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Constraints faced by the Farmer Producer Organisations (FPOs) in Gorakhpur District of Uttar Pradesh

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Abstract

The present study was conducted in Gorakhpur district of Uttar Pradesh during the year 2023-2024. From Gorakhpur district, Campierganj and Brahmpur blocks were selected purposively based on considerable number of respondents as a member of 'Farmer Producer Company'. A total 100 sample farmers were selected for the study out of which 50 FPO farmers and 50 non-FPO. Information relating to various problems faced by the FPOs was enlisted in a pre-tested interview schedule. The FPOs were asked to rank the constraints in the order of importance. The opinion of the FPOs were analysed by Garrett's ranking technique. The result of the analysis has shown that the FPOs opined that lack of finance (ranked I) was the major constraints followed by farmers are not aware of FPOs (ranked II), lack of trustworthiness of farmers (ranked III), lack of processing plant (ranked IV), government employ not provide information timely (ranked V), lack of skilled person (ranked VI), FPO members are not active (ranked VII), lack of price policy and crop insurance by Govt. (ranked VIII) respectively.

Keywords: Farmer producer company, constraints, Garrett ranking

Introduction

Agriculture remains the largest source of livelihood in Indian economy. About 45 per cent Indian population depend on agriculture for employment. In India role of small farms (and small holdings) in poverty reduction is well recognized (Lipton, 2006) However, in the absence of robust public/private support system at the ground level farmers face challenges in accessing land, water, inputs, credit, technology and market. Then, there are emerging challenges like risk and vulnerabilities due to climate change and natural calamities (Thapa and Gaiha, 2011).

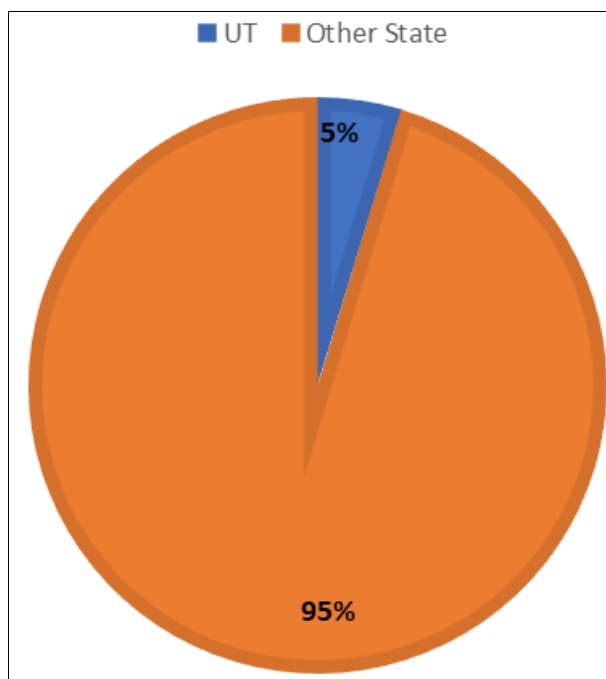
In 2002, through an amendment in the Indian Companies Act, 1956, the Government of India (GOI) enacted the Producer Companies Act. By incorporating a new section IXA in the Indian Companies Act, 1956, based on the recommendations of the Y.K. Alagh Committee set up for this purpose. Many FPOs have been able to develop meaningful arrangements with private enterprises in the supply chain and have opened new spaces for long-term market integration. Innovative linkages and interventions have been made to support FPOs, pertaining to key needs like access to markets, finance, and technology. FPOs have positively responded to the fast-changing environment. There are more than 24,000 FPOs registered in the country and many more are under various stages of promotion.

(pib.gov.in)

High-value crops bring high risk of production and marketing to small and marginal farmers. There is fast gender diversification taking place in agricultural activities, with more women taking the major responsibilities where men are gradually shifting to non-farm activities This feminization of agriculture is taking place without any structural changes in matters relating to their property rights or access to productive resources. Despite the challenges discussed above, there are technological as well as institutional innovations taking place to enable small farmers for increasing productivity and income through collective initiatives Different models of collectives have been tried in India such as Primary Agricultural Cooperative Society (PACS), Self Help Groups, Federations of SIGs (special interest group), Commodity Interest Groups (CIGs), Joint Liability Groups (JLGs), Farmers Club, Producers Organizations, etc. Some have succeeded while the majority have not for a variety of reasons. To provide further impetus to the farmer's collective, the government introduce the idea of making the collectives think and behave like business entities by getting incorporated as Producers Companies under the Companies Act of 1956 (Amended in 2002). The announcement regarding FPOs has been followed up with the formulation of guidelines and provision of enabling

budgets. Many policies and schemes floated by the Government of India in the recent past have focused on FPOs. They are seen as a vehicle to take forward the last

mile implementation of agriculture interventions. 1110,22683



Sources: Press and Information Buro Govt. of India

Fig 1: State wise number of FPOs in India (2023)

