

Original Research Article

Assessing the performance of Farmer Producer organizations: A Study in Prakasam district of Andhra Pradesh

ABSTRACT

Farmer Producer Organizations (FPOs) are need for the hour to empower the agrarian community in various dimensions. Farmers are organized into FPOs for tackling marketing problems, productivity issues, collective farming and challenges arising from small farm sizes. In view of reality the present study was carried out to assess the performance of FPOs. The present study was conducted in the Prakasam district of Andhra Pradesh. The findings of the study revealed that there was a provision of input services like quality seeds, custom hiring centers, fertilizers and micronutrients to members of FPO. Timely information on crop production and protection was easily accessible to members. The findings also revealed that FPO members got reliable market information, through collective procurement of produce got more remunerative prices and transparent payments. These aspects built trust among the members towards FPO. Like-wise in networking facilities improved knowledge and skill of farmers through contact with SAUs and KVKs were observed. The financial services offered to FPO farmers enhanced their access to government schemes and subsidies. Hence, improvements were observed in revenue generation, profit attainment, social recognition and self-confidence. FPO needs further improvements to compete with corporate enterprises and international markets. So the concept of collectivization should be promoted, nurtured and supported by the government to improve the farmer's share in rural enterprise. Through consistent efforts by the government for FPOs will be reached in near future for the concept of a farmer to Agri entrepreneur.

Key words: Assessment, Andhra Pradesh, Farmer Producer Organizations, Performance, Services.

1. INTRODUCTION

Agriculture is an important part of the Indian economy. it plays a vital role in the internal and external trade of the country. Indian agriculture accounts for 18.8% of the country's gross value added (GVA) products for the year 2021-22 at current prices (ministry of agriculture and farmers welfare, press release 2021). According to FAO 2022, agriculture was the primary source of income for 70% of rural families. marginal (below 1 ha) and small holdings (less than 2.00 ha) accounted for 86.08 percent of total land holdings (agriculture census, 2015-16). major problems faced by small and marginal farmers during the last few years were summarized as small fragmented land holdings, lack of storage facilities and lack of required credit to purchase inputs (Hegde, 2019). However, agriculture had been facing a lot of crisis that had to be addressed for achieving sustainable economic development (Mariappan et.al 2019). due to illiteracy and low-income farmers were unaware of market information like remunerative prices, supply chain, value addition, forward and backward linkages. Therefore, they relied on traditional market channels, causing low bargaining power. The middlemen exploiting the profits of small and marginal farmers were observed.

Department of Agriculture and Co-operation, Ministry of Agriculture, Government of India had identified FPO (Farmer Producer Organizations), registered under the special provisions of the Companies Act, 1956 and was the most appropriate institutional form where mobilization of farmers was possible and built their capacity to collectively anchorage their production and marketing. The most effective pathway to address the challenges of agriculture was improved access to market, inputs and technology usage of small and marginal producers into producer organizations (Raju et.al 2017). In India, this was an emerging concept to make the small landholders in achieving economies of scale and improve their marketable surplus. POs (Producer organizations) could improve the efficiency and efficacy of agri-food supply chains and thus result in poverty reduction (Rondot and Collin 2001).

Many Central, State Government institutions and non-governmental organizations were promoting Farmer Producer Organizations. Some of them are NABARD (National bank for Agriculture and Rural Development), SFAC (Small Farmers Agribusiness Consortium), NCDC (National Co-operative Development Corporation) and NAFED (National Agricultural Co-operative Marketing Federation of India). Producer Organization Development Fund (PODF) had been specially created by NABARD for promoting Farmer Producer Organizations. During the 2020-21 budget, GOI announced "Formation and Promotion of 10,000 new FPOs" in the next five years with a budgetary allocation of Rs 6,865 crore. Formation and promotion of FPOs was the first step to convert "Krishi to Atmanirbharkrishi" which is the transformation of agriculture into a sustainable enterprise. Hence, the study was undertaken to assess the performance of FPOs and also to evaluate the services offered by the FPO to its members. These findings would help the extension personnels, researchers

and policymakers to understand the various services and activities of the producer organizations in order to improve the well-being of the farming community.

