

Farmer Producer Organizations (FPOs) – Analysis of Profile of FPOs and Its Members in Medak District of Telangana

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Authors' contributions

This work was carried out in collaboration among all authors. Author CDA designed the study, performed the statistical analysis, wrote the protocol and wrote the first draft of the manuscript under the guidance of the authors BS, VSR and PL. All authors read and approved the final manuscript.

Article Information

DOI: 10.9734/CJAST/2021/v40i1131367

Editor(s):

(1) Dr. Teresa De Pilli, University of Foggia, Italy.

Reviewers:

(1) Elsadig Arbab Hagar Talib, University of Bahri, Sudan.

(2) Nithyashree M. L., ICAR-IARI, India.

Complete Peer review History: <http://www.sdiarticle4.com/review-history/68722>

Original Research Article

Received 15 March 2021

Accepted 20 May 2021

Published 25 May 2021

ABSTRACT

This paper focused to study the profile of selected FPOs and its members. With respect to the profile of FPO members, twelve profile characteristics selected were grouped under group composition, governance and management and membership commitment. An *Ex-post-facto* research design was adopted for the study. Three FPOs were selected randomly from 3 different promoting institutes working in the Medak district viz., *Suraksha* Farmers Producer Company Ltd (SFPCL) promoted by independent research organization Centre for Sustainable Agriculture (CSA), *Marpalli Kisan Kranthi* Producer Company Ltd (MKKPCL) promoted by *Vrutti* NGO and *Siddipet Kisan Agro* Farmers Producer Company Ltd (SKAFPCL) promoted by International Crops Research Institute for the Semi-arid