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Improving farmers' access to FPOs services: Evidence from eastern Uttar Pradesh

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Abstract

This study examines the challenges farmers face in adopting the benefits and services offered by Farmer-Producer Organizations (FPOs) in the Gorakhpur and Basti districts of Uttar Pradesh. The research used an exploratory design, selecting four FPOs from these districts and dividing members into four groups based on land size. A sample of 400 respondents was chosen via stratified random sampling to ensure diverse viewpoints. Primary data were gathered through structured, pretested interviews focused on the main issues farmers encounter. The findings show that the biggest constraint is the lack of scientific storage facilities, followed by frequent price swings, high input costs, and limited access to credit. Other problems include transportation difficulties, high commission charges, inadequate market information, and power outages. Additionally, harsh climatic conditions were identified as a major factor impacting agricultural productivity. Farmers also offered suggestions to overcome these obstacles, with 80% highlighting the need for flexible credit options. Improved transportation (76%), knowledge about value-added products (70%), and better support from Krishi Vigyan Kendras (69.25%) were among the key strategies identified. The study underscores the need for government intervention to address these issues through training, risk coverage, and better market facilities. The findings suggest that tackling these challenges can greatly improve the adoption of FPO services and boost farmers' socio-economic conditions. This research provides practical insights for policymakers, FPO managers, and extension agencies to strengthen FPO structures and better support farmers in adopting innovative farming practices and improving market access.

Keywords: Farmer-producer organizations, adoption barriers, service utilization, agricultural benefits

Introduction

The delivery mechanism of available technology in agriculture and allied sectors, along with the effective marketing strategy of the product, is still a researchable issue that compels the establishment of a full-proof technology delivery system. There are multiple extension agencies working to improve the delivery of agricultural technology. However, progressive farmers' bias has been observed in the majority.

Most farmers in the country are small and marginal farmers. These farmers form the largest group of cultivators in Indian agriculture, with 85% of operated holdings being smaller than or around two hectares, and among these, 66% are less than one hectare (Singh, 2012) ^[10]. Over 90% of small and marginal farmers (SMF) rely on rain for their crops. In numbers, about 90-100 million small and marginal farmers in India depend on agriculture for their income and employment. Because of their fragmentation and disorganization, it is not economically feasible for farmers to adopt the latest technology, use high-yield seeds, or invest in inputs such as seeds, fertilizers, and agrochemicals. They also struggle to get good value from their marketable surplus by selling individually. Additionally, they cannot invest in innovations that could boost productivity and add

value, limiting their ability to increase production and market their goods more efficiently. According to Pingali *et al.* (2005) ^[8], high-value crops are difficult for marginal and small farmers to adopt because they are often perishable and incur high transaction costs. Various methods of collective action, such as forming producer organizations, can help reduce transaction costs and promote the development and coordination of commodity markets (Jaffee 1995; Staatz 1987) ^[5, 11].

To resolve the challenges faced by small and marginal farmers, the Indian government has promoted a new type of collective action known as Farmer-Producer Organizations (FPOs), particularly to improve access to investments, technical advances, and efficient inputs and markets (Hellin *et al.*, 2009; Department of Agriculture & Cooperation, 2013) ^[4, 1].

It is a type of PO in which the members are farmers. FPOs are a means to unite small and marginal farmers and other small producers to develop their own business enterprises managed by professionals. The Small Farmers Agribusiness Consortium (SFAC) supports the promotion of FPOs. Farmer Producer Organizations (FPOs), also known as Farmers Producer Companies (FPCs), are organizations of producers who grow agricultural products. FPOs are built on

the principles of self-help, self-responsibility, democracy, equality, equity, and solidarity. Members of FPOs must uphold ethical values such as honesty, openness, social responsibility, and caring for others. Ownership of the PO belongs to its members. It is an organization of producers, by producers, and for producers. One or more institutions and/or individuals may have promoted the PO by assisting with mobilization, registration, business planning, and operations. Nonetheless, ownership and control always remain with the members, and management is conducted through their representatives.

FPOs will support members in increasing their income by undertaking any or all of the activities listed above. By aggregating demand for inputs, the FPO can buy in bulk, resulting in lower prices compared to individual purchases. Additionally, transporting in bulk reduces transportation costs, thus lowering overall production costs. Similarly, the FPO may aggregate members' produce and market it in bulk to fetch a better price per unit. The FPO can also provide market information to producers, enabling them to hold onto their produce until market conditions become favorable or to sell at a more profitable price. All these activities will lead to increased income for primary producers. Besides higher income, members also benefit from other advantages. An FPO is a collective of farmers (and non-farmers) who are primary producers of a product (an agricultural produce). It can serve as a platform to facilitate better access

to government services like the Public Distribution System (PDS), Mahatma Gandhi Rural Employment Guarantee Act (MNREGA), scholarships, pensions, and more. It can also liaise with government departments to ensure the convergence of programs related to drinking water, sanitation, health, and hygiene.

Research Methodology

The study employed an exploratory research design to systematically examine the institutional and socio-economic barriers affecting the adoption of services provided by Farmer Producer Organizations (FPOs) in Gorakhpur and Basti districts of Eastern Uttar Pradesh. These districts were specifically selected due to their high density of established FPOs and active agricultural participation. A multistage sampling method was used, beginning with the selection of four blocks, from which two FPOs per district were randomly chosen to create the sampling frame. Then, a proportionate random sampling technique was applied to select a total of 400 respondents, with 100 respondents per block and 50 per FPO. Primary data were collected through face-to-face interviews using a structured, pre-tested interview schedule designed to capture detailed challenges faced by members, with the tool refined through thorough pre-testing to ensure clarity and reliability.