2. METHODOLOGY

The present study was carried out by using an Ex-post-facto research design. Andhra Pradesh state was purposively selected as the investigator emanate from the same place with some prior knowledge and clear understanding of culture regarding the study area. Based on the list released by Andhra Pradesh Drought Mitigation Project (APDMP). Prakasam district was purposively selected as it has one of the highest number of drought-affected mandals (Source: Government of Andhra Pradesh). From the APDMP promoted 15 FPOs in the Prakasam district, the Hanumanthpadu block and Podili blocks were selected purposively because the two blocks were prone to drought more frequently (Source: www.ap.gov.in). APDMP-promoted FPO was selected from each block. The selected FPOs were Rhythu Bandhu Farmer Producer Macs Ltd (RBFPL) and the Prudulapuri Farmer Producer Macs Ltd (PFPMML). A total of 650 members with 41 FIGs were in RBFPL and 465 members with 31 FIGs were in PFPMML. Out of the seven villages under RBFPL four villages were selected purposively based on the highest number of FIGs, likewise out of four villages under PFPMML three villages were selected purposively relying on the highest number of FIGs. Totally 1003 members were in the selected FPOs in the selected seven villages. By adopting the proportionate random sampling, fifteen percent of the total population was selected for the study. It could be observed from Figure 1, the total sample size consisted of 150 was selected from Mohammadapuram (34), Lingamguntla (20), Vemulapadu (24), Mukkuvaripalli (10), Nandhipalem (23), Mugachintala (23) and Kondayapalem (16). The required data for the study was obtained by using a pre-tested structured interview schedule. Mean score, ranking techniques, frequency and per centage were used for the analysis of performance in terms of various services.

