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The Gap In Production And Marketing By FPO

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Abstract: Some of the food production are seasonal. The market demand is also variable. So, there is an issue for production and market demand faced by the FPOs (Farmers Producer Organizations). Some of the works started by the FPOs can not fulfill the demand in the market because of many issues like Climatic conditions, weather/rainfall instability and local issues like labour and migration etc. . It is a challenging part for the FPOs to match the supply and demand of the market at certain point. This paper has been made to combat some issues on the production and marketing shortages, surplus and balancing the situation in these two parameters.

Index Terms - Spatial issues, Temporal issues, Post harvest losses, Limited access to market & Agri -Tech Adaptations.

1. INTRODUCTION

Farmer Producer Organisation is a concept for producing and marketing the food products in a collective manner. In these Organisation many farmers are joined together for the inter and intra development as well as self sustainability. The **gap in production and marketing** for **Farmer Producer Organizations (FPOs)** due to **spatial** (geographical) and **temporal** (time-based) issues is a significant challenge that affects their operational efficiency and sustainability. FPOs are facing many challenging issues to struggles these problems. If not managed properly, there will be a question of sustainability of FPO is also there. These gaps arise due to differences in the availability of resources, market access, infrastructure, and agricultural practices across different regions and times. Below is an analysis of these issues and potential solutions:

2. Challenges of Production vs. Marketing of farm produces

2.1. Spatial Issues: Geographical Disparities in Production and Marketing

Spatial issues refer to problems arising from the geographical location of FPOs, including distance from markets, resource availability, and access to infrastructure. These spatial gaps can lead to inefficiencies in both production and marketing.

Challenges:

- **Limited Access to Markets:** FPOs located in remote or rural areas face challenges in accessing larger markets, leading to a dependence on local or middlemen-based markets. This reduces their bargaining power and affects profitability.
- **Lack of Infrastructure:** Poor road networks, lack of cold storage, and inadequate transportation facilities make it difficult for FPOs to maintain the quality of perishable goods like fruits, vegetables, and dairy, resulting in post-harvest losses.
- **Diverse Agro-climatic Zones:** The diverse agro-climatic conditions across regions can lead to differences in crop cycles, leading to mismatched supply and demand. Some FPOs may have a surplus while others face shortages, even within the same state.

- **Uneven Access to Technology and Inputs:** FPOs in remote regions may lack access to modern farming equipment, advanced seeds, fertilizers, and extension services, leading to lower productivity compared to FPOs in more developed regions.

Solutions:

- **Strengthening Market Linkages:** Governments and private players can facilitate the creation of rural collection centers and establish market linkages by connecting FPOs with nearby wholesale markets, urban markets, and e-commerce platforms. Collaborative marketing strategies can help overcome geographical constraints.
- **Decentralized Infrastructure:** Investment in decentralized infrastructure like rural roads, cold chains, and small-scale processing units closer to the production areas can help reduce transportation costs, improve produce quality, and increase marketability.
- **Agri-logistics Solutions:** Implementing a well-coordinated agri-logistics network for rural areas, such as reefer vans, mobile cold storages, and on-farm processing units, can help FPOs manage perishable goods better and reach distant markets.
- **Technology Integration:** The introduction of digital platforms for trading, such as e-NAM (National Agriculture Market) in India, can help FPOs access better market prices and avoid middlemen. Additionally, access to mobile-based agricultural advisory services can provide timely information about crop care, weather forecasts, and market prices.

2.2. Temporal Issues: Timing Disparities in Production and Marketing

Temporal issues refer to challenges related to the timing of production, harvesting, and marketing, which can be influenced by seasonality, perishability, and market fluctuations.

Challenges:

- **Seasonal Variations in Crop Production:** Agricultural production is seasonal, and many crops are harvested at the same time across different regions. This leads to market saturation, lower prices, and reduced profitability during the peak harvest season.
- **Post-Harvest Losses:** Due to limited storage capacity and inadequate post-harvest management, FPOs are forced to sell produce immediately after harvest, often at lower prices. The inability to store or process perishable goods leads to significant losses.
- **Market Price Volatility:** The temporal mismatch between the timing of production and market demand results in price volatility. When production peaks, prices fall, but when supply is low, prices rise, leaving farmers and FPOs unable to capitalize on higher prices.
- **Delayed Payments and Cash Flow Issues:** Even when FPOs manage to sell their produce, delayed payments from buyers or government procurement agencies can cause cash flow problems, affecting their ability to reinvest in the next production cycle.

