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**Farmers Producer Organization Scheme by NABARD: Need for an Ecosystem of support
for Rural Entrepreneurship in Jharkhand**

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INTRODUCTION

BACK GROUND NOTE

About Jharkhand

Jharkhand (“Bushland” or “land of forest”) is an under developed state in India, which includes twenty four districts and shared its border with five states. It was the 28th of state of India which formed on 15 November, 2000 after a long standing tribal movement for statehood. It was earlier part of Bihar; specifically it was the south Bihar, a highly mineral rich area with a generous tribal population. As per census 2011, Jharkhand has population of 33 million, literacy rate 66.41% in which male rate was 76.84% and female literacy rate 55.42%.¹ The unemployment rate of Jharkhand is 3.1% as against national rate of 2.7% which is alarming signal for the government to think over it. Jamtara is the most backward district in Jharkhand, which was created by separating from Dumka district. It is also nick named as phishing capital

of India. It has an area of 1811sq.km with population 7, 91,042 and mainly Hindi and Santali speaking people are living. It is one the important district for the agriculture and allied sector in Jharkhand.

About NABARD (National Bank for Agriculture and Rural Development)

NABARD came into existence on July 12, 1982 by transferring the agriculture credit functions of Reserve Bank of India (RBI). Its prime objectives are provides finance assistance for agriculture, small scale industries, coordinate with states regarding growth and development of agriculture sector, promote irrigation, undertake research & development in agriculture, rural industries through credit development and promotional function. NABARD wanted to promote entrepreneurship skills in the rural people. There is a great scope for agriculture and allied field such as Fisheries, Poultry, Goatry, Horticulture, dairy etc. in and around beside districts of Jamtara. As per the recommendation of the NABARD, Jamtara district was the best place for the business of the poultry farm.

About FPO

FPO's (Farmers Producer Organization) is a group of farmers, Dairy producers, Fisheries, Rural workers, Handloom, Handicraft etc. producers registered organizations. A group of farmers producing products or goods is called FPO's. FPO has one of the important scheme of NABARD which help to promote agriculture and allied sector through a formation of group of farm producers as shareholder in the organization. It mainly deals with the business activities related with farm produce.

The prime objectives of the FPO schemes were mobilizing farmers into member-owned producer organizations to enhance production, productivity and profitability of agriculturists, especially small farmers in the country (*See Table I*). The continuous division of crop land, increasing cost of farming, lack of quality inputs, lack of market information and advance farming technologies etc. are of which created a hurdles against the agriculture and allied sector productivity and deserve prices of the produces.

Table I: FPO Scheme Illustration



Source: <https://shorturl.at/siQie>

The common observation of the experts suggests that the collection of farmers' products and its selling are important tool to increase the earning amount of money of the farmers.

PROBLEMS IN IMPLEMENTATION OF FPO SCHEME IN JAMTARA

NABARD implemented this scheme in different districts of Jharkhand but the farmers' producer organization of Jamtara was not performing well and their members started quitting or leaving the organization. It was the tough task for the company to uniting and promoting the farmers producers organization scheme amongst the different small farmers in the district. A formal field study by observers revealed that FPO scheme was divided into four segments in which the (i) POPI (Producer Organization Promotion Institution) which promoted technical, financial and other schemes information to the producer organization, (ii) CEO and Board of Director of the FPO who manage the office work (iii) FPO members were the shareholder of the company (iv) farmers of the villages who know about the scheme.

The observers' view after the study about the FPO scheme in Jamtara District, and having met the villagers personally was that the knowledge about the modus-operandi of the FPO, the economic growth & development evolved a scandalous revelation. The observers came to understand the villagers had no idea about the benefits of the schemes which was a major parameter for the upliftment of the socio-economic conditions of the village as well as the villagers.

The revelations of the field study in Jamtara also exposed that there was no financial support, storage facilities, training and neither extra visits for more exposure, lack of transportation as well as market information- a necessity for major development in and around the villages and its people.

When the observers had a meeting with an organization implementing FPO scheme, they found that there was a deliberate aversion of the unethical part played by the local mafia (Masterji). After a lot of regression and intuiting, one of the organization member gathered up the courage and spoke about the Masterji, who was deliberately activating himself in unethical & immoral practices in particular region. However, the Masterji was providing help to the farmers financially including construction of poultry farm up to the procurement of the complete saleable chickens. Masterji was being helped by his known agent who in turn fixed an amount of money to construct poultry farms, providing chicks & its feed and medicines too and also informed some inputs regarding the smooth running of the business.

Analysts opined that there was a “grey” area in the implementation of FPO scheme. The actual amount was not related with the cost of the readymade chickens as something was deliberately kept a secret of the actual price sold out because the final financial shots were called out by the Masterji as he did not want to lose his share of amount.

Therefore, Masterji commanded the poultry business in Jamtara. Analysts felt that Masterji was following a saying in English- ‘Divide & Rule Over’. By creating a diversity amongst the FPO members using fears tactics and using his agents to pressurize the members to exit the company if they did not ally to their whims & fancies.

CHALLENGES

After discussion with the different segments of the FPO’s, the analysts divided the problems into external factors and internal factors which adversely affected the poultry business of the FPO members. The internal factors were the POPI’s who had no office in Jamtara but had a temporary office which was being maintained and minimal functional, CEO was inactive, lack of visit by POPI’s and CEO, lack of motivation amongst FPO’s member, lack of knowledge about the different schemes of the NARARD, lack of unity amongst the FPO’s members, illiterate farmers and farmers had no business experience in past etc. where the indirect factors influence the company performance.

In the case of direct factors in the poultry farm where the government should provide or POPI’s should make available chicks, feed, and medicine and consultation facilities to the farmers at single location with nominal rate and on credits. Transportation and availability of the market for the products or chickens were

also a tedious job for the farmers. The CEO and core members of the market for the finished or sellable products its market in that area because farmers were facing so many problems in the search of the things.

The external factors which were included Masterji who had been using, money and fear power to break the members of the FPO Company. He didn't want to lose the poultry market in that area which depicted that; there had a great scope of poultry business in Jamtara district.

THE ROAD AHEAD

As markets of the two different or same geographical regions could not be same either in term of internal and external factors, it was not an easy task by FPO's company to defeat Masterji. Analysts opined that the FPO scheme should be made and implemented based on market survey, potential competitors, geographical hurdles, and surprise visit in offices and field, supports provided by the organization, encouragement, and motivation to the members of the FPO's members. But how to frame an appropriate eco system strategy to implement these measures?

LEARNING OBJECTIVES

- Gain an awareness of the challenges confronting entrepreneurship in rural India.
- Learn how to operationalize a Government scheme by creating the necessary infrastructure components in rural areas.
- Analyze the need and challenges in establishing a business which works on small margins for the bottom of the pyramid.
- Understand the role of public institutions in successfully implementing a rural development scheme.

DISCUSSION QUESTIONS

1. What are the problems faced in implementation of FPO scheme in Jamtara?
2. How can FPO can be effectively implemented in Jamtara?
3. What is the role of NABARD in the successful implementation of FPO scheme in Jamtara?
4. Explain the role of Government in supporting the small scale rural entrepreneurship and removing the hurdles in implementation of those schemes.

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