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Assessment of Perception of Members towards Farmer Producer Organizations (FPOs) in Kalaburagi District

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Abstract

Farmer Producer Organizations (FPOs) have emerged as a pivotal institutional mechanism for smallholder farmers in India, enabling collective action to address production, marketing and financial challenges. This study examined the perception of FPO members towards the functioning of FPOs across three dimension, namely, general aspects, services provided and extension activities conducted by FPOs. A structured survey was administered to 125 FPO members and perception scores were analysed using frequency, percentage and mean score ranking methods. The results with respect to general aspects of FPOs, members ranked group meetings as most beneficial (mean score: 2.80), appreciating their role in facilitating timely agricultural information sharing, followed by optimal production planning through self-help approaches (mean score: 2.71). Regarding services provided by FPOs, the supply of inputs at subsidized rates had high perception scores (mean score: 2.90), followed by capacity building programs (mean score: 2.77). Market and price information advisory services and technology dissemination for reducing drudgery also had positive perception by members. However, fund mobilization and credit linkage services had comparatively low perception scores, indicating scope for improvement in financial service delivery. Concerning the extension activities, exposure visits had highest perception score (mean score: 2.67), while farmer field schools and field visits by extension personnel were perceived relatively less favourable, suggesting infrequent organization of such activities. With respect to overall perception of members, majority of members (43.20%) had an average perception, while 30.40 per cent had better perception and 26.40 per cent had a poor perception towards the functioning of FPOs. The study concludes that, while FPOs have made significant contributions to member welfare, there remains considerable scope for strengthening financial services, marketing linkages and extension outreach to achieve holistic and effective functioning.

Keywords: Farmer Producer Organizations (FPOs), perception, extension activities

Introduction

Agriculture in India mainly consists of small and marginal landholdings. More than 86 percent of farmers cultivate less than two hectares of land (Agricultural Census, 2015-16). This fragmentation restricts farmers' bargaining power in input and output markets. It also limits access to institutional credit and hinders the adoption of new technology. Therefore, collective action through farmer institutions is widely seen as a key way to address these challenges. Farmer Producer Organizations (FPOs) combine principles of cooperatives and producer companies. They have received significant attention as an efficient way to organize small and marginal farmers into strong collectives that can achieve economies of scale (Trebbin, 2014) [9]. The government of India has increasingly promoted FPOs as a means for agricultural change. The Small Farmers' Agribusiness Consortium (SFAC) and NABARD have been crucial in supporting and developing FPOs across the country. The government's announcement to form 10,000 new FPOs under the Central Sector Scheme (2019-20) further emphasized their role in the national agricultural

development plan (GOI, 2020) [4]. Producer Companies, as defined by Part IX A of the Company Act, are the most suitable legal form of FPO according to the Ministry of Agriculture and Farmers Welfare's current "Policy and Procedural Guidelines 2013." To enhance the collective bargaining power of producer organizations, it is important to work not just with small and marginal farmers and their institutions, but also with FPOs and the organizations that promote them. This will help create a supportive environment for FPOs to operate smoothly and assist them in overcoming daily challenges (Alagh, 2007) [2]. FPOs are expected to perform multiple roles, such as collective input procurement, improving access to credit, providing technical and extension services, and facilitating market connections for their member farmers. When functioning effectively, FPOs can significantly lower transaction costs and increase net returns to farmers (Gulati *et al.*, 2020) [5]. Even with their increasing numbers and government support, the actual performance and satisfaction among members regarding FPOs varies significantly across different regions and organizations. Research has shown

that the effectiveness of FPOs closely relates to members' awareness, participation, and perceptions of the services provided (Roy and Thorat, 2008; Babu *et al.*, 2012) [7, 3]. Positive member perception is vital, as it directly affects active participation, adherence to organizational norms, and the sustainability of the institution itself. Studies have also indicated that factors like capacity building, extension contacts, and education levels greatly influence how members view and engage with FPO activities (Rupesh *et al.*, 2017; Rapsomanikis, 2015) [8, 6]. Understanding member perceptions is essential for identifying weaknesses in FPO operations and designing targeted improvements. While much research has concentrated on the structural and financial performance of FPOs, studies focusing on member perceptions across various aspects of FPO functions, including governance, service delivery, and extension activities, are still limited (Trebbin and Hassler, 2012) [10]. In this context, the current study aims to shed light on these perceptions to generate practical insights for strengthening the FPO ecosystem in India.