Solutions:

- **Storage and Warehousing Solutions:** Establishing warehousing and cold storage facilities for FPOs allows them to store produce during times of low prices and sell it when prices improve. For non-perishable crops like grains, storing in government or private warehouses can help farmers avoid market gluts and receive better prices later.
- **Processing and Value Addition:** By setting up local processing units (e.g., food processing, oil extraction, and packaging), FPOs can extend the shelf life of their produce and enter higher-value markets. Processing not only reduces post-harvest losses but also provides opportunities for year-round sales.
- **Market Forecasting and Crop Planning:** FPOs can adopt crop planning based on market trends and demand forecasts to avoid flooding the market with the same produce at the same time. By staggering planting times or opting for off-season crops with higher market value, FPOs can stabilize incomes.
- **Contract Farming and Forward Contracts:** To mitigate the risks of price fluctuations, FPOs can enter into contract farming arrangements with buyers or negotiate forward contracts. This ensures a stable price for produce before planting, giving FPOs a guaranteed income and helping them plan production accordingly.

2.3. Spatial and Temporal Mismatches in Resource Allocation

A combination of spatial and temporal gaps often leads to resource mismatches, where inputs and resources like seeds, fertilizers, and credit are not available to FPOs at the right time or in the right quantity.

Challenges:

- **Untimely Availability of Inputs:** FPOs often struggle to access inputs like quality seeds, fertilizers, and machinery on time, especially in remote regions. Delays in input availability can affect planting schedules and reduce yields.
- **Credit Availability:** FPOs, especially those with limited financial resources, often face challenges in accessing timely credit from banks and financial institutions. This can delay critical investments in production activities, leading to missed opportunities.
- **Fragmented Supply Chains:** The fragmentation of agricultural supply chains can make it difficult for FPOs to coordinate production schedules, leading to inefficiencies in meeting market demand on time.

Solutions:

- **Input Aggregation and Bulk Procurement:** FPOs can bulk procure inputs like seeds, fertilizers, and pesticides, and distribute them to their members in a timely manner. This not only reduces input costs but also ensures that all members receive inputs when needed.
- **Credit Facilitation through Government Programs:** Leveraging government schemes like the NABARD-sponsored FPO credit facilities and linking FPOs with formal financial institutions can provide access to timely credit. FPOs can also explore partnerships with microfinance institutions to ensure working capital is available during the crop cycle.
- **Supply Chain Coordination:** Establishing integrated supply chains where FPOs coordinate with input suppliers, processors, and buyers can reduce inefficiencies and ensure the timely availability of resources for production and marketing. This can be facilitated by public-private partnerships (PPP) that connect FPOs with larger agri-businesses.

2.4. Spatial-Temporal Gaps in Knowledge and Capacity Building

Disparities in knowledge and training availability across different regions and times can further deepen the production and marketing gap for FPOs.

Challenges:

- **Limited Access to Extension Services:** In many regions, FPOs lack access to agricultural extension services that provide updated information on crop management, market trends, and new technologies.
- **Inadequate Training in Market Linkages:** FPO members may lack the skills or knowledge to effectively market their produce, negotiate with buyers, or access larger markets. This knowledge gap widens the disparity between production and sales potential.
- **Low Adoption of Technology:** Technology can play a vital role in overcoming both spatial and temporal challenges, but the adoption rate remains low, especially in remote areas where internet access is limited.

Solutions:

- **Capacity Building and Training:** Government and private sector initiatives should focus on providing regular training and capacity-building programs for FPOs, especially in remote regions. Training on value addition, market negotiation, quality standards, and financial management is critical.
- **Digital Platforms for Knowledge Sharing:** Online platforms and mobile apps can provide FPOs with real-time information about market trends, weather forecasts, crop management, and government schemes. Digital tools can help bridge the knowledge gap between geographically dispersed FPOs.
- **AgriTech Adoption:** Encouraging the adoption of digital technologies such as satellite-based weather prediction, precision farming tools, and mobile-based financial services can help FPOs overcome temporal challenges and optimize production schedules based on climate conditions. Use of Remote sensing for various application like crop health & stress, to do remediation work, improve cost yield, reduce cost and reduce the environmental impact etc. can be used for making successful production.

3. Gap in Production and Marketing of farm Produces and their solutions

Following examples of the gap in production and marketing faced by Farmer Producer Organizations (FPOs) due to spatial and temporal issues, along with their brief solutions can help to improve the strategy:

1. Example: Spatial Gaps in Remote Areas

- **Gap:** FPOs in remote areas struggle to access urban markets due to poor infrastructure and long distances, leading to dependence on local middlemen who offer lower prices.
- **Solution:** Build rural collection centers and improve road connectivity. Establish partnerships with e-commerce platforms to enable direct-to-consumer sales, bypassing middlemen.

