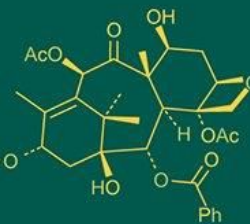
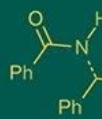


International Journal of Advanced Biochemistry Research



ISSN Print: 2617-4693
ISSN Online: 2617-4707
NAAS Rating (2025): 5.29
IJABR 2025; SP-9(12): 1635-1638
www.biochemjournal.com
Received: 07-09-2025
Accepted: 10-10-2025

Nalla Anusha Reddy
Ph.D. Scholar, Department of
Agricultural Extension,
PJTSAU, Hyderabad,
Telangana, India

Neelam Bhardwaj
Professor, Department of
Agricultural Communication,
GBPUAT, Pantnagar,
Uttarakhand, India

VLV Kameswari
Professor & Head of the
Department, Department of
Agricultural Communication,
GBPUAT, Pantnagar,
Uttarakhand, India

Corresponding Author:
Nalla Anusha Reddy
Ph.D. Scholar, Department of
Agricultural Extension,
PJTSAU, Hyderabad,
Telangana, India

An analysis of constraints affecting FPO performance in Telangana

Nalla Anusha Reddy, Neelam Bhardwaj and VLV Kameswari

DOI: <https://www.doi.org/10.33545/26174693.2025.v9.i12Ss.7115>

Abstract

Farmer Producer Organisations (FPOs) have emerged as key institutional platforms for improving farmers' access to markets, inputs, and collective economic opportunities. Despite their growing importance, several constraints continue to limit their effectiveness and overall performance. Recognizing this, the present study was undertaken in Nagarkurnool and Wanaparthy districts of Telangana to identify and analyse the challenges encountered by farmer members of selected FPOs, with the objective of suggesting measures for strengthening their functioning. Two major Producer Organisation Promoting Institutions (POPIs), namely Child Care Organization (CCO) and Society for Integration and Rural Development (SIRD), were purposively selected for the study, as they have been actively promoting FPOs in the district for over seven years. From the list of FPOs promoted by these institutions, four well-established FPOs (two from each POPI), functioning for more than five years, were selected for detailed investigation. The constraints reported by the members were grouped into four broad categories: operational and technical, organisational, marketing, and those related to POPI support. The findings revealed that irregular procurement of produce was the most critical constraint, affecting 93.33 per cent of the respondents, followed by inadequate storage infrastructure (86.66%). Other major issues included competition among villages for accessing benefits, insufficient infrastructure, and limited availability of credit facilities. Notably, three of the top five constraints belonged to the operational and technical category, indicating systemic weaknesses in service delivery and resource management. Furthermore, members from distant villages expressed dissatisfaction, perceiving that POPIs were concentrating their efforts mainly around central operational locations. The study highlights the need for strengthening procurement systems, improving infrastructure, expanding financial linkages, and ensuring more equitable institutional support to enhance the sustainability and effectiveness of FPOs in the region.

Keywords: Farmer producer organizations, constraints

Introduction

Agriculture in India is mostly production-oriented, with a significant number of fragmented small holdings, and it plays an essential role in the Indian economy. Small-holder farmers are at the basis of agricultural output, with 85% of operational holdings being less than or equal to two hectares, and 66% being less than one hectare (Singh, 2012) [6]. Small farmers in India face a variety of issues, including a lack of information, poor communication networks with larger markets, limited access to credit and high credit costs, exploitation of intermediaries in procuring inputs and marketing the produce, a small scale of operation, and, in some cases, harsh loan recovery practices. Several approaches have come about to address the issues confronting marginal and small farmers. Agricultural cooperatives established under the Cooperative Credit Societies Act of 1904 have been the most common type of farmer collective, however cooperatives have many flaws that limit effective collective action. As a result, the Indian government has been assisting a new type of collective known as Farmer Producer Organisations (FPOs) in addressing the problems faced by small and marginal farmers, particularly in providing efficient inputs, improving access to investments, technological advancements, and easy market access. According to the Food and Agriculture Organisation (FAO, 2007) [4], 'farmers and rural producers' Organisations (FOs) are independent, non-governmental, membership-based legal institutions comprised of part-time or full-time self-employed small holders and family farmers, pastoralists, artisanal fisheries, landless people, women, small entrepreneurs, and indigenous people.

