

STRATEGIES FOR STRENGTHENING FARMER PRODUCER ORGANIZATIONS

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ABSTRACT

Collectivisation of farmers has been considered as the one of the most efficient ways to overcome the challenges that are being faced by the small and marginal farmers. Farmer Producer Organization is found to be successful in breaking the dependency of farmers on intermediaries and enabling a better access for markets in order to benefit from economies of scale. The present study was aimed to identify the business opportunities for FPOs and major strategies for strengthening in terms of capacity building, resource/asset generation, robust supply chain, market and credit linkages. Total of 100 farmers from 5 selected FPOs and 20 members from BODs comprising of 5 from each FPO has been interviewed using a well-structured interview schedule. Data was collected on a five point continuum of agreement and mean score was used for analysing the data. Ranking has been given to the strategies based on the mean scores. For exploring new business opportunities, both farmer members and BODs have ranked 'Accessing new markets' as the focus area. Among all the categories of strategies for strengthening of FPOs, vertical business expansion was more suggested by the members and BODs.

Keywords: asset generation, capacity building, credit linkages, FPOs, market linkages, robust supply chain.

INTRODUCTION

Indian agriculture is production oriented predominantly and confined to fragmented lands which contribute to the small landholdings playing a pivotal role in Indian economy. Small and marginal farmers faced several challenges, including lack of financing and market access, as well as technological adoption (Sawairam, 2014). The concern now is how to aggregate these smallholders and bring in economies of scale by linking them to the markets for both inputs and outputs. One of the potential alternatives for efficient marketing is mobilising farmers for collectivization (Mondal, 2010). Keeping this in mind, grouping of farmers into "Farmer Producer Organisations (FPOs)" is imperative. Farmers group as a whole must be viewed as an effort that may be enhanced to attain economies of scale in terms of both quantity and quality.

Salokhe (2016) in his study mentioned that farmer status can only be improved by diversification and commercialization of agricultural operations. There is a need to improve support services for small farmers by connecting farmers with produce buyers. Farmer Producer Organisation (FPO) is a method of bringing together small and marginal farmers, as well as other small producers, in local communities to form their own business, which will be managed by experts. Sawairam (2014) reported that the concept of Producer Companies (PCs) could be

analysed within the general trend of Farmer Organisations transforming into more market oriented and business forms of institutions. Manaswi and Pramodkumar (2018) in a study on progress and performance of States in Promotion of Farmer Producer Organisations in India suggested strategies such as provision for formation of core group, capacity building of farmers, providing registration and arranging trainings for chief-executive officers and board of directors. The present study was undertaken to explore business opportunities and identify effective strategies for strengthening of FPOs in the study area..

OBJECTIVE

To identify strategies for strengthening farmer producer organizations

METHODOLOGY

Purposive cum random sampling technique was adopted for conducting the study. The study aimed to gather information from FPOs in Chittoor district of Andhra Pradesh. Five FPOs in the district were purposively selected considering the agricultural significance and the higher number of actively performing FPOs in the region. At present, there were 65 registered FPOs present in the district from which 5 FPOs were selected namely Palamaneru Farmers Producer Company Ltd, Punganuru Farmers Producer Company Ltd, Nimmampalli Farmers Producer

Company Ltd, Horsley Hills Farmers Producer Company Ltd and Sri Balaji Horticulture Farmers Mutually Aided Co-Operative Society Ltd. From the five FPOs identified for the study, twenty farmers from each of the FPOs were randomly selected and interviewed. Five Board of Directors from each FPO are have been selected for the study comprising to a total of 25 BODs and the sample size of 125 for the study. The data collected through well structured interview schedule was analyzed using Likert’s scale technique, Garrett ranking and mean scores.

RESULTS AND DISCUSSION

Identification and analysis of Business Opportunities For Selected FPOs

New business opportunities for the selected FPOs were identified by understanding the perception of BODS towards a potential business opportunity, perception of member farmers towards the usefulness and importance of different activities in the Agri-value chain that can be operated by the FPOs, and also by analyzing the major problems currently faced by the member farmers (Technical and Operational constraints) their severity and criticalities (Garg, 2012). Along with all these the perception of BODs and member farmers were collected towards the major and minor areas that were to be focused by FPOs for better performance and impact of FPOs. The collected data from BODs and farmer members were analysed using Garrette ranking technique. To get these ranks Garrette mean scores were calculated. The results of the examined data were presented in Tables below.