Table 1: No. of FPOs in Major District of U.P. (2023)

S. No.	District Name	Total Count
1.	Agra	152
2.	Basti	107
3.	Bareilly	99
4.	Ghazipur	96
5.	Mirzapur	85
6.	Barabanki	77
7.	Hardoi	73
8.	Bahraich	69
9.	Azamgarh	68
10.	Sitapur	68
11.	Mathura	66
12.	Ballia	64
13.	Mahoba	62
14.	Jaunpur	60
15.	Shahjahanpur	59
16.	Sultanpur	59
17.	Fatehpur	58
18.	Hamirpur	58
19.	Gorakhpur	57
20.	Prayagraj	57
21.	Aligarh	54

Sources: FPO shakti portal Govt. of Uttar Pradesh

Research Methodology

The present study was conducted in Gorakhpur district. Uttar Pradesh is the second largest state having 3073 FPOs, which were registered and functional under Small Farmers Agribusiness Consortium (SFAC) and National Bank for Agricultural and Rural Development (NABARD). Out of these Brahmpur and Campierganj blocks were purposively selected for the present study. Out of these two FPOs Campierganj Banana Farmer producer Limited (718) and Aakib Jawed Farmer Producer Company Limited (850) were selected on the basis of FPOs age and registered member. A total 100 sample farmers were selected for the study out of which 50 FPO farmers and 50 non-FPO. These selections were done by using simple random sampling method for the purpose of the study. For the objective of constraints faced by the Farmer Producer Organisations. The data were collected with the help of pretested interview schedule. The statistical methods and tests such as Garrett ranking technique were used for the analysis of data.

Table 2: List of selected farmers for the study area

Name of FPOs	FPO farmers	Non-FPO farmers	Total
Aakib Jawed FPCL	25	25	50
Campierganj Banana FPCL	25	25	50
Total	50	50	100

Source: Field Survey

Table 3: List of FPOs selected in the study area

S. No.	Name of FPOs	Registration Year	Block	Member farmers	Promoted By
1.	Pipraich-Hi Tech Agro FPCL.	2021	Pipraich	300	Self-Promoted
2.	Kunwarpur FPCL.	2022	Belghat	65	Self-Promoted
3.	Rambhor FPCL.	2023	Pipraich	10	Self-Promoted
4.	Bhiti Rawat FPCL.	2023	Sahjanwa	72	SFAC
5.	Sahjanwa Argo FPCL.	2022	Sahjanwa	310	Self- Promoted
6.	Asarafarm Krishi Utpadak FPCL.	2022	Pipraich	109	Self- Promoted
7.	Aakib Javed FPCL.	2021	Brahmpur	850	Self- Promoted
8.	Purbia FPCL.	2023	Bhathat	320	NABARD
9.	Karmadhirendra FPCL.	2022	Sardar Nagar	100	Self- Promoted
10.	Gurpreet Singh Agro FPCL.	2022	Pipraich	50	Self- Promoted
11.	Dubauli Maa Bhumi Agro FPCL.	2023	Pipraich	320	Self- Promoted
12.	Gajendra Mani Bansahiya PCL.	2022	Sardar Nagar	350	Self- Promoted
13.	Chikni Millets Fed FPCL.	2023	Jungle Kaudia	302	NAFED
14.	Gau Mata Natural Feed FPCL.	2023	Campierganj	302	NAFED
15.	Organic Leaf Agro FPCL.	2021	Chargwan	150	Self- Promoted
16.	Deepraj Kisan Agro PCL.	2021	Belghat	10	Self- Promoted
17.	Tara Purantak FPCL.	2022	Khorabar	100	Self- Promoted
18.	Maharshi Kashyap FPCL.	2020	Uruwa	479	Self- Promoted
19.	Campierganj Banana PCL.	2021	Campierganj	718	NABARD