Methodology

The current study was conducted in the Kalaburagi district of Karnataka state from 2020 to 2021. Ex-post facto research, also known as after-the-fact research, is a research design in which the study commences subsequent to the occurrence of events or conditions, devoid of any

manipulation or intervention by the researcher. This research design is a non-experimental methodology employed to investigate potential cause-and-effect relationships through the analysis of existing conditions. Kalaburagi district was intentionally chosen because it is one of the top districts in Karnataka's FPO program. The Department of Horticulture, the Mysore Resettlement and Development Agency (MYRADA), and the Vrutti Livelihood Resource Center (VLRC) are three of the most important NGOs that are working to promote FPOs.

The FPOs were chosen based on the fact that they had been in business for at least three years and were registered under the Companies Act of 2013. Karnataka currently has 318 FPOs, and 22 of them are in Kalaburagi district. Five actively functioning FPOs, namely Nisarga Krushikara Producer Company Limited (NKPCL), Rohini Krushikara Producer Company Limited (RKPCCL), Balabheemasena Krushikara Producer Company Limited (BKPCCL), Negilayogi Horticulture Farmer Producer Company Limited (NHFPCL), and Grameena Horticulture Farmer Producer Company Limited (GHFPCL), were purposefully selected for the study, in three promoted by the NGO Vrutti Livelihood Resource Centre and the remaining two by the state department of Horticulture. From each of FPO, 25 respondents were selected randomly. Thus, the total sample size of the study was 125. The map showing locale of study in Kalaburagi district.

Table 1: Details of FPOs selected for the study

Sl. No.	District	Taluk	Name of the FPO	Number of respondents
1.	Kalaburagi	Aland	Nisarga Krushikara Producer Company Limited	25
2.		Kalaburagi	Rohini Krushikara Producer Company Limited	25
3.		Sedam	Balabheemasena Krushikara Producer Company Limited	25
4.		Aland	Negilayogi Horticulture Farmer Producer Company Limited	225
5.		Kalaburagi	Grameena Horticulture Farmer Producer Company Limited	25
Total				125

Perception of farmer member about working of FPOs in the current study refers to the interpretation of farmers' perception on (a) general aspects of FPOs, (b) services provided at FPOs, and (c) extension activities of FPOs.

The perception of members about the functioning of Farmers Producer Organizations was analysed by using scale developed by Avinash (2013) with the necessary modification. The scale comprised of 20 statements categorised into three aspects namely, general aspects of FPOs, services provided at FPOs, and extension activities of FPOs. The farmers' perception levels were sought on a three-point continuum scale viz., Agree, Undecided and Disagree and the scores assigned was 'three', 'two' and 'one', for positive statement 'one', 'two', and 'three', for negative statement respectively. The smallest and extreme perception score one could get was 20 and 60, respectively. The perception score of a respondent was calculated by adding up the scores gained by the respondent on all the 20 items/statements. The respondents were classified into 'poor', 'average' and 'better' categories based on the total score, perception level considering mean and half standard deviation as a measure of check. The results were expressed in frequency and percentage.

Sl. No.	Category	Criteria	Score
1.	Poor	Less than (Mean – ½ SD)	Less than 39.75
2.	Average	Between (Mean ± ½ SD)	Between 39.75 – 43.20
3.	Better	More than (Mean + ½ SD)	More than 43.20

Results and Discussion

Perception of members towards functioning of Farmer Producer Organizations (FPOs)

The results pertaining to the perception of members towards functioning of Farmer Producer Organization are presented in Table 2, Table 3 and Table 4. The perception of members about functioning of FPOs was studied by considering three aspects viz., general aspects of FPOs, services provided by FPOs and extension activities conducted by FPOs. Ranking is calculated by using frequency and percentage.

Perception of members towards general aspects of FPOs

Pertaining to the perception of members with respect to general aspects of FPOs, as visualized in the Table 2, it was found that, the statement 'group meeting of FPO is helpful in receiving required agricultural information at right time' was ranked first, with the mean score of 2.80, because

conducting group meetings found helpful for farmers to discuss the problems faced by them as well as opportunities found in the current market situations, hence the statement 'group meeting of FPO is helpful in receiving required agricultural information at right time' was found to be secured first rank among all the statements related to the general aspects of FPOs. The statement 'FPO ensures optimal production planning through self-help approach' has been ranked second, with the mean score of 2.71 because for the farmers it was familiar get ensured regarding production planning activities through self-help approach. The statement 'the jurisdiction of FPO is limited at village level which is unable to cater the needs of all the members of FPO' (RANK III), with the mean score of 2.27, followed by 'FPOs provides a forum for interface with public and private technology and inputs' (RANK IV), with the mean