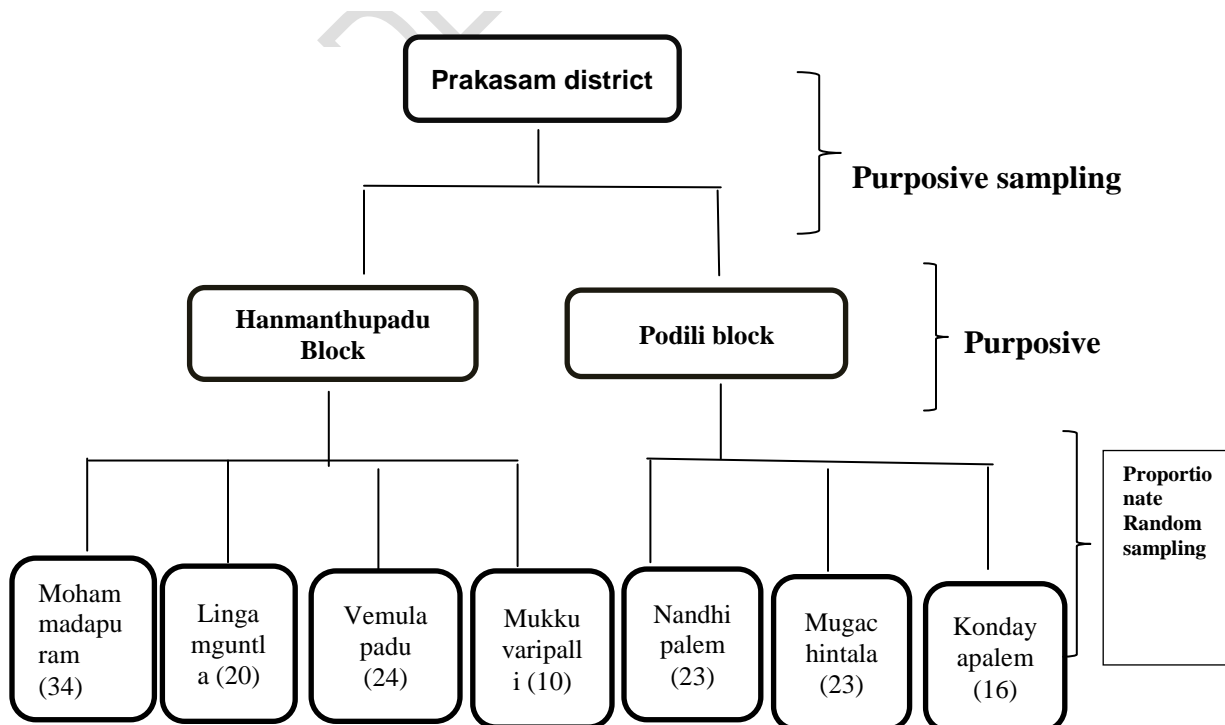


FIG: 1 SAMPLE SELECTED FROM VILLAGES

3. RESULTS AND DISCUSSION

3.1 Performance of Farmer Producer Organizations

3.1.1 Input services

From table 1, it was evident that quality inputs provided at a lower price (2.67) ranked first among the input services followed by timely supply of farm implements and machinery from FPO owned custom hiring center (2.5), supply of quality livestock breeds like goat, hen, sheep (2.43). Supply of quality seeds with a mean score of 2.39 was observed. Provision of plant protection chemicals and micronutrients (1.99) and availability of chemical fertilizers (1.86) had got low mean scores among input services.

This might be due to the provision of quality inputs at a lower rate when compared to the private market reduced the cost of cultivation of FPO members. The supply of quality livestock generated additional revenue for the members. Timely provision of farm machines like tractors, harrows, cultivators, hand sprayers and pump sets reduced the labour cost which is an added advantage for farmers to improve their farm income. The cattle dung and poultry waste were used as natural manure. These two FPOs promote organic farming and provided additional training for members to prepare organic formulations and reduced the usage of chemical fertilizers. The results were in accordance with the findings of Amitha (2020).

Table.1 Distribution of respondents based on input services

(n=150)

S.No	Category	Mean score	Rank
1.	Supply of quality seeds	2.39	IV
2.	Supply of chemical fertilizers	1.86	VI
3.	Supply of plant protection chemicals and micronutrients	1.99	V
4.	Supply of quality livestock breeds	2.43	III
5.	Timely supply of farm implements and machines from the FPO owned custom hiring centre	2.5	II
6.	Supply of quality inputs at lower rate	2.67	I

3.1.2 Technical services

From table 2, it could be inferred that timely information on crop production and protection practices ranked first with a mean score of (2.66) followed by information disseminated on technological innovations among FPO members (2.53). Demonstrations related to crop and livestock ranked third (2.4), succeeded by crop diversification and alternative farming methods (2.29). FPO members exposure visits, Kisan melas, and field trips ranked fifth with a mean score of (2.08). Access to agro advisory services (1.98) and trainings on post-harvest management, product value addition has accounted a low mean score (1.89). The results were in line with Stockbridge et al.,2003.

Best production and management practices were advised to the members of FPO, therefore it helped to improve productivity. Technological innovations which made farm work easy were disseminated among farmer members. Exposure visits and method demonstrations were conducted to enhance knowledge about current trends in agriculture. Farm publications like Annadatha, Rhythu nestham were circulated for better management practices. Value addition training scope was narrow in the study area so few trainings were conducted in value addition and post-harvest management.

Table.2 Distribution of respondents based on technical services

(n=150)

S.No	Category	Mean score	Rank
1.	Provision of timely information on crop production and protection	2.66	I
2.	Provision of information on new technological innovations	2.53	II
3.	Demonstrations on new technologies to enhance the knowledge	2.4	III
4.	Provision of trainings on post- harvest management and value addition of products to enhance the skill	1.89	VII
5.	Crop diversification and alternate farming system had advised and promoted.	2.29	IV
6.	Exposure visits, kisan melas, Field trips	2.08	V
7.	Provision of Agro advisory services in the form of publications.	1.98	VI

3.1.3 Marketing services

From table 3, it was inferred that members were given timely and trustworthy market information (2.65) which was ranked first, followed by a promise of better price for produce (2.52) has got high mean scores. The outcomes were consistent with Saha 2022. Quick and fair payments for produce were given to members (2.45), followed by collective procuring and marketing of produce from FPO members (2.39). The elimination of middlemen (2.28), followed by the identification of a suitable market (2.13) has recorded medium scores. Storage (1.99) and transportation facilities (1.89) were considered as low contributory factors among marketing services. The results were consistent with Hellin et al., 2007 and Gyau et al., 2014.

Provision of timely market information made farmers to sold their produce in right place. Collective procurement and marketing of produce from FPO members enhanced strong bargaining power which resulted in better prices. The infrastructure facilities has got low mean scores this implies that, infrastructure facilities like storage godowns and transport facilities are insufficient these should be improved in the study area.

