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Impact of farmer producer organizations on it's members in Krishna district of Andhra Pradesh

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Abstract

Farmer Producer Organizations (FPOs) have proven to be an important institutional mechanism to ensure economic and social empowerment of farmers through collective production, access to inputs, marketing, financial services and other livelihood opportunities. The study hereunder was aimed at evaluating the changes that occurred after the farmers joined the Farmer Producer Organization (FPO) in selected socio-economic indicators. The study looked at changes in income, expenditure, savings and social engagement of the FPO members, the contribution of the subsidiary occupation and employment generation to the overall impact of FPO membership and annual income. The results revealed that there was a positive socio-economic change among the respondents due to joining the FPO. Annual income and savings rate of the farmers increased in proportion and also in their social participation. There was an increase in the number of people who were in medium and high levels of subsidiary occupations and employment generation after joining FPO. The increase in annual expenditure was also an increase, but must be considered in conjunction with the increases in income and savings. On the overall, majority of respondents (50.83%) felt FPO membership had a medium impact on them, and 15.00 per cent felt that it had a high impact on them. It is now evident that FPOs play a key role in enhancing farmers' livelihoods by strengthening their collective action and improving farmers' linkages to services and their diversification of income generating activities. Enhancing the institutional and financial resources to support FPOs can further improve their contribution to inclusive and sustainable agricultural development.

Keywords: Farmer producer organisation, annual income, annual savings, annual expenditure, social participation, subsidiary occupation, employment generation, Krishna district, Andhra Pradesh

Introduction

The agricultural landscape in India is mostly fragmented, lack of bargaining power and market access, quality inputs, institutional credit and value-added opportunities. For many farmers a crop is just one element of the problem, getting a just return from that crop is an equal challenge. Such constraints are especially important for small farmers who tend to lack and have less bargaining power in input and output markets.

Farmer Producer Organizations (FPOs) have proven to be a viable solution to tackle some of these challenges. FPOs enable the farmer groups to come together as a collective body and offer benefits such as better access to inputs and services, better market participation and better bargaining power for farmers. The collective approach can also motivate farmers to try other forms of activities to generate income other than farming such as livestock, poultry, allied activities and others. However, the contribution of FPOs can only be understood in terms of agricultural production or market performance.

Their impact may be reflected in various aspects of farmers' lives such as income, expenditure and savings, social membership, livelihood diversification and employment. If

these can be improved, this will increase economic security and the ability of farm households to adapt to changing agricultural and market conditions.

In this backdrop the current study was conducted to understand the changes due to the joining of a Farmer Producer Organisation. The study focused on six major socio-economic dimensions, namely annual income, annual expenditure, annual savings, social participation, subsidiary occupation and employment generation. The effect of the FPO membership was studied. The study tries to gain an understanding of potential of collective farmer institution to uplift the livelihoods of the farmers through comparing the situation of the farmers prior and aftermath the formation of FPO.

Objective

The specific objective is to assess the impact of Farmer Producer Organization on it's members in Krishna district of Andhra Pradesh (of selected FPO's in selected mandals in the district).

Research Methodology

In this study an ex post facto research design was adopted and

the study area is Krishna District, Andhra Pradesh. With the availability of operational Farmer Producer Organisations (FPOs) and the relevance to the study objectives, three mandals namely Kanchikacharla, Veerulapadu and Chandarlapadu were purposively selected. A total of 120 members were selected from the 40 selected FPO members from each FPO by simple random sampling. Primary data were collected using the structured interview schedule that was developed with consultation from experts and pre-tested. Selected socio-economic and behavioural characteristics of farmers were collected.

Operationally, the impact here refers to the effect of FPO on its members. In this study, the impact of FPO's on its members in Krishna District of Andhra Pradesh is calculated. A personal interview was used to collect data which was then coded and classified and tabulated for analysis. Frequency, percentage, mean and standard deviation were used as descriptive statistics tools to interpret the impact parameters of members of FPO.

