

Primary Agricultural Cooperative Societies (PACS) as Farmer producer organisations (FPOs)-A way forward for Cooperative Rural Development

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SUMMARY

The rationale for setting up farmer producer organisations is based on the premise that collectivization of farmer producers, particularly smallholder farmers, has a direct effect on increasing farmer incomes, through, securing production by increasing productivity and reducing costs of cultivation, adding value to production through reducing transaction costs, up scaling trade and bulk, selling of the produce or its further processing into downstream products, enabling access to technology, increased bargaining power and integration with supply chains as value chain partners and above all, increasing market access and power. Further, it is in their democratic functioning based on Cooperative Principles, that FPO, most definitely have an advantage and are seen as the way for taking small and marginal farmers forward, through offering them better and more dignified livelihood options and living..

INTRODUCTION

FPOs under the 10000 FPO Formation Scheme, of Government of India so far as it relates to NCDC (National Cooperative Development Cooperation) role as (Implementing Agency) IA and its connected (Cluster Based Business Organizations) CBBOs, refer to the registered cooperatives of farmer producers, who are shareholders in the FPO, and are variously registered as cooperatives under the State Co-operative Societies Acts including the Mutually Aided or Self Reliant Cooperative Societies Acts or by whatever name called, or the Multipurpose Cooperative Societies Act. NCDC as a development financing institution for cooperatives plays the role of IA under the Scheme. NCDC will promote FPOs through its Cluster Based Business Organisations (CBBO), who would function at the allocated block levels and be responsible for the formation and promotion of FPOs.

FPOs Role in PACS/Cooperatives beyond cooperatives

Primary Agricultural Cooperative Societies (PACS), in particular have to increase and diversify their business activities beyond existing activity of mostly purveying agricultural credit as needed by various types of members to patronize and increase their members' involvement. There is a strong need to transform these village cooperatives into multi-purpose cooperative societies. Some of the possibilities of small businesses in view of emerging market scenario and priorities may be selected by the PACS out of the following:- Agri-Storage centers, Agri-Processing centers, Agro-Service Centers, Agri-Clinic Centers, Agri-Marketing centers, Consumer Stores, Agro-Production and other services Similarly, sectoral cooperatives engaged in fishery, poultry, dairy, handloom, handicrafts, sericulture etc. can identify and develop viable business around any activity / service / stage of value chain to earn profit and strengthen socio-economic status of their members. FPOs can play an important role by integrating and or coordinating the backward or forward linkage activities of PACS which can lead to a win-win situation for both the entities.

Way forward to strengthen the Institutional Building of PACS through FPOs

Rejuvenation of ICDP

One of the important Schemes of the NCDC is "Integrated Cooperative Development Project (ICDP) Scheme" which was introduced in the year 1985-86 and aims at:

- Development of Primary Agricultural Credit Societies as multi-purpose self-reliant entities;
- Development of allied sector cooperatives; and
- Development of viable functional linkages among cooperatives.

Under the scheme, an integrated area-based approach is adopted for development of cooperatives in a selected district. The Scheme promotes various economic activities through cooperatives in the sphere of agriculture, agro-based industries, cottage and household industries and agro-allied sector like fishery, dairy and

livestock, handloom, horticulture, rural industries in a selected district. Assistance under notified services is provided for tourism, transport, education, rural housing, hospitals, health care, generation & distribution of power by new and non-conventional renewable sources of energy and cooperatives banking. A Macro Plan for whole of the selected district is prepared, keeping in view the local resources and needs. Assistance is in a package form and includes –infrastructural needs, funds for business development and HRD aspects.

The FPOs as a subsidiary enterprise for PACS must be studied, baseline survey and analysis on above parameters as seen in the ICDP may be worked out to know the SWOT analysis of PACS and then the integration and or coordination may be executed for good productive moves.

Legal Frame Work and its allocation:

Necessary amendments in the Bye laws may be carried out to give flexibility to PACS to register FPO as subsidiary enterprise. The DCCBs may be given flexibility to provide funds to the upcoming FPO as a subsidiary enterprise. The legal frame work to bring FPOs and PACS together, developed and implemented by the states of Uttar Pradesh, Maharashtra and Uttarkhand will be a handholding miniature to other states also.

Role of (Cluster Base Business Organisations)CBBOs:

Human Resource Management for the upcoming subsidiary enterprises will be a challenging aspect, which can be handhold by the VAMNICOM and allied (Institute of Cooperative Management) ICMs and RICMs (Regional Institute of Cooperative Management) with innovative capacity building programmes for the PACS and their BoDs who will take the initiatives to run the FPOs in all domains. Alignment SOPs, Networking, Technological Interventions (eNAM, NCUI Integrated Platform) Sustainability and existing success stories of PACS and FPOs Integration may be explored and replicated.

Value Chain development:

The upcoming subsidiary enterprise must be a game changer in the both social and economical attributes. The need prerequisites must be identified and channelized towards the profit and sustainable motives through cooperative and company attributes conglomeration. Tribal Value Chains and Livelihood Value Chains can be made vibrant and productive through the upcoming FPO as subsidiary enterprise for PACS.

CONCLUSION

Cooperatives and FPOs together must not be restricted a sourcing entities, they must work together and or integrate and or coordinate for resource allocation, management, direction, profits and livelihood sustainability.

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