



Farmer Producer Organizations: A Pathway to Empowering Smallholders for Viksit Bharat 2047

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Abstract

Farmer Producer Organizations (FPOs) have emerged as an important institutional mechanism for empowering small and marginal farmers in India. This article examines the role of FPOs in strengthening farmers' economic position and supporting the national vision of Viksit Bharat 2047. FPOs enable farmers to collectively market their produce, improve bargaining power and access better market opportunities, thereby enhancing income and productivity. They also facilitate bulk procurement of agricultural inputs, knowledge sharing and adoption of modern technologies. Additionally, FPOs strengthen social capital in rural communities through participatory governance and peer learning, improving farmers' resilience to market and climate-related risks. However, the growth and effectiveness of FPOs are constrained by several challenges, including limited financial support, weak managerial capacity, governance issues and low awareness among farmers. Government initiatives such as the "Formation and Promotion of 10,000 FPOs" scheme aim to address these challenges by providing financial assistance, technical support and improved market linkages.

To fully realize the potential of FPOs, policy efforts must focus on strengthening financial ecosystems, promoting technological adoption and enhancing institutional support. Strengthening FPOs can play a crucial role in increasing farmers' income, improving agricultural sustainability and contributing to rural development in alignment with the Viksit Bharat 2047 vision.

Keywords

Farmer Producer Organizations (FPOs), Smallholder Farmers, Agricultural Empowerment, Market Linkages, Rural Development, Collective Farming, Agricultural Policy and Viksit Bharat 2047.

Introduction

Farmer Producer Organizations (FPOs) are pivotal in transforming India's agricultural landscape, especially in the context of the VIKSIT BHARAT 2047 vision, which aims for a developed India by 2047. FPOs empower small and marginal farmers by enhancing their market access, improving productivity and increasing income levels. They serve as a

collective mechanism to address challenges such as market inefficiencies, limited access to capital and inadequate infrastructure. The role of FPOs is crucial in achieving sustainable agricultural development and rural prosperity, aligning with the broader goals of VIKSIT BHARAT 2047. The following sections elaborates the various aspects of FPOs and their significance in this context.

Role and Impact of FPOs

i) Economic Empowerment

Farmer Producer Organizations (FPOs) play a significant role in strengthening the economic position of small and marginal farmers. By organizing farmers into a collective group, FPOs enhance their bargaining power in the market, allowing them to negotiate better prices for their agricultural produce. This collective marketing approach enables farmers to access premium and larger markets that would otherwise be difficult to reach individually. Additionally, FPOs facilitate bulk procurement of inputs such as seeds, fertilizers and machinery, which helps reduce production costs. They also promote knowledge sharing, improved farming practices and access to modern technologies among member farmers. As a result, farmers experience improved productivity reduced input costs and better price realization for their produce, ultimately contributing to higher income and sustainable agricultural development (Karunyalakshmi *et al.*, 2025 ; Shrivastava *et al.*, 2022).

ii) Market Access and Linkages

By forming Farmer Producer Organizations (FPOs), farmers can collectively market their produce and reduce dependence on

intermediaries or middlemen, who often capture a large share of the profit. Through FPOs, farmers gain the ability to directly access local, regional and national markets, ensuring better price realization and transparency in trade. Moreover, FPOs open new opportunities for farmers to participate in modern marketing channels such as e-commerce platforms, organized retail and export markets.

This collective structure also improves their ability to meet quality standards, handle bulk supply and negotiate better contracts with buyers. As a result, FPOs play a crucial role in integrating smallholder farmers into the broader market economy, enhancing their income stability and strengthening their participation in modern agricultural value chains (Arun *et al.*, 2024).

iii) Social Capital and Resilience

Farmer Producer Organizations (FPOs) also play an important role in building social capital among farmers. Through member-elected governance structures, farmers actively participate in decision-making processes, which promotes transparency, accountability and democratic management within the organization. FPOs also encourage peer learning and mentoring, where experienced farmers share knowledge, skills and best practices with other members.

This collaborative environment strengthens trust and cooperation within rural communities. As a result, farmers become better equipped to collectively address challenges such as market fluctuations, price instability and climate-related risks. Thus, FPOs enhance community resilience and support sustainable agricultural development (Kumar & Sinha, 2025).