1. Change in Annual Income

The results from the table shows that before joining the Farmer Producer Organization majority of the respondents belong to the medium level of annual income of about 79.17 percent who are earning Rs. 41,100/- to Rs. 2,98,700/-. Next majority belongs to the high category of annual income which has 13.33 percent earning more than Rs. 2,98,701/-. The remaining belongs to the low annual income category with 7.50 percent earning up to Rs. 41,099/-

By joining the FPO, the annual income of the respondents has increased. After joining also, most of the respondents belong to the medium category of annual income with 81.66 percent earning a range of Rs.67,938/- to Rs.3,38,562/-. Next, most of them belong to the high level of the annual income level with 10.83 percent earning above Rs. 3,38,563/-. Remaining 7.50 percent belongs to the low category of the annual income.

It is evident from the results that the annual income of the respondents has increased after joining the Farmer Producer Organization. The results of the present study support the findings of Chopade (2019) ^[1].

2. Change in Annual Expenditure

The respondents are asked to indicate the annual expenditure all-round the year. The results clearly show that before joining FPO majority of the respondents were in the medium level of change in annual expenditure with 85.33 percent spending Rs. 11,695/- to Rs. 82,971/- followed by high level of change in expenditure with 10.00 percent with expenditure Rs.82,972/- per year. The remaining 4.17 percent belongs to the low level of change in expenditure of Rs.11,694/-.

After joining the Farmer Producer Organization, the expenditure also increased, with most of the farmers belong to the medium category of change in annual expenditure with 80.83 percent with expenditure of Rs.27,361 to Rs. 82,971/- followed by high category of the change in annual expenditure with 10.83 percent with expenditure of Rs.1,10,473/- all round the year. The remaining 8.33 percent of the respondents belong to the low level of change in annual expenditure with expenditure of Rs.27,360/- per year.

It is evident from the table that the change in annual expenditure has also increased after joining the FPO. The findings are found to be in line with the findings of Chopade (2019) ^[1].

3. Change in Annual Savings

The data that is collected has been presented in the tabular form and graphical representation. Before joining the Farmer Producer Organization, most of the respondents have a change in annual savings range of Rs.6,148/- to Rs. 1,26,335/- with 88.33 percent. And next followed by 7.5 percent who belongs to high category of change in annual savings with more than Rs.1,26,336/- per year. The left-over respondents belong to the low level of change in annual savings with 4.17 percent who saves up to Rs.6,147/- all round the year.

Aftermath the Farmer Producer Organization, the savings of the respondents has increased as from the data collected. After joining the FPO, majority of the respondents belong to the medium level of change in annual savings with 85.83 percent saving Rs.13,097/- to Rs.1,53,736/- round the year. The remaining respondents belong to the low, and high level of change in annual savings with 7.50 percent, 6.67 percent saving amount of up to Rs.13,096/- and Above Rs.1,53,737/- respectively.

It has been seen that the annual savings of the respondents has increased after joining the FPO's because of the availability of banking facilities, increase in the annual income and profit maximization. The findings have been found similar with the findings of Chopade (2019) ^[2].

4. Change in Social Participation

The results clearly says that, before joining the Farmer Producer Organization, most of the respondents are in low level of social participation of 47.50 percent. Whereas 40.833 percent respondents are in medium level of social participation and the remaining 11.67 percent respondents have high level of social participation.

It is highlighted from the results that there was a great change in the social participation levels. After joining Farmer Producer Organization, the social participation of the respondents has increased. Here, majority of the respondents come into the category of medium level of social participation category with 70.00 percent. 18.33 percent respondents have low level of social participation and the remaining 11.67 percent respondents have high level of social participation.

It is concluded that the social participation of the respondents has increased after joining the Farmer Producer Organization. The findings of the present study have found to be in similar to that of the findings of Chopade (2019) ^[2] and support his results.

5. Change in Subsidiary Occupation

The data that had been collected from the survey are made into tabular forms and the change in the subsidiary occupation has been studied.

Before joining Farmer Producer Organization, majority of the respondents have low level of Subsidiary occupation with 78.33 percent. Remaining 20.83 percent and 0.83 percent of the respondents belong to the medium and high levels of subsidiary occupations.