score of 2.18, it was observed because, in order to help members, increase their productivity FPO tried to identify the best quality seeds, fertilizers etc., from private companies rather than only relying on subsidised inputs provided by government. Further, the statement 'FPOs act as collateral through group pressure for loans availed from National Bank for Agriculture and rural development (NABARD) or Small Farmers Agribusiness Consortium (SFAC)' with the mean score of 1.67, has secured fifth rank, as the FPO helped its members to avail the loan for the members who had nothing to keep as collateral for the loan. Further the statement 'FPO manages the revolving fund for group activities, identifying technical and product opportunities' with the mean score of 1.65, has secured the sixth rank and the same fund was not sufficient to provide short loan to the members.

Table 2: Perception of members towards general aspects of FPOs n = 125

Sl. No.	Perception statements	Agree		Undecided		Disagree		Mean score	Rank
		F	%	F	%	F	%		
1.	Group meeting of FPO is helpful in receiving required agricultural information at right time	104	83.20	17	13.60	04	03.20	2.80	I
2.	FPO ensures optimal production planning through self-help approach	93	74.40	28	22.40	04	03.20	2.71	II
3.	The jurisdiction of FPO is limited at village level which is unable to cater the needs of all the members of FPO	15	12.00	61	48.80	49	39.20	2.27	III
4.	FPOs provides a forum for interface with public and private technology and inputs	45	36.00	57	45.60	23	18.40	2.18	IV
5.	FPOs act as collateral through group pressure for loans availed from NABARD or SFAC	08	6.40	68	54.40	49	39.20	1.67	V
6.	FPO manages the revolving fund for group activities, identifying technical and product opportunities	15	12.00	52	41.60	58	46.40	1.65	VI

Perception of members towards services provided by FPOs

The numerical presented in table 3, denote that perception of members towards services provided at FPOs. It was observed that the statement 'In order to benefit member farmers FPO supplies required inputs at subsidized rates' was ranked first, with the mean score of 2.90, among all other statements related to the services provided at FPOs, the reason could be that, the prime objective of any FPO is to purchase the necessary inputs in bulk and supply the same to its members at the wholesale price. Further, the statement 'Capacity building program conducted helps the farmers to equip with the required skills' was ranked second, with the mean score of 2.77, the newer technologies might be of opinion among the members that they are complex to use and understand hence, the capacity building programs helped to overcome the same problems. The statement 'Technical guidance delivered at FPO's helps the member farmer in increasing the crop productivity' was ranked third, with the mean score of 2.43, this might be because that the information provided by FPO was helpful in taking proper decisions at the right time. Further the statement 'market information and price information

advised by FPO has helped the farmers in deciding the price and place marketing their produce' was ranked fourth with the mean score of 2.32, it is because, it was helpful for members in selling their produce in the market where they could be fetched more returns.

The statement 'the technologies suggested by FPO has helped the farmers in reducing the drudgery' was found to be ranked fifth, with the mean score of 2.22, the reason could be FPOs suggested more appropriate and time saving technologies to the members and those were found to be helpful by farmers. Moving further the statement 'fund mobilization and credit linkage for FPO's helps in maintaining the stable financial condition of the members' was depicted to be ranked sixth, with the mean score of 2.14, among all other statements, as it has been linked with formal sources of credit. Fund mobilization among the members is helpful but it was observed that there is very less scope for providing loan to members at certain interest rates, this might have yielded in giving last rank for the statement 'fund mobilization and credit linkage for FPO's helps in maintaining the stable financial condition of the members'.

Table 3: Perception of members about service provided by FPOs n = 125

Sl. No.	Perception statements	Agree		Undecided		Disagree		Mean score	Rank
		F	%	F	%	F	%		
1.	In order to benefit member farmers FPO supplies required inputs at subsidized rates	113	90.40	12	09.60	00	00.00	2.90	I
2.	Capacity building program conducted helps the farmers to equip with the required skills	101	80.80	20	16.00	04	03.20	2.77	II
3.	Technical guidance delivered at FPO's helps the member farmer in increasing the crop productivity	66	52.80	47	37.60	12	09.60	2.43	III
4.	Market Information and Price information advised by FPO has helped the farmers in deciding the price and place marketing their produce	51	40.80	64	51.20	10	08.00	2.32	IV
5.	The technologies suggested by FPO has helped the farmers in reducing the drudgery	46	36.80	61	48.80	18	14.40	2.22	V
6.	FPO provides the forward linkage and trading facility helps in assured market for products of members farmers	40	32.00	63	50.40	22	17.60	2.14	VI
7.	Fund mobilization and Credit linkage for FPO's helps in maintaining the stable financial condition of the members	03	02.40	16	12.80	106	84.80	1.24	VII