Table.3 Distribution of respondents based on marketing services

(n=150)

S.No	Category	Mean score	Rank
1.	Provision of timely and reliable market information	2.65	I
2.	Collective procurement and marketing of the agricultural produce from the FPO members	2.39	IV
3.	Provision of storage facilities	1.99	VII
4.	Arrangement of transport facilities to market the produce	1.89	VIII
5.	Identification of suitable market for sale of produce	2.13	VI
6.	Quick and fair payments to the produce procured by FPO from its members	2.45	III
7.	Elimination of middleman	2.28	V
8.	Assurance of better price for the produce	2.52	II

3.1.4 Networking services:

From table 4, it was found that better access for availing Government schemes (2.64) ranked first followed by improved association with other organizations like felicitating agencies and NGOs (2.38). Establishment of linkages with the state department of agriculture (2.35) followed by linkages with SAUs and

KVKs institutions (2.22) were observed. The results were in accordance with Khandave.s et., al 2019. Among networking services interaction with financial institutions like banks (2.10) and direct contact with customers (1.94) has got low mean scores.

FPOs facilitated members in availing of government schemes and subsidies and provided agriculture infrastructure at a minimum and affordable prices. Recent trends and current agricultural developments were known by members due to better linkages with SAUs, KVKs and the State Department of Agriculture.

Table. 4 Distribution of respondents based on networking services

(n=150)

S.No	Category	Mean score	Rank
1.	Membership in FPO facilitated linkages with financial institutions	2.10	V
2.	Direct contact with consumers/ customers	1.94	VI
3.	Establishment of linkages with state department of Agriculture.	2.35	III
4.	Facilitated linkages with SAUs, KVKs, ICAR institutes	2.22	IV
5.	Improved and better access to avail government subsidies	2.64	I
6.	Membership in FPO facilitated to connect with other organizations	2.38	II

3.1.5 Financial services

From table 5, it was evident that government schemes and subsidies relating to farming were frequently disseminated among members of the organization (2.65) and credit availability for acquiring farm implements (2.49) to the members by FPO was extremely observed. Raising funds via improving business activity (2.35), followed by crop insurance (2.12). Life insurance (1.89) facilities had got a low mean score. The results were in accordance with sharma et.al., (2022).

The schemes and subsidies related to seeds, livestock and farm implements were disseminated and made available through FPOs. Crop insurance like PMFBY (Pradhan Manthri Fasal Bhima Yojana), State insurance like YSR crop insurance were made available. The information on life insurance had got the least mean score. The cause behind that was low awareness of life insurance facilities among the CEOs of FPOs.

Table.5 Distribution of respondents based on financial services**(n=150)**

S.No	Category	Mean score	Rank
1.	Credit facilities for the purchase of inputs and farm equipment	2.49	II
2.	Information dissemination of Government schemes and subsidies related to farming among the FPO members	2.65	I
3.	Information on crop insurance are done	2.12	IV
4.	Information on life insurance	1.89	V
5.	Information on obtaining grants from various sources and ways of raising funds	2.35	III

3.1.6 Individual accomplishment

From table 6, it was found that livelihood security (2.62) stood in front followed by increased farm earnings (2.52). The findings were in accordance with Sharma et.,al 2021. The social recognition of FPO members in the society ranked third (2.31) followed by profits (2.26) and self-confidence (1.98) among organization members. The results were in line with Shelake et., al 2022.

The farmers after joined in FPO attained livelihood security. The input cost for production of crops reduced due to collective procurement and the product price increased due to collective negotiation.

Table.6 Distribution of respondents based on individual accomplishment**(n=150)**

S.No	Category	Mean score	Rank
1.	Increased income	2.52	II
2.	Acheivement of Livelihood security	2.62	I
3.	Maximum profit	2.26	IV
4.	Increased social recognition	2.31	III
5.	Increased self-confidence	1.98	V

3.2 Overall performance of FPOs

From table 7, it could be seen that most of the members (60.00%) observed that FPOs were performing at a moderate level followed by two fifths of members (24.00%) found that FPOs performing at a high level and

one-fourth of members (16.00%) revealed that FPOs were performing at a low level. The findings were in tune with Naveen et al., (2016).