The idea behind Farmer Producer Organisations (FPOs) is to bring together producers, particularly marginal and small farmers, in order to create a beneficial association that can jointly address numerous agricultural difficulties such as better access to capital, technology, inputs, and markets. The primary goal is to provide backward linkages to small farmers for input services such as credit, seeds, fertilizers, insurance, extension, and knowledge services, as well as forward linkages such as marketing, processing together, and market-led agricultural production (Mondal, 2010) [5]. FPOs are thought to provide farmers more leverage through collective bargaining and by fostering an entrepreneurial spirit in a sector where small and marginal farmers would otherwise only be concerned with subsistence farming. FPOs have improved the economic and marketing skills of their farmer members, but they still face challenges that limit their effectiveness. Therefore, it was found that in order to improve their performance, the limitations faced by the farmer members of particular FPOs should be identified. So, an effort was made to learn about the difficulties that the farmer members experienced.

Research Methodology

A descriptive research design was adopted for the study. The state of Telangana was chosen purposively for the study as the investigator hails from this state. Mahaboobnagar district was selected purposively as the district is actively promoting number of FPOs under PRODUCE fund (source: NABARD). Two POPI's (Producer Organization Promoting Institutes) i.e. Child Care Organization (CCO) NGO from Nagarkurnool and Society for Integration and Rural Development (SIRD) NGO from Wanaparthy were purposively selected for the study as they are actively promoting FPOs from the last five years. Four FPOs were selected randomly from two different promoting institutes present in the Wanaparthy and Nagarkurnool mandals respectively. From each of the selected FPO, thirty farmers were selected by following random sampling procedure. The sample constituted of 120 producer members. The list of constraints was made from relevant review of literature and by conducting an opinion survey of the farmers and the findings were presented in table 1. Constraints which included Operational and technical constraints, organizational constraints, marketing constraints, constraints related to NGO support were presented to respondents. They were asked to tick mark the constraints related to which they faced in Farmer Producer Organisations. Percentage and frequency analysis were done to get meaningful interpretation of results.

Results and Discussion

The data in Table 1, presents the various constraints identified by members of FPOs which were categorized under four subheads i.e. Operational and technical constraints, Organisational constraints, Marketing constraints, constraints related to Producer Organisation Promoting Institution (POPI) support. Table 1, showed that majority (93.33%) of the respondents were facing problems with respect to irregular procurement of produce and ranked it 1st followed by Lack of well-developed storage facilities (86.66%) with 2nd rank. Competition among villages for getting benefits and inadequate infrastructure facilities were

3rd and 4th most important constraints faced by farmer members in FPOs followed by lack of credit facilities which was ranked as 5th. It can be inferred that among the top five constraints three constraints were from the category of Operational and technical constraints. Other constraints reported by farmer members are personal gains are of utmost importance than group goals (70.83%) with 6th rank. Nearly seventy per cent of farmer members (69.16%) felt POPI focusing only on resource rich areas, it was the major constraint faced by farmer members in the category of constraints related to POPI support with 7th rank. The farmer members (68.33%) expressed that organisation procures produce of non-members and was found to be on 8th position. Among the farmer members 65.83 per cent felt that each try to achieve key positions in organisation and was ranked 9th among the constraints, exploitation by middle men and traders (65%) were the other reported constraints and was ranked 10th and second in the category of marketing constraints. POPI focusing only on resource rich/progressive farmers (64.16%) was ranked 11th and it is second most faced constraint in the category of constraints related to POPI support. subsequently lack of market awareness (60.83%) and was ranked on 12th place. Lack of team spirit (60%) and delayed payment after procuring produce (59.16%) were in 13th and 14th positions respectively. POPI focusing their own organizational agenda on FPOs (58.33%) was on 15th rank, 55.83 per cent members felt benefit sharing is not uniform and it was ranked 16th. Farmer Producer Organisations were not taking the whole members' produce (55%), distant market and high cost of transportation (53.33%) were on 17th and 18th ranks. 51.66 per cent members faced the constraint of POPI interference in decision making process of FPOs and it was ranked 19th. The least important constraint reported was POPI was unable to guide coordinators (49.16%) and ranked 20th. It was observed that the members faced operational and technical constraints most followed by Organizational constraints. Constraints related to POPI support were least faced by the members as they felt that POPI was guiding them better in taking decisions and providing them financial support. Snehathatha and Reddy (1998) [7], Bharathi (2005) [1], Dhakal (2013) [2], Darshan (2019) [3] also indicated similar problems faced by members of FPOs.

