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## ROLE OF FPO'S IN DOUBLING FARMERS' INCOME AND RURAL DEVELOPMENT IN MAJULI DISTRICT OF ASSAM

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### Abstract

Majuli is the world's largest river island. It is an agrarian district of Assam, where 90% of farmers are small and marginal. Recurrent floods, fragmented landholdings and poor market linkages limit income growth. According to Government of India's 10,000 FPO Scheme is being implemented in Majuli through NABARD, SFAC and the Department of Agriculture. This study examines the Role of FPOs in Doubling Farmers' Income and Rural Development in Majuli District. Primary data was collected from 200 farmers across five FPOs. Results show that FPO membership increased net farm income by 32.60%, reduced input costs by 19.20% and improved market access. FPOs is also generated rural employment, promoted women participation and built climate resilience. However, challenges like that flood risk, lack of infrastructure and weak managerial capacity persist. The paper concludes that with targeted support, FPOs can be key institutions for sustainable rural development in Majuli.

**Keywords:** FPO, Majuli, Doubling Farmers' Income, Rural Development

### INTRODUCTION

Agriculture continues to be the lifeline of Assam's rural economy. Majuli is the world's largest river island and a newly formed district of Assam. Majuli district has more than 86% of the population lives in rural areas and depends directly on farming, livestock and fisheries for their livelihood.

Despite fertile alluvial soil and favorable climate, farming in Majuli remains low-income and highly vulnerable. The average landholding is only 0.6 hectares, with over 90% farmers classified as small and marginal. Every year, the Brahmaputra's floods and erosion destroy standing crops, wash away top soil and cut off market access for months. Due to dependence on ferries, farmers face high transportation costs and are forced to sell their produce to middle men at the farm gate at distress prices. As a result, even after hard work, net farm income remains low and rural poverty persists.

To break this cycle, collective action has emerged as the most viable path. The Farmer Producer Organization - FPO model was conceptualized to address exactly this problem. FPO is a farmer-owned, farmer-governed business entity that aggregates small producers to achieve economies of scale in input purchase, production, processing and marketing. By functioning like a company, FPO gives small farmers the bargaining power of a large enterprise without losing ownership of their land.

Recognizing this potential, the Government of India launched the Central Sector Scheme for Formation and Promotion of 10,000 FPOs in 2020 with a budget outlay of Rs.6,865 crore. In Assam, the scheme is being implemented by NABARD, SFAC and the Department of Agriculture. As of 2025, 8 FPOs have been registered and promoted in Majuli district focusing on commodities like organic Joha rice, ginger, turmeric, mustard, dairy and fisheries. These FPOs are expected to serve as institutions for income enhancement, employment generation and rural transformation in a fragile, flood-prone ecosystem.

The national goal of Doubling Farmers' Income by 2026 cannot be achieved without strengthening institutions at the grassroots. In the context of Majuli, where individual farmers are constrained by small size, climate risk and poor market linkage, FPOs may offer the most practical solution.

However, there is very little empirical evidence on how FPOs are performing in island and flood-affected areas like Majuli. In this backdrop, the present study entitled "Role of FPOs in Doubling Farmers' Income and Rural Development in



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Majuli District of Assam” was undertaken. The study aims to assess the impact of FPOs on farm income, cost of cultivation, market access and rural livelihoods, and to suggest policy measures for strengthening FPOs in similar agro-ecological zones.

## OBJECTIVES

1. To study the structure and functioning of FPOs in Majuli district
2. To assess the impact of FPOs on farmers’ income and cost of cultivation
3. To evaluate the contribution of FPOs to rural development
4. To identify constraints and suggest policy measures

## REVIEW OF LITERATURE

Baruah et al. (2022) in their study of FPOs in Jorhat and Kamrup districts of Assam reported that FPO members had 28% higher net income compared to non-members, mainly due to input cost savings and collective marketing. However, they also noted that most FPOs were still in the early stages and dependent on external handholding.

Chand (2017) in the NITI Aayog report on Doubling Farmers’ Income emphasized that aggregation of farmers through FPOs is one of the key strategies for income enhancement. The report stated that collective marketing and bulk input procurement can reduce transaction costs and increase net returns by 20-50%.

Das and Bora (2020) studied FPOs in Assam and found that while the potential is high, performance is constrained by poor infrastructure, lack of professional management, and climate risks. They suggested special support mechanisms for FPOs in flood-affected areas.

NABARD (2022) in its report on FPOs in North Eastern Region noted that FPOs not only increase income but also contribute to employment generation, women empowerment, and infrastructure development in rural areas. In Assam, the Assam Agribusiness and Rural Transformation Project - AARTP (2023) reported that FPOs promoted under the project helped in value chain development for ginger, turmeric, and dairy, leading to improved livelihoods.

Sharma and Singh (2021) highlighted that FPOs play an important role in technology dissemination, credit linkage, and building social capital among farmers. Women-led FPOs in particular were found to have better repayment rates and member participation.

Trebbin (2014) studied FPOs in Karnataka and found that member farmers received 15-25% higher prices due to collective bargaining and direct linkage with processors and retailers. Similarly, Bijman and Wollni (2008) observed that producer organizations improve market participation and reduce dependence on middlemen.