But, after joining the Farmer Producer Organization, the Subsidiary Occupation levels have been increased. After joining the FPO, most of the respondents belong to the medium level of subsidiary occupation levels with 43.33 percent. Whereas 30.00 percent has low level of subsidiary occupation followed by 26.67 percent has high level of subsidiary occupation levels.

Here, it is observed that the subsidiary occupations for the Livestock, Poultry and Agriculture Allied business have increased. This is due to the increase in availability of the loans provided for the livestock and poultry and fodder provided by the FPO make them take up the subsidiary occupations along with agriculture.

6. Change in Employment Generation

The results show that there was a great change in employment generation for the respondents, to their family members as well as to the unit.

Before joining the Farmer Producer Organization, 75.83 percent of the respondents belong to the low level of employment generation. 21.67 percent of the respondents have medium level of employment generation followed by 2.5 percent of the respondents belong to the high level of employment generation.

After joining the Farmer Producer Organization, majority of

the respondents belong to the medium level of employment generation with 46.67 percent. The remaining respondents belong to the low and high levels of employment generations levels with 45.83 percent and 7.50 percent respectively.

This shows that there was an increase in the employment generation levels after joining Farmer Producer Organization.

The findings are found to be similar to that of the findings of the Chopade (2019) [2].

7. Overall impact of the farmer producer organization on its members

It was observed from the table that the results show that majority of the respondents that is more than half of the respondent's 50.83 percent belong to the medium level of impact. Whereas remaining 34.17 percent of the respondents belong to the low level of impact and 15.00 percent of the respondents belong to their high level of impact.

Table 1: Distribution of the Respondents with Respect to Their Change in Annual Income Levels

Sl. No.	Category	Before Joining		Category	After Joining		'Z' value
		F	%		F	%	
1)	Change in Annual Income						1.96**
1	Low (Up to Rs.41,099/-)	09	7.50	Low (Up to 67,937/-)	09	7.50	
2	Medium (Rs.41,100 to Rs.2,98,700/-)	95	79.17	Medium (Rs. 67,938/- to Rs.3,38,562/-)	98	81.67	
3	High (Above Rs.2,98,701/-)	16	13.33	High (Above Rs.3,38,563/-)	13	10.83	
	Total	120	100.00	Total	120	100.00	
	Mean	169900		Mean	203250		
	S. D	128800.96		S. D	135312.67		

Table 2: Distribution of the respondents with respect to their change in annual expenditure prior and after joining FPO

Sl. No	Category	Before Joining		Category	After Joining		‘Z’ value
		F	%		F	%	
1)	Change in Annual Expenditure						4.34**
1	Low (Up to Rs.11,694/-)	05	4.17	Low (Up to Rs. 27,360/-)	10	8.33	
2	Medium (Rs. 11,695/- to Rs.82,971/-)	103	85.83	Medium (Rs. 27,361/- to Rs.1,10,472/-)	97	80.83	
3	High (Above Rs.82,972)	12	10.00	High (Rs.1,10,473/-)	13	10.83	
	Total	120	100.00	Total	120	100.00	
	Mean	47333		Mean	68917		
	S. D	35639.02		S. D	41556.80		

Table 3: Distribution of the respondents with respect to their change in annual savings prior and after joining FPO

Sl. No	Category	Before Joining		Category	After Joining		‘Z’ value
		F	%		F	%	
3)	Change in Annual Income						1.98**
1	Low (Up to Rs.6,147/-)	05	4.17	Low (Up to Rs.13,096/-)	09	7.50	
2	Medium (Rs.6,148/- to Rs.1,26,335 /-)	106	88.33	Medium (Rs.13,097/- to Rs. 1,53,736/-)	103	85.83	
3	High (Above Rs.1,26,336/-)	09	7.50	High (Above Rs.1,53,737/-)	08	6.67	
	Total	120	100.00	Total	120	100.00	
	Mean	66242		Mean	83417		
	S. D	60094.34		S. D	70320.34		