Challenges Faced by FPOs

i) Financial Constraints

A major challenge faced by Farmer Producer Organizations (FPOs) is the limited availability of financial support, which restricts their capacity to expand operations and strengthen their market presence. Many FPOs struggle to access institutional credit due to inadequate collateral, limited credit history and lack of financial literacy. This financial constraint makes it difficult for them to invest in essential

infrastructure such as storage facilities, processing units, transportation systems and digital platforms. As a result, their ability to scale up activities, improve value addition and compete in larger markets remains limited. Strengthening financial access through government schemes, credit facilities and institutional support is therefore crucial for ensuring the sustainable growth and long-term success of FPOs (Salokhe, 2025; Dubey *et al.*, 2021).

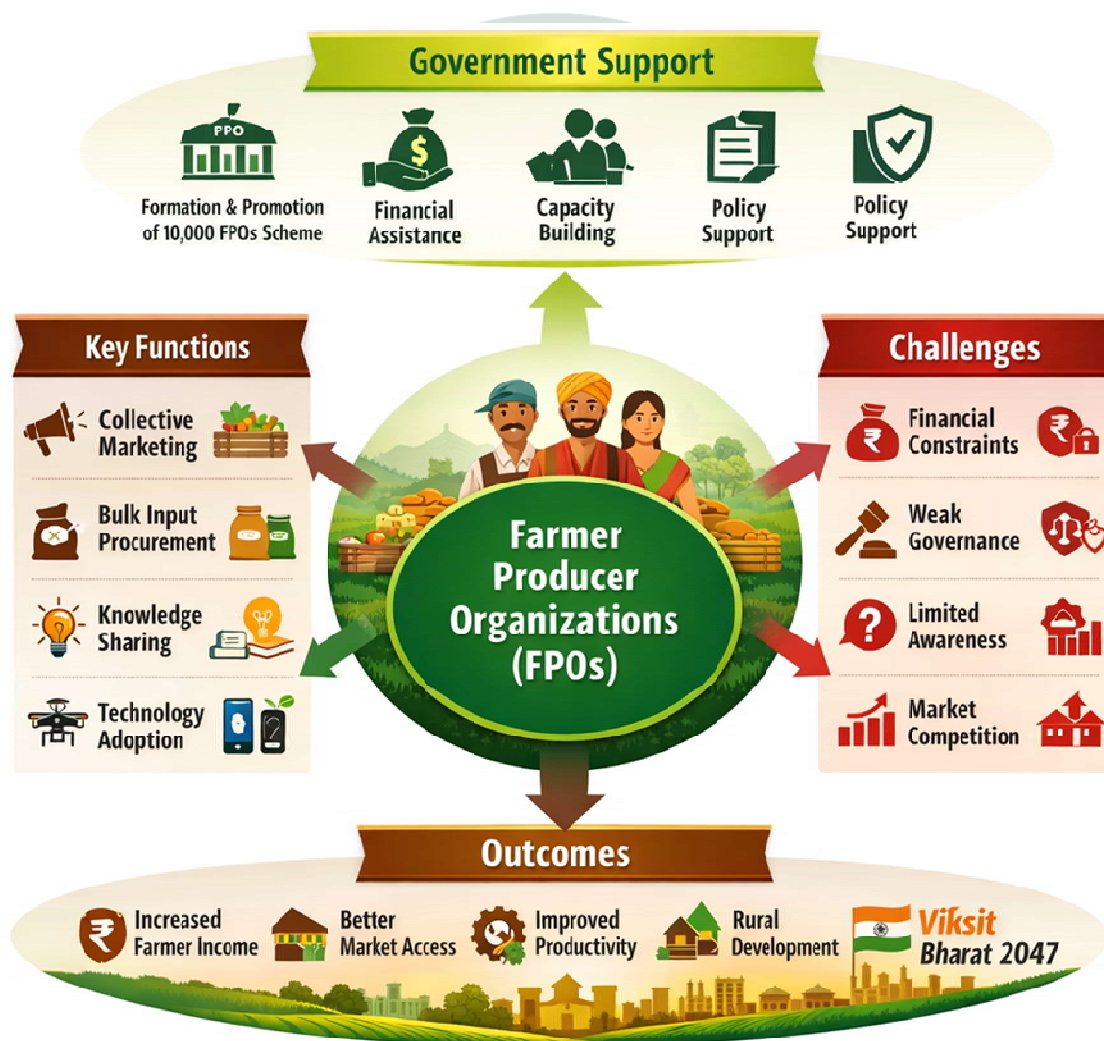


Fig. 1: Conceptual Framework of Farmer Producer Organizations (FPOs) in Achieving Viksit Bharat 2047