2. Example: Temporal Gaps due to Harvest Seasonality

- **Gap:** During peak harvest season, many FPOs face oversupply, causing a sharp drop in prices. Conversely, off-season periods lead to shortages and missed opportunities for profit.
- **Solution:** Invest in cold storage and warehousing facilities to store produce during price drops and sell later. Encourage crop diversification and staggered planting to spread production across seasons.

3. Example: Input Supply Delays in Remote Regions

- **Gap:** FPOs in remote regions receive seeds, fertilizers, and other inputs late, delaying planting and reducing yields.
- **Solution:** Implement bulk procurement and input distribution systems through FPOs, ensuring timely and affordable access to inputs.

4. Example: Post-Harvest Losses due to Poor Storage

- **Gap:** Lack of proper storage facilities leads to post-harvest losses, especially for perishable crops like fruits and vegetables.
- **Solution:** Establish decentralized cold chains and processing units near production areas to minimize losses and extend the shelf life of perishable products.

5. Example: Lack of Market Knowledge

- **Gap:** FPO members often lack access to market price information, leading to poor bargaining power and lower sales prices.
- **Solution:** Use mobile apps or digital platforms to provide real-time market data, training on quality standards, and direct access to better-paying markets.

Case Study :- Here is an illustration of Sanakhemundi Farmers' Producer Organization (FPO) in Khalingi village, situated in Ganjam District of Odisha; In February 2024, there were anticipations of attaining a superior market value for the tomato harvest, but they offered their produce at a discounted rate due to limited market demand. However, this aspiration was not realized as market rates witnessed a decline. Such instances are prevalent within the vicinity.

Below is a table summarizing the key **issues** and their corresponding **solutions** from the article on spatial and temporal gaps in production and marketing for FPOs:

Category	Issues	Solutions
Spatial Issues	Limited access to larger markets in remote areas.	Build rural collection centers and improve road connectivity. Establish partnerships with e-commerce platforms for direct-to-consumer sales.
	Lack of infrastructure, such as cold storage, transport, and processing facilities.	Invest in decentralized infrastructure like cold chains, small-scale processing units, and better transport networks.
	Diverse agro-climatic zones leading to mismatched supply and demand.	Facilitate inter-regional coordination among FPOs and encourage crop diversification to balance supply and demand.
	Uneven access to advanced farming technologies and inputs.	Provide access to affordable digital tools, mobile-based advisory services, and government-supported input distribution.
Temporal Issues	Seasonal variations causing market saturation or shortages.	Develop cold storage and warehousing facilities. Promote staggered planting and crop diversification for better production spread across seasons.
	Post-harvest losses due to inadequate storage facilities.	Establish decentralized cold chains and local processing units to extend shelf life and minimize losses.
	Market price volatility during peak and off-season periods.	Use market forecasting tools and forward contracts to stabilize prices and ensure predictable income for farmers.
	Delayed payments from buyers causing cash flow issues.	Strengthen financial linkages for FPOs, including partnerships with financial institutions and microfinance programs.
Resource Gaps	Untimely availability of inputs like seeds, fertilizers, and credit in remote regions.	Implement bulk procurement and timely distribution systems through FPOs. Promote access to government credit schemes and microfinance partnerships.
	Fragmented supply chains causing inefficiencies in production cycles.	Establish integrated supply chains and public-private partnerships to streamline production and marketing processes.
Knowledge and Training	Limited access to agricultural extension services and market information.	Conduct regular training and capacity-building programs for FPO members on market trends, financial literacy, and value addition.
	Inadequate skills for negotiating with buyers or marketing produce.	Introduce digital platforms to provide real-time market data and training on quality standards and market linkages.
	Low adoption of agritech solutions for production optimization.	Promote digital tools like satellite-based weather predictions, precision farming, and mobile apps to improve productivity and reduce environmental impact.

This table simplifies the content and helps highlight the relationship between specific problems and their actionable solutions.

4. Conclusion:

Spatial and temporal issues present significant challenges for the sustainability of FPOs, particularly in production and marketing. However, solutions such as building decentralized infrastructure, improving storage and processing capabilities, adopting technology, and fostering better market linkages can help FPOs bridge these gaps. By addressing these spatial-temporal disparities, FPOs can enhance their efficiency, improve income stability for their members, and become more resilient to external shocks.

The solutions to the issues are case specific. To run the business of FPO some of the marketing activities are also to be done. The staffs engaged for the development should not be idle and there must be a calendar of activities. The gap in production and marketing can be filled with trading to fulfil the demand and surplus of food items can be utilized as value addition of the produces.

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