Source: Field Survey

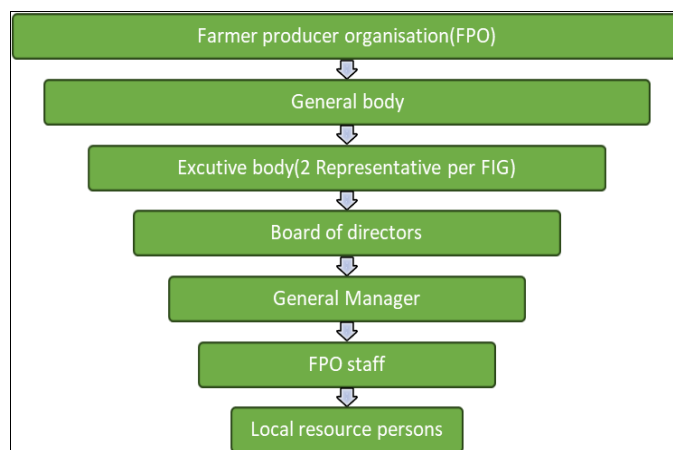
Table 4: Selected FPOs for study

S. No.	Block	Name of FPO	District	Village	Member Farmers	Covered Crops
1.	Brahmpur	Aakib Jawed FPCL	Gorakhpur	Dubauli	850	Wheat, Paddy, Millets
2.	Campierganj	Campierganj Banana FPCL	Gorakhpur	Ramchaura	718	Wheat, Paddy, Banana, Vegetables

Results and Discussion

Objectives of FPOs

1. Mobilizing farmers into groups of around 50 members at the village level (FIG) and building up their associations into FPOs, to plan and implement product-specific cluster/commercial crop cycles.
2. To improve the socio-economic conditions of farmers through increased agricultural production and providing remunerative prices
3. Create a platform for the exchange of information, product, and services between farmers and FPOs and the other stakeholders in the supply and market chain for business networking.
4. Ensuring the usage of quality inputs and services for intensive agriculture.

**Fig 2:** Typical Structure of Farmer Producer Organization**Table 5:** Basic profile of Aakib Javed FPCL.

S. No.	Parameter	Aakib Javed FPCL
1.	Date of Registration	2021
2.	Class of Company	Private
3.	Company Category	Company limited by shares
4.	Funding Agency	Self
5.	Registered Farmers	850
6.	Board of Directors	10
7.	Main Buisness	Input & Output
8.	Authorized Capital	10 Lakh
9.	Total Covered Area	500 Ha

Table 6: Basic profile of Campierganj Banana FPCL.

S. No.	Parameter	Campierganj Banana FPCL
1.	Date of Registration	2021
2.	Class of Company	Private
3.	Company Category	Company limited by shares
4.	Funding Agency	NABARD
5.	Registered Farmers	718
6.	Board of Directors	10
7.	Main Buisness	Input & Output
8.	Authorized Capital	13 Lakh
9.	Total Covered Area	43 Ha

Table 7: Financial Performance of the FPOs during 2023

S. No.	Financial Ratios	Aakib Javed FPCL.	Campierganj Banana FPCL.
1.	Current Ratio	1.16	1.08
2.	Net Capital Ratio	2.38	3.43
3.	Earnings Per Shares (EPS)	405	557
4.	Return on Assets (ROA)	0.09	0.12
5.	Return on Equity (ROE)	0.08	0.10
6.	Debt-Equity Ratio (DER)	0.39	0.24

Financial Performance of FPOs

The financial ratios of two sampled FPOs were calculated and these were tabulated in Table 7.

Current Ratio

This is a liquidity ratio measures a company's ability to meet short-term obligations. The current ratio of all the two FPOs was found to be greater than one indicating that there are enough current assets to meet the current liabilities. Among these two FPOs, Aakib Javed FPCL. (1.16) had a higher ratio followed by Campierganj Banana FPCL. (1.08). The Current ratios of all the two FPOs indicate that companies are in the position to meet their current obligations.

Net Capital Ratio

The net capital ratio of Campierganj Banana FPCL. is (3.43) which is the highest followed by Aakib Javed FPCL. (2.38). The net capital ratio of all the two FPOs was found to be greater than one indicating a high degree of liquidity in the long run and a high degree of availability of assets to pay off the company debts in the long run.

