

# Farmer Producer Organization (FPO)

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- A Producer Organisation (PO) is a legal entity formed by primary producers, viz. farmers, milk producers, fishermen, weavers, rural artisans, craftsmen.
- A PO can be a producer company, a cooperative society or any other legal form which provides for sharing of profits/benefits among the members. The main aim of PO is to ensure better income for the producers through an organization of their own.
- Farmers Producer Organization (FPO) is one type of PO where the members are farmers.
- Indian agriculture is dominated by marginal and small farmers, who suffer serious disadvantage in terms of scale. Small farm size discourages many farmers to go for diversification of fruits and vegetables mainly because of the price risk and uneconomic lot for marketing. Small sized farmers are also disadvantaged in terms of bargaining power in various transactions in the input and output markets. Besides, in agricultural marketing, there is a long chain of intermediaries who very often work non-transparently leading to the situation where the producer receives only a small part of the value that the ultimate consumer pays.
- These handicaps can be overcome by organising farmers under some institutional mechanism like the farmer's producers' organizations. Small Farmers' Agribusiness Consortium (SFAC) and NABARD is providing support for promotion of FPOs.