It was also observed by the investigator that irregular procurement of produce was the major problem. There was restriction of only twenty quintals per farmer. So, shareholders felt that FPOs should be permitted every year for procuring their produce. Most of the members were of the opinion that there were no proper infrastructure facilities like storage or processing, the structure of storage was relatively distant to some villages which was hindering the farmers to harness the benefits. It was observed that distant villagers were dissatisfied with functioning of FPOs, they felt that NGOs were focusing only near the centers of operations. The members were of opinion that the opening of custom hiring centers, as well as retail shops at every village of operation can help them in getting adequate infrastructure facilities for their farming operations and rotation of board of management meetings at every village would provide adequate insight into the operation of their FPOs.

Table 1: Distribution of respondents on the basis of different constraints faced by members of FPO

S. No	Constraints	Respondents (n = 120)		Rank
		Frequency	Percentage	
a)	Operational and Technical Constraints			
1.	Irregular procurement of produce	112	93.33	I
2.	Inadequate infrastructure facilities	88	73.33	IV
3.	Credit facilities are not available	86	71.66	V
4.	Organisation is not taking the whole members' produce	66	55	XVII
5.	Organisation procures produce of non-members	82	68.33	VIII
b)	Organisational constraints			
6.	There is competition among villages for getting benefits	91	75.83	III
7.	Each tries to achieve key positions in organization	79	65.83	IX
8.	Personal gains are of utmost importance than group goals	85	70.83	VI
9.	Benefit sharing is not uniform	67	55.83	XVI
10.	Lack of team spirit	72	60	XIII
c)	Marketing constraints			
11.	Lack of market awareness	73	60.83	XII
12.	Distant market and high cost of transportation	64	53.33	XVIII
13.	Lack of well-developed storage facilities	104	86.66	II
14.	Exploitation by middlemen and traders	78	65	X
15.	Delayed payment after procuring of produce	71	59.16	XIV
d)	Constraints related to POPI support			
16.	POPI focusing only on resource rich areas	83	69.16	VII
17.	POPI focusing only on resource rich farmers/progressive farmers	77	64.16	XI
18.	POPI focusing their own organizational agenda on FPOs	70	58.33	XV
19.	POPI interfere in decision making process of FPOs	62	51.66	XIX
20.	POPI is unable to guide coordinators	59	49.16	X

* POPI-Producer Organisation Promoting Institution

Suggested measures for scaling up and strengthening of Farmer Producer Organizations (FPOs) in Telangana:

Based on the results and observations of researcher, certain measures have been suggested for strengthening and scaling up of Farmer Producer Organisations in Telangana. These include:

- 1. Market linkages:** The strong market ties for selling FPO goods and purchasing inputs were one of the key drivers of FPO success. FPOs that were doing well were able to either forge these connections or find a specialised market for their goods. Members lose interest and the FPO's performance declines in the absence of an assured market. Therefore, there is a need to raise awareness of alternative marketing possibilities, including internet platforms, particularly among BODs. Programmes can be set up to teach FPO staff members how to advertise their products using social media, digital marketing, and ICTs. Additionally, the government may think about giving FPOs concessionary access to stalls for the sale of their goods in government-mandated mandis, fairs, and exhibitions.
- 2. Financial support:** One of the biggest issues FPOs had, was a lack of sufficient working capital. As small and marginal farmers, the majority of the members are unable to contribute to raising the capital. It was noted that NABARD offers support during the initial period, but it is insufficient. Governmental agencies can offer additional assistance to FPOs and their members through agreements like credit facilities, crop loans, etc. It is also possible to investigate the possibility of getting loans from SHGs operating in the region. Collateral-free loans are made available to MSMEs, and the same arrangement may be applied to FPOs as well.
- 3. Warehousing:** It was noted that FPO members were forced to sell their produce at a discount or in surrounding markets since they lacked a facility to keep