Earnings per Share (EPS)

It is an important financial measure, which indicates the profitability of a company. Earnings per share value found to be highest for Campierganj Banana FPCL. (Rs.557), followed by Aakib Javed FPCL. (Rs.405) Higher the EPS of a company, the better its profitability.

Returns on Assets (ROA)

A higher the returns on asset means than the business able to utilize its resources well in generating income. Campierganj

Banana FPCL. (0.12) is having a higher return on assets. Followed by Aakib Javed FPCL. (0.09) respectively.

Returns on Equity (ROE)

A higher return on equity shows than the business was able to successfully utilize the resources provided by its equity investors and the company's accumulated profits in generating income. Among all two FPOs, Campierganj Banana FPCL. (0.10) is having a higher return on equity. Followed by Aakib Javed FPCL. (0.08) respectively.

Debt Equity Ratio (DER)

This ratio was calculated for all the two FPOs and among these Campierganj Banana FPCL. (0.24) is having the lower ratio indicating less debt and reduced risk compared to other FPOs. Aakib Javed FPCL. (0.39) respectively. The debt-equity ratio of all the two FPOs indicates that the FPOs are in good financial health.

Constraint faced by the of FPOs

The identified constraints were ranked by Garrett scoring technique. It could be observed from the above Table 1. that the lack of finance was ranked first with Garrett score of 185, farmers are not aware of FPOs (Garrett score: 159.63) was ranked as second score, and lack of trustworthiness of farmers (Garrett score: 151.75) was ranked as third followed by lack of processing plant (Garrett score: 116.50), government employee not provide information timely (Garrett score: 116.12), lack of skilled person (Garrett score: 93), FPO members are not active (Garrett score: 88.12) and lack of price policy and crop insurance by Govt. (Garrett score:84.87).

Table 8: The major constraint faced by the of FPOs with their Garrett score and rank

S. No.	Description	Ranks given by the Respondents								Total	Average	Rank
		1st	2nd	3rd	4th	5th	6th	7th	8th			
1.	Lack of finance	960	340	180	0	0	0	0	0	1480	185	I
2.	Farmers are not aware of FPOs	400	272	420	153	0	0	32	0	1277	159.63	II
3.	Government employee not provide information timely	0	204	120	204	141	200	0	60	929	116.12	V
4.	Lack of trustworthiness of farmers	160	476	240	204	94	40	0	0	1214	151.75	III
5.	FPO members are not active	0	0	60	102	235	40	128	140	705	88.12	VII
6.	Lack of rice policy and crop insurance by Govt.	0	0	0	153	94	120	192	120	679	84.87	VIII
7.	Lack of processing plant	80	68	120	153	235	160	96	20	932	116.50	IV
8.	Lack of skilled person	0	0	60	51	141	240	192	60	744	93	VI

Conclusion

From the study, it was concluded that, the major constraints faced by sample FPOs were lack of finance, farmers are not aware of FPOs, lack of trustworthiness, lack of processing plant, government employee not provide information timely, lack of skilled person, FPO members are not active, lack of price policy and crop insurance by Govt. This study suggested that the Government may provide financial

facilities to FPOs as it is very essential for sustainability of farmer producer Organisations. To aware the farmers about the FPOs in the study area.

Suggesting suitable strategies for strengthening and betterment of FPOs

- Improving the credit and input provisions to FPOs.
- To aware the farmers time to time.

- Establishment of rural godowns for scientific storage of agricultural produce.
- Providing better infrastructural facilities.
- Recruitment of adequate technical and skilled staff members to increase the efficiency of FPOs.
- Establishment of processing centers for surplus agriculture produces to increase their shelf life.
- Reducing the cost of marketing by the way of collective marketing through FPOs.
- The policy framework of the Govt. of India, the state governments may introduce an appropriate flexible policy to promote and strengthen them to become a self-sustaining commercially viable business enterprise of the farmer's particularly small producers.
- The system of issuing various licenses required for undertaking business activities by FPOs may be simplified to make it a single-window statewide license.
- The concerned ministries/departments may be mandated to implement all "Farmer centric schemes" through the FPOs for efficient delivery of services and improved outcomes.

Conflict of Interest

The authors declare that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

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Not Applicable

Review of Literature

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