Perception of members towards extension activities conducted by FPOs

The values presented in table 4, explains that, the perception of members towards extension activities conducted by FPOs. It was found that the statement 'exposure visits has helped in improving member's behavior towards improved agricultural technologies' was ranked first with the mean rank of 2.72 among all the statements related to the extension activities conducted by FPOs. The reason might be that extension activities has enhanced the adopting capacity of members. The statement 'capacity building programs has helped to improve skills in carrying out agricultural operations' was ranked second with the mean score of 2.67. since FPOs have conducted many capacity building programs which helped respondents in enhancing specific technical knowledge as well as skill in their cropping operations.

The statement 'result demonstration arranged by the FPOs has resulted in better understanding of the value/worth of new technology' was found to be ranked third with the mean score of 2.53. This might be because the programs like result demonstrations helps farmers in better and practical understanding of the new technologies which are paramount in today's world. Followed by the statement, 'FFS (Farmer Field School) conducted by FPO has fascinated the members to adopt the new technologies' was found to be ranked fourth, with the mean score of 2.27, as the FPOs have organized such programs not very frequently. The statement 'Extension personnel undertakes field visits to insisting FPO farmers who had adopted new farm technologies' was ranked fifth with mean score of 2.02 due to the extension personnel visits to the members' farms in order to insist and suggest to adopt new farm technologies was seldom experienced by the members.

Table 4: Perception of members about extension activities conducted by FPOs n = 125

Sl. No.	Perception statements	Agree		Undecided		Disagree		Mean score	Rank
		F	%	F	%	F	%		
1.	Exposure visits has helped behavior towards improved agricultural technologies	103	82.40	09	07.20	13	10.40	2.72	I
2.	Capacity building programs has helped to improve skills in carrying out agricultural operations	99	79.20	11	08.80	15	12.00	2.67	II
3.	Result demonstration arranged by the FPOs has resulted in better understanding of the value/worth of new technology	84	67.20	23	18.40	18	14.40	2.53	III
4.	FFS conducted by FPO has fascinated the members to adopt the new technologies	74	59.20	11	08.80	40	32.00	2.27	IV
5.	Extension personnel undertakes field visits to insisting FPO farmers who had adopted new farm technologies	50	40.00	27	21.60	48	38.40	2.02	V

Over all perception of members towards functioning of FPOs

The results depicted in Table 5, it was revealed that majority of the members (43.20%) were found to be having average perception towards the functioning of FPOs, followed by almost one third (30.40%) of the respondents were found to be having better perception and 26.40 per cent of the members were found to be having poor perception about functioning of FPOs.

The above pattern of observed results might be because of the fact that, majority of activities conducted by FPOs were helpful in bringing desirable changes in required aspects of the members and also many of the FPOs are not fully fledged with the all the facilities required by the members and it also could link members with marketing and processing activities, there are other improvements are also needed for overall well- functioning of FPOs. Most of the respondents were having medium to high and medium level

of extension contact and education so the considerable people had better perception about the functioning of FPOs. The results observed are in line with the findings of Rupesh *et al.*, (2017)^[8]

Table 5: Overall perception of members about functioning of FPOs n = 125

Sl. No.	Category	Frequency	Percentage
1.	Poor (< 39.76)	33	26.40
2.	Average (39.76 – 43.21)	54	43.20
3.	Better (> 43.21)	38	30.40
Mean = 41.48		SD = 3.45	

Conclusion

the findings of the study that most of the FPO members had average perceptions regarding the operation of the FPOs. This was due to the positive impact of the FPOs and the challenges they face in satisfying member expectations.

Meetings, subsidized inputs, and exposure visits were always rated high among the three aspects, services, and extension activities. It is evident that these three areas play significant roles in the effectiveness of FPOs. Financial services such as fundraising, credit connections, and collateral assistance had poor ratings among the three areas. These results suggest that FPOs must address the gaps identified to ensure that they become more effective and provide better services. Farmer field schools and field visits by extension workers were not common among the farmers. There is a need for systematic approaches in ensuring that more extension workers visit the farmers regularly. In order to tilt the members' perception in favour of FPOs, they need to improve their financial services and enhance the market and processing connections. However, if well supported, FPOs can make significant changes in the lives of smallholder farmers in India.

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