ii) Governance and Management Issues

Weak management capacity and governance constraints often limit the effectiveness and long-term performance of Farmer Producer Organizations (FPOs). Many FPOs are managed by farmers who may have limited experience in business management, financial planning, marketing and organizational governance. This lack of managerial expertise can lead to inefficiencies in decision-making, poor financial management and difficulties in maintaining transparency and accountability. As a result, the overall operational efficiency and sustainability of FPOs may be affected. Therefore, strengthening technical skills, leadership abilities and business acumen among FPO members and management teams through training, capacity-building programs and institutional support is essential to ensure the successful functioning and sustainability of these organizations (Naik *et al.*, 2025).

iii) Limited Participation and Awareness

Another major challenge faced by Farmer Producer Organizations (FPOs) is the limited awareness among farmers about their benefits and functioning. Many small and marginal farmers are unfamiliar with the concept of collective farming organizations and the advantages they offer, such as improved market access, better price realization and access to institutional support. As a result, participation rates in FPOs often remain low. Increasing awareness through training programs, extension activities and successful case demonstrations can help farmers better understand the value of FPO membership. By showcasing tangible benefits such as higher income, reduced input costs, and improved market linkages, more farmers can be motivated to join and actively participate in

FPOs, thereby strengthening their overall impact (Salokhe, 2025).

Government Initiatives and Policy Support

i) Formation and Promotion Schemes

The Indian government has introduced several initiatives to promote and strengthen Farmer Producer Organizations (FPOs), among which the “Formation and Promotion of 10,000 FPOs” scheme is a major step. This initiative aims to support the creation and development of FPOs across the country to empower small and marginal farmers through collective action. Under this scheme, FPOs receive financial assistance, capacity-building support and professional management guidance to improve their operational efficiency. The program also focuses on enhancing market linkages, enabling FPOs to access better marketing opportunities and value chains. Additionally, technical support and training are provided to improve production practices, post-harvest management and business planning. Such government initiatives play a crucial role in strengthening FPOs, improving farmers’ income and promoting sustainable agricultural development (Karunyalakshmi *et al.*, 2025).

ii) Policy Recommendations

To align with the Viksit Bharat 2047 vision, it is essential to strengthen policies that support the growth and sustainability of Farmer Producer Organizations (FPOs). Policymakers should focus on improving the financial ecosystem by ensuring easier access to credit, investment opportunities and financial incentives for FPOs. Promoting the adoption of modern technologies such as digital platforms, precision agriculture

tools and supply chain management systems can further enhance the efficiency and competitiveness of these organizations. In addition, a supportive regulatory framework and streamlined policies are necessary to reduce operational barriers and encourage innovation within FPOs. Strengthening these aspects will enable FPOs to overcome existing challenges, enhance farmers' income and contribute significantly to the broader goals of sustainable agriculture and rural development envisioned under Viksit Bharat 2047 (Deval *et al.*, 2025).

While FPOs present a promising model for agricultural transformation, they face competition from private companies and price volatility in the market. Addressing these challenges through supportive policies and capacity-building initiatives is crucial for ensuring the long-term sustainability and growth of FPOs. This will not only contribute to the agricultural sector's development but also align with the broader national vision of a developed India by 2047.

Conclusion

Farmer Producer Organizations (FPOs) play a crucial role in empowering small and marginal farmers by improving market access, enhancing bargaining power and promoting collective action. Despite challenges such as financial constraints, weak management capacity and limited awareness, FPOs remain a promising model for strengthening the agricultural sector. With effective policy support, improved financial access and greater adoption of modern technologies, FPOs can significantly contribute to increasing farmers' income, promoting sustainable agriculture and achieving the broader goals of Viksit Bharat 2047.

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