it. This issue was particularly severe for FPOs that dealt with perishable goods (such as milk, dairy products, vegetables, etc.). This highlights the pressing need to build warehouses and cold storage facilities. The government can either build storage facilities or offer special funds to FPOs (particularly those that deal in perishable goods). Government warehouses may also offer space to FPOs on a long-term contract.

- 4. Post-harvest Management:** The ability of FPOs and its members to create value after harvest needs to be urgently improved. There are two methods to go about this. First and foremost, training and capacity building are required to raise awareness of post-harvest management and value addition skills. A substantial proportion of primary producers were shown to lack the necessary skills and knowledge during the study. Produce was consequently being sold cheaply in its raw state. Standards and quality control should also be covered in training programmes. Second, the infrastructure required for post-harvest management and value addition must be built.
- 5. Policy support:** The creation of FPOs and their operation as independent organisations have been made easier by the amendment to the corporations' act. To boost their effectiveness and guarantee their longevity, a number of legislative changes are still required. FPOs that sell packaged goods are subject to substantial tax obligations. The government can reconsider the tax system because marginal and small farmers make up the majority of FPOs. FPOs may be free from paying tax for a predetermined period of time or up to a predetermined amount, or the tax may be lowered. A steady pricing regime is also necessary because FPOs were severely constrained by it.
- 6. Business development:** FPOs must carefully choose the activities that make up their portfolio. Activities

based on local products or activities that are an essential component of the community have a higher chance of success. Additionally, it is crucial to combine production and activity, so that the members are benefitted from large volumes. To the advantage of FPOs and its members, the government can divide the state into various cropping belts and provide supporting infrastructure. It is possible to base cropping zones on ecological, meteorological, and hydrological variables to ensure that the FPOs' actions are environmentally sustainable. According to the needs of each cropping belt, the government can design storage, post-harvest, and marketing structures and offer inputs at discounted prices.

Other strategies include developing entrepreneurship training modules for FPOs, promoting awareness of the significance of FPOs in boosting the income of farming communities, and engaging in extension activities specifically targeted at FPO members.

Conclusion

According to the study's findings, the most pressing problems have been identified as marketing, erratic produce procurement, a lack of well-developed storage facilities, competition among villages for benefits, insufficient infrastructure facilities, and a lack of financial support from members to generate working capital for operating business activities as obtaining bank loans is difficult. The main limitations mentioned by them were the lack of a confirmed buyback and price as promised by FPO when joining and POPI's focus on resource-rich locations. It is evident that the challenges they experience affect one another and can be overcome by cooperation. For example, members should recognise that the FPOs are their companies and make financial contributions for their advancement.

References

1. Bharathi RA. Assessment of entrepreneurial activities promoted under NATP on empowerment of women in agriculture [MSc thesis]. Dharwad: University of Agricultural Sciences; 2005. p. 1-38.
2. Dhakal S. Seed producer organization of farmer: an experience of western Terai, Nepal. *Agron J Nepal*. 2013;3:156-167.
3. Darshan NP. A study on functioning and impact of farmer producer organisations in Karnataka [PhD thesis]. Hyderabad: Professor Jayashankar Telangana State Agricultural University; 2019. p. 1-56.
4. Food and Agriculture Organization of the United Nations. Sustainable agriculture and rural development. Policy brief No. 12. Rome: FAO; 2007. p. 1-12.
5. Mondal A. Farmer producer company (FPC): concept, practice and learning-a case from Action for Social Advancement. *Financ Agric*. 2010;42(7):29-33.
6. Singh S. New markets for smallholders in India-exclusion, policy and mechanisms. *Econ Polit Wkly*. 2012;47(52):95-105.
7. Snehalatha M, Reddy MN. Impact of thrift and credit groups in income generation of rural women. *J Ext Educ*. 1998;9(2):2031-2032.