Table.7 Distribution of respondents according to overall performance of FPOs
(n=150)

S.No	Category	Frequency(f)	Per cent (%)
1.	Low	24	16
2.	Medium	90	60
3.	High	36	24
Total		150	100

*Mean-84.94; Standard deviation-6.68

4. CONCLUSION

The findings of the study revealed that FPOs provided various services extending from input supply to marketing services which helped farmer members of organization to understand the benefits and avail the high income methods. Rural communities, particularly small and marginal farmers benefitted from Farmer Producer Organizations and got assistance in obtaining inputs and loans. From the findings of the study, there was evidence of increased market awareness, bargaining strength and knowledge of government schemes and subsidies. There were some constraints faced by members of POs like lack of co-operation in group activities and insufficient infrastructure facilities. The study recommends policymakers for the improvement of Performance of FPO including a special cell addressing regional PO members queries and clarification with experts to be established in SAUs and KVKs. New central and state-wide initiatives should be implemented. Merging FPOs under a single platform to increase its efficiency in marketing and fulfillment of gaps in the agriculture supply chain. Infrastructure facilities should be improved. Emphasis should be given to aspects that are directly involved in organization performance which would aid in long term organizational strategies. FPOs performance in all aspects would improve the socio-economic as well as socio-psychological conditions of farmer members.

REFERENCES

1. Department of Agriculture co-operation and Farmers Welfare, Annual report 2021-2022, Ministry of Agriculture and Farmers welfare.
2. <https://www.fao.org/india/fao-in-india/india-at-a-glance/en/>. 2022
3. https://aqcensus.nic.in/document/aqcen1516/T1_ac_2015_16.pdf

4. Mariappan K, & Zhou D. A threat of farmers' suicide and the opportunity in organic farming for sustainable agricultural development in India. *Sustainability*. (2019); 11(8), 2400.
5. Hegde N. Empowerment of marginal and small farmers need for budgetary support. *Indian Farming*. (2019); 69(1).
6. Raju KV, Kumar R, Vikraman S, Shyam M, Rupavatharam S, Kumara Charyulu D, & Wani SP. Farmer Producer Organization in Andhra Pradesh: A Scoping Study. Rythu Kosam Project. Research Report IDC-16. (2017).
7. Rondot P, Collion MH. Agricultural producer organizations: their contribution to rural capacity building and poverty reduction. Report of a Workshop, Washington, D.C; 2001.
8. <https://pib.gov.in/Pressreleaseshare.aspx?PRID=1696547>
9. Amitha CD, Savitha B, & Laxminarayana P. Factors Contributing to the Performance of Farmer Producer Organizations (FPOs)—a Study in Medak District of Telangana State. *International Journal of Bio-Resource & Stress Management*. (2021); 12(3).
10. Stockbridge M, Dorward A, & Kydd J. Farmer organizations for market access: A briefing paper. *Wye Campus, Kent, England: Imperial College, London*. (2003).
11. Saha JC. Farmer producer organisation—collective bargaining and shared way to overcome hurdles of input and output marketing. (2022).
12. Hellin, J Lundy M, & Meijer M. Farmer organisation and market access. *Leisa Magazine*. (2007); 23 (1), 26-27.
13. Gyau A, Franzel S, Chiatoh M, Nimino G, & Owusu K. Collective action to improve market access for smallholder producers of agroforestry products: key lessons learned with insights from Cameroon's experience. *Current Opinion in Environmental Sustainability*, (2014); 6, 68-72.
14. Khandave S, Shaik MSR, & Dedun VS. Backward and Forward Linkages Developed by Farmer Producer Organisations in Western Maharashtra. *Journal of Krishi Vigyan*. (2019); 7(2), 28-31.
15. Sharma NR, Khare NK, Singh PK, & Bisht K. Analysis of services provided by farmer producer companies (FPCs) in Telangana. (2022).
16. Sharma NR, Vishal T & Harikrishna YV. Way to Double Farmers Income through FPO. *International Journal of Social Science*. (2021); 10(3), 267-271.
17. Shelake C, Rathod MK, & Deore P. Socio-Economic Impact of Farmer Producer Company on its Members. *JOURNAL OF AGRICULTURAL EXTENSION MANAGEMENT*. (2022); 23(1), 73.
18. Naveenkumar MR, & Radhakrishnan T. Performance of a Farmer Interest Group in Tamil Nadu. *Journal of Extension Education*. 2016; 28(4).

UNDER PEER REVIEW