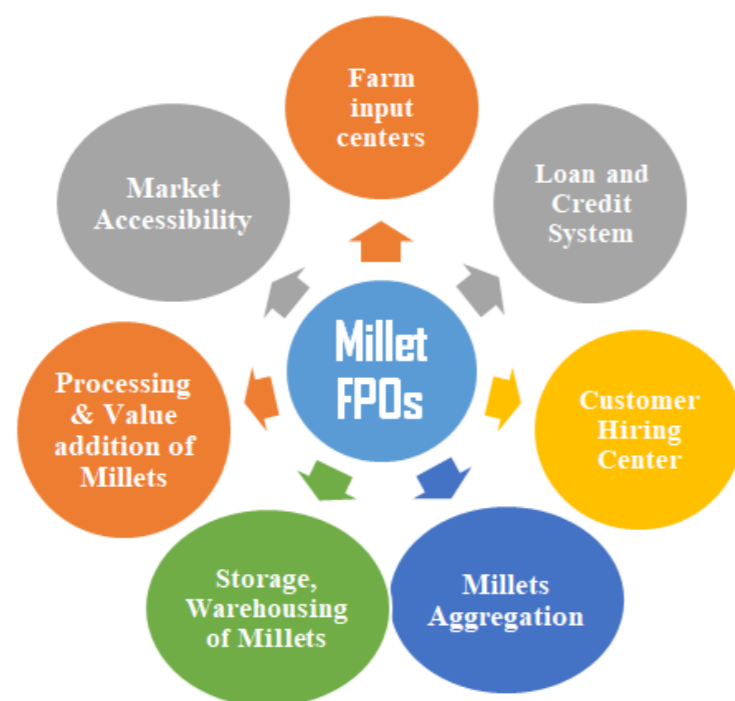


Fig: 1.4 Millets model for FPOs

This millets model will help FPOs to look into various businesses like Primary processing unit, millet value addition, seed entrepreneur, millet aggregator, retail business, confectionary industry, millet hotel business, business models with FPOs, exporting millets and e-commerce activities.

CONCLUSION:

The FPOs are the vehicles that directly connect the producer to the final consumers along with all the value chain, financial institutions, research institutions to reap the economies of the scale. The collective purchase of the required inputs, collective packaging, transportation, value addition will reduce the cost of the each of the farmers and the collective marketing of their products will fetch better price than the farmers selling individually. Through this millet model FPOs can come out with the varieties of value-added millet-based products by creating their own brand to trade their products in the market. These FPOs can be replicated in all the districts of the country to support the cultivation of millets, which are now in high demand for various health benefits. By cultivation of millets will assure the farmers in both food as well as nutritional security, apart from in improving their financial conditions. Millet model helps farmers to attain economies of scale, by developing business models for each of the FPOs based on the crops grown. This will also help to identify markets, creating a unique platform for collective purchase, marketing of produce in bulk & elimination of middle men. Through this Millet model, better market linkages exist between the members of FPOs -food industries-organizations.