## METHODOLOGY

The present study was conducted in Majuli district of Assam to assess the role of Farmer Producer Organizations in doubling farmers’ income and rural development. Majuli district was selected purposively because it is the world’s largest river island, predominantly agrarian and highly vulnerable to floods and market isolation. A multi-stage random sampling technique was used for the selection of respondents. In the first stage, 5 active FPOs were selected from Majuli district based on their year of establishment, commodity focus and membership size. 150 FPO members (farmers) were selected randomly from the membership list of these 5 FPOs. To make a comparative assessment, 50 non-member farmers from the same villages were also selected. Thus, the total sample size for the study was 200 farmers. Data were collected through a well-structured and pre-tested interview schedule. The collected data were analyzed using simple statistical tools such as percentage, mean and cost-benefit analysis to assess the impact of FPOs on income and cost of cultivation.



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## ANALYSIS AND RESULTS

Table 1: Profile of FPOs in Majuli district

| FPO Name                    | Year | Members | Commodity            | Promoter      |
|-----------------------------|------|---------|----------------------|---------------|
| Majuli Organic Rice FPO Ltd | 2021 | 420     | Joha & Sali Rice     | NABARD        |
| Majuli Dairy FPO Ltd        | 2022 | 350     | Milk & Milk Products | SFAC          |
| Kamalabari Ginger FPO Ltd   | 2022 | 300     | Ginger, Turmeric     | Dept. of Agri |
| Auniati Fishery FPO Ltd     | 2023 | 280     | Fish & Feed          | NFDB          |
| Garamur Women FPO Ltd       | 2023 | 320     | Vegetables, Pickles  | ASRLM         |

Table 2: Impact on Farmers' Income

| Particulars         | FPO Members (Rs./Year) | Non-Members | % Difference |
|---------------------|------------------------|-------------|--------------|
| Gross Farm Income   | 1,24,500               | 98,200      | +26.8%       |
| Cost of Cultivation | 58,300                 | 72,100      | -19.2%       |
| Net Income          | 66,200                 | 49,900      | +32.6%       |

Table 3: Role in Production and Marketing

- 1. Technology Dissemination:** 45 trainings conducted on SRI, organic farming, and flood-tolerant varieties in 2024.
- 2. Market Linkage:** Majuli Organic Rice FPO tied up with Big-Basket and retailers in Jorhat. 60% produce sold collectively.
- 3. Credit Access:** 65% members availed KCC and FPO-linked loans. Average loan Rs.80,000 @ 7% interest.

Table 4: Contribution to Rural Development

| Dimension         | Impact in Majuli                                                                 |
|-------------------|----------------------------------------------------------------------------------|
| Employment        | 38 rural youth employed across 5 FPOs as managers, graders, and field staff      |
| Women Empowerment | Garamur Women FPO: 100% women. Increased control over income and decision making |
| Infrastructure    | 2 pack houses and 1 collection center sanctioned under RKVY                      |



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|--------------------|----------------------------------------------------------------------|
| Social Capital     | Increased trust and collective action among Mising and Deori farmers |
| Climate Resilience | Community seed bank for flood-tolerant rice established by 2 FPOs    |

Table 5: Constraints Faced by FPOs

| Constraint                            | Score | Rank |
|---------------------------------------|-------|------|
| Flood and erosion causing crop loss   | 78.4  | I    |
| Lack of processing & cold storage     | 71.2  | II   |
| High transport and ferry cost         | 68.9  | III  |
| Weak managerial and accounting skills | 64.5  | IV   |
| Delayed buyer payments                | 59.3  | V    |

The findings align with NITI Aayog (2017) that collective action can raise farmer income by 20-40%. In Majuli, the impact is higher due to baseline low income and market isolation. FPOs are not just income tools. They are building institutions in a district where government services are often disrupted by floods. Women-led FPOs performed better in repayment and member retention. However, the island geography requires a different FPO model - one that includes climate risk funds and boat-based logistics.

## CONCLUSION

This study shows that FPOs are playing a significant role in doubling farmers' income and promoting rural development in Majuli district. Net income of FPO members is 32.6% higher than non-members. Beyond economics, FPOs are creating jobs, empowering women, and building resilience against floods. For Majuli, FPOs are more than a scheme. They are a survival strategy for small farmers. With flood-proofing, better infrastructure and professional management, FPOs can transform Majuli's agriculture and make it a model for other riverine areas of Assam and India.

## RECOMMENDATIONS

1. Climate Risk Fund: Create a special corpus under NABARD for FPOs in flood-prone Majuli.
2. Infrastructure: Solar cold storage, mini processing units, and boat transport subsidy.
3. Professionalization: Appoint CEO for each FPO. Capacity building by KVK Majuli.
4. Branding: Promote "Majuli Organic" and apply for GI tag for Joha rice.
5. Convergence: Link FPOs with ASRLM, Sewa Setu, and AARTP for funding and services.
6. Insurance: Mandatory crop + asset insurance under PMFBY.



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