Table 4: Distribution of respondents with respect to their change in social participation prior joining and after joining FPO

Sl. No	Category	Before Joining		Category	After Joining		‘Z’ value
		F	%		F	%	
4)	Change in Social Participation						5.62**
1	Low (up to1)	57	47.50	Low (up to 1)	22	18.33	
2	Medium (2-3)	49	40.83	Medium (2-4)	84	70.00	
3	High (above 4)	14	11.67	High (above 5)	14	11.67	
	Total	120	100.00	Total	120	100.00	
	Mean	1.87		Mean	2.73		
	S. D	1.09		S. D	1.27		

Table 5: Distribution of respondents with respect to their change in subsidiary occupation prior joining and after joining FPO

Sl. No	Category	Before Joining		Category	After Joining		‘Z’ value
		F	%		F	%	
5)	Change in Subsidiary Occupation						9.31**
1	Low (up to1)	94	78.33	Low (up to 1)	36	30.00	
2	Medium (2-3)	25	20.83	Medium (2-4)	52	43.33	
3	High (above 3)	01	0.83	High (above 5)	32	26.67	
	Total	120	100.00	Total	120	100.00	
	Mean	1.22		Mean	2.96		
	S. D	0.44		S. D	1.84		

Table 6: Distribution of respondents with respect to their change in employment generation prior joining and after joining FPO

Sl. No	Category	Before Joining		Category	After Joining		‘Z’ value
		F	%		F	%	
6)	Change in Employment Generation						4.51**
1	Low (upto 1)	91	75.83	Low (upto 1)	55	45.83	
2	Medium (2-3)	26	21.67	Medium (2-3)	56	46.67	
3	High (above 3)	3	2.50	High (above 3)	9	7.50	
	Total	120	100.00	Total	120	100.00	
	Mean	1.27		Mean	1.62		
	S. D	0.50		S. D	0.62		

Overall impact of the farmer producer organization on its members

Table 7: Distribution of the respondents with respect to their overall impact before and after joining farmer producer organizations

Overall Impact			
Sl. No	Category	Frequency	Percentage
1	Low (Up to 64)	41	34.17
2	Medium (64 to 128)	61	50.83
3	High (Above 128)	18	15.00
	Total	120	100.00

Conclusion

The result of the study shows that there was certain noticeable improvement in various socio-economic aspects of respondents who are members of the Farmer Producer Organization. It was noted that there was a shift in the economic status of member farmers as seen in an increase in both their income and savings per year once they joined the organization. There was also a significant increase in social participation with a substantial move from the low to the medium category. It means that farmers may not only be economically better off by being a member of an FPO, but also more involved in collective and social affairs. There were also positive changes in subsidiary occupations and the number of people that take up jobs. The percentage of respondents who developed medium and high level subsidiary occupation occupations increased after joining the FPO especially in livestock, poultry and other allied activities. Through the FPO, access to credit, input and fodder seems to have spurred farmers to diversify their livelihood activities. Likewise, in the transition of employment, the advantages of co-ordinated organization could be for not only the individual farmer but for other members of the family and farm-related businesses.

The rise in the annual spending after the FPO joining should not be interpreted as a negative effect, but should be analysed along with the rise in income and saving that occurred. If economic activity and productive and household investments

increase, then this could be partly attributed to increased expenditure. The study indicates that the FPOs have a good potential to enhance the socio-economic status of their members overall. There is evidence that collective farmer institutions have a positive impact, as 50.83 per cent of the respondents showed a medium level of impact, while 15.00 per cent showed a high level of impact. Meanwhile, the large number of farmers in the low impact category further underscores the need for continued assistance and effective management, improved market linkages, and rapid financial services and greater involvement of members in FPO activities. As such, it is not enough to see FPOs as marketing bodies, they can also be platforms to promote livelihood development. Enhancing farmer capacity and enabling meaningful farmer involvement can contribute to the realization of lasting positive impacts on farmer incomes, livelihood diversification and rural employment.

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