Business operations to be focused for better performance and impact according to farmer members

The opinions of member farmers were prioritized for different activities to be focused by FPOs for better performance and impact with the help of 10 statements, as given below in Table 1.

Table 1 : Business area needed to be focused by FPOs according to farmer members

(n=100)

Sr. No.	Activity to be focused	Garrett score	Rank
1	Input services	56.3	V
2	Production/ marketing credit	61.2	II
3	Farm machinery (CHC)	36.2	X
4	Processing/Value addition	39.6	IX
5	Grading/ sorting/ Warehousing services	56.0	VI
6	Marketing facilities (Branding & Retailing)	52.3	VII

7	Access to new markets	63.6	I
8	Access to Technology	46.4	VIII
9	Facilitation of forward linkages	57.4	IV
10	Facilitation of backward linkages	60.2	III

From the table, we can interpret that according to need of farmer members the FPOs have to focus on providing access to new markets followed by production / marketing credit and facilitation of backward linkages with a Garrett mean scores of 63.6, 61.2, 60.2 respectively. The least mean score was obtained for farm machinery (CHC) and processing / value addition with mean scores of 36.2 and 39.6 respectively. Hence, according to member farmers, focus on providing access to new markets followed by production / marketing credit and facilitation of backward linkages were the business areas to be focused by FPOs (Jose and Meena, 2019).

Business area to be focused by FPOs for better performance and impact according to BODs

The opinions of BODs were prioritized for different activities to be focused for better performance and impact with the help of 10 statements as given below in Table 2.

Table 2 : Business areas to be focused by FPOs according to BODs

(n=25)

Sr. No.	Activity to be focused	Garrett score	Rank
1	Input services	50.6	VII
2	Production/ marketing credit	59.6	III
3	Farm machinery (CHC)	28.6	X
4	Processing/Value addition	46.4	VIII
5	Grading/ sorting/ Warehousing services	50.8	VI
6	Marketing facilities (Branding & Retailing)	60.6	II
7	Access to new markets	65.2	I
8	Access to Technology	54.0	V
9	Facilitation of forward linkages	57.6	IV
10	Facilitation of backward linkages	44.6	IX

From the table, it is interpreted that according to BODs, the FPOs have to focus on providing access to new markets, followed by marketing facilities (Branding & Retailing) and production/marketing credit with Garrett mean scores of 65.2, 60.6, 59.6 respectively (Madhuri Chowdhury, 2012). While the least score was obtained for Farm machinery (Custom hiring centres) and facilitation of backward linkages with mean scores of 28.6 and 44.6 respectively. The same preferences were given by member farmers too for least mean scored business activities in Table 4.47, i.e., farm machinery (CHC) followed by processing/

value addition, Hence FPOs have to focus on access to new markets, marketing facilities (Branding & Retailing), production/marketing credit according to BODs.

FPO is being considered as the way forward for not only the enhancement of income of the small and marginal farmers but also for boosting the agricultural growth through provision of quality inputs and timely advisory services, the strategies for further growth should focus on scaling up of FPOs through promotion by various stakeholders. The strategies would focus on awareness building, development of the institution and infrastructure, digital linkage etc. Different strategies were categorized into ten sections and data has been collected on a five point scale of strongly agree (SA), agree (A), neutral (N), disagree (DA), strongly disagree (SD). Mean scores for the collected data has been calculated

and the results has been shown in Tables 1a & b.

Strategies For Strengthening of FPOS

FPO is being considered as the way forward for not only the enhancement of income of the small and marginal farmers but also for boosting the agricultural growth through provision of quality inputs and timely advisory services, the strategies for further growth should focus on scaling up of FPOs through promotion by various stakeholders. The strategies would focus on awareness building, development of the institution and infrastructure, digital linkage etc. Different strategies were categorized into ten sections and data has been collected on a five point scale of strongly agree (SA), agree (A), neutral (N), disagree (DA), strongly disagree (SD). Mean scores for the collected data have been calculated and the results has been shown in Table 3.