Results and Discussion

Table 1: Distribution of respondents according to constraints being faced in adoption of benefit/services of FPOs

S. No.	Constraints Encountered	Mean Score	Rank	Suggestive Measures	Mean Score	Rank
1	Lack of scientific storage facilities	0.96	I	Provision of flexible sources of credit	0.80	I
2	Frequent price fluctuations	0.95	II	Provision of government-led transportation	0.76	II
3	High cost of inputs and services	0.93	III	Knowledge on value-added products	0.70	III
4	Lack of knowledge on govt. subsidies	0.90	IV	Regular contact and guidance from KVK	0.69	IV
5	Inadequate credit facilities	0.88	V	Training on new technologies (Govt./Agencies)	0.67	V
6	Lack of transportation facilities	0.87	VI	Risk coverage/insurance for vegetable crops	0.65	VI
7	High commission charges	0.85	VII	Provision of proper marketing facilities	0.64	VII
8	Lack of market information and news	0.81	VIII	Demonstrations of government schemes	0.62	VIII
9	Power cuts	0.69	IX	Ensuring consistent supply of electricity	0.59	IX
10	Adverse climatic conditions	0.67	X	Availability of skilled farm workers	0.55	X

The study's findings highlight several key constraints faced by farmers that greatly affect their agricultural productivity and income stability. The most important constraint identified by respondents was the lack of scientific storage facilities, which ranked first with the highest mean score (0.96). This indicates that post-harvest losses continue to be a major problem, forcing farmers to sell their harvest immediately after collection, often at unfavorable prices. The significance of this constraint emphasizes the urgent need for infrastructure development, especially cold storage and scientific warehousing facilities at the local level.

Frequent price fluctuations rank as the second most serious constraint (mean score 0.95). Price volatility exposes farmers to high market risks and income uncertainty, discouraging them from investing in better technologies and quality inputs. This issue is closely linked to the third-ranked constraint, the high cost of inputs and services (mean score 0.93), which further raises cultivation costs and reduces profit margins. Collectively, these constraints underscore farmers' vulnerability to market failures and increasing production expenses.

The lack of knowledge about government subsidies (mean score 0.90) ranked fourth, pointing to gaps in awareness and the dissemination of information about existing support programs. This reveals inefficiencies in extension services and highlights the need for improved communication strategies. Insufficient credit facilities (mean score 0.88) and a lack of transportation options (mean score 0.87), ranked fifth and sixth respectively, emphasize institutional and logistical challenges that restrict timely access to inputs and markets.

Lower-ranked constraints, such as high commission charges, a lack of market information and news, power outages, and adverse weather conditions, still pose significant challenges, though they are seen as less severe. The ongoing presence of these issues indicates that farmers operate in a complex production and marketing environment where multiple constraints act together.

In response to these constraints, farmers recommended several remedial actions. The top suggestion was to provide flexible sources of credit, which received the highest ranking, with a mean score of 0.80. This highlights the

urgent need for accessible, affordable, and timely financial support to help farmers manage input costs and adopt improved practices. The second-ranked suggestion, offering government-led transportation (mean score 0.76), directly addresses the issue of inadequate transportation facilities and reflects farmers' expectations of institutional support to reduce marketing inefficiencies.

Knowledge of value-added products ranked third (average score 0.70), highlighting farmers' interest in diversifying income sources through processing and value addition. This was followed by regular contact and guidance from Krishi Vigyan Kendras (KVKs) and training on new technologies, which ranked fourth and fifth, respectively. These findings emphasize the important role of extension agencies in building capacity and spreading technology.

Suggestions such as risk coverage and insurance for vegetable crops, the provision of proper marketing facilities, and demonstrations of government schemes further indicate farmers' demand for risk mitigation, transparent markets, and better awareness. Lower-ranked suggestions, such as ensuring a consistent supply of electricity and the availability of skilled farm workers, nonetheless point to structural issues that require long-term policy interventions. Overall, the alignment between the major constraints identified and the suggested measures proposed by farmers shows a clear understanding among respondents of the solutions needed to improve their agricultural livelihoods. Strengthening institutional support, enhancing extension services, and improving infrastructure and market linkages are vital to effectively address these constraints and promote sustainable agricultural development.

Conclusion

The study provides valuable insights into the challenges faced by farmers in adopting the benefits and services of Farmer-Producer Organizations (FPOs) and suggests practical measures to overcome these obstacles. The findings highlight the urgent need to improve credit facilities, transportation, marketing infrastructure, and access to knowledge about value addition and government schemes. It also underscores the crucial role of FPOs, KVKs, and government agencies in addressing these challenges through targeted actions. Key infrastructure improvements such as flexible credit mechanisms, strong transportation and storage facilities, and reliable electricity are essential for increasing farmers' productivity and profitability. Capacity-building efforts, including training on new technologies, value addition, and risk management, can empower farmers to adopt modern practices. Additionally, strengthening linkages between FPOs, KVKs, and farmers can fill gaps in knowledge sharing and technology adoption. If these recommended measures are effectively implemented, they can significantly improve the socio-economic conditions of farmers. Policymakers and stakeholders should prioritize these recommendations to enhance the role of FPOs as drivers of sustainable agricultural development. Ultimately, addressing these challenges will benefit farmers and support the overall growth and resilience of the agricultural sector.

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