Table 3 : Strategies for strengthening of FPOs in the study area

(n=125)

Sr. No.	Strategies for Strengthening FPO	Mean score	Rank
I Capacity Building			
1	Regular trainings to all FPO members help to upgrade their knowledge and skills.	4.46	I
2	All members must be educated on their Rights and duties.	3.82	IV
3	Exposure visits need to be organised on a timely basis for learning new techniques	4.19	II
4	Members require timely motivation through awards and other forms of recognition.	4.10	III
II Resources/Assets Generation			
1	FPO must possess its own building, ware house, storage structures etc. for the benefit of its members.	3.74	IV
2	FPO should help in individual asset generation	4.20	III
3	Feeling of ownership of assets among the members should be created	3.58	V
4	FPO should provide insurance coverage for members at business risk	4.31	II
5	Establishing processing, warehousing and logistics infrastructure in the commodity value chain	4.57	I
III Robust Supply Chain			
1	FPO should help members in tying up with local retail outlets, corporates and intermediaries	3.64	IV
2	FPO should set up value addition and processing facilities	4.31	II
3	FPO should assist members in planning production as per the market demand	3.55	V
4	FPO should establish strong value chain to meet large scale production from farm level to the end customer	4.37	I
5.	FPO should provide excellent storage facilities for direct selling	3.72	III
IV Market Linkages			
1	FPOs should expand their horizontal business by establishing retail locations and input businesses	4.19	III
2	Vertical business expansion should be achieved by FPOs through product diversification to tap market demand	4.77	I
3	FPOs should assist members in exploring export opportunities	3.56	V
4	FPO should aid members in maintaining of quality with quantity	4.64	II
5	Assessment of production and price trends in different seasons should be done	3.15	VI
6	Incubation centre for FPO should be established	4.16	IV
V Credit Linkages			
1	FPO must help members in linkage with NABARD for utilizing finance schemes	3.16	IV
2	FPO must support members in generating their own carpus in order to have enough credit absorption	3.57	III
3	Efficient monitoring of small loans dispersed must be done	4.11	II
4	Repayment issues should be handled effectively	4.52	I
5	Non fulfilment of covenants should be checked	3.01	V

From the Table 3, it could be noted that the major strategy for capacity building suggested by the member farmers and BODs for strengthening of FPOs is regular trainings to all FPO members help to upgrade their knowledge and skills with mean score of 4.46 (Venkatakumar *et al.* (2019); Khandave *et al.* (2022); Khandave *et al.* (2022) Khandave *et al.* (2022) and Khandave *et al.* (2022). Among the resource generation strategies for strengthening of FPOs, establishing processing, warehousing and logistics infrastructure in the commodity value chain and FPO should provide insurance coverage for members at business risk were the major ones suggested by the respondents with mean scores of 4.57 and 4.31 respectively.

The results on strategies of robust supply chain suggests that FPO should establish strong value chain to meet large scale production from farm level to the end customer with highest mean score of 4.37 as major strategy and among the strategies on market linkages, the results highlight the vertical business expansion should be achieved by FPOs through product diversification to tap market demand as main strategy with a mean score of 4.77. Repayment issues should be handled effectively had attained highest mean score among the credit linkage strategies with a mean score of 4.52.

Regular trainings, insurance coverage value addition and processing facilities, vertical business expansion through product diversification, efficient handling of repayment issues are some of the strategies suggested by the member farmers and BODs of the selected FPOs in order to strengthen the functioning.

CONCLUSION

Natural disasters and monsoon instability have impacted India's agriculture industry. Inadequate marketing infrastructure, the existence of middlemen, and a lack of collectivization effort result in less marketing options and income. The evolving agricultural paradigm focuses on adding value to farm output in order to capitalise on new opportunities created by growing per capita income, changing food consumption patterns, changing lifestyles, and other factors. As grassroot entrepreneurial organisations, FPOs are in the process of transitioning from ensuring farmers' welfare to engaging in commercial activity. In order to be efficient and successful in the business activities, effective strategies are to be followed including regular trainings for upgradation of skills and knowledge of farmers, providing appropriate storage facilities for their produce, demand based marketing, vertical business expansion and effective handling of repayment issues.

CONFLICT OF INTEREST

All authors declare that they have no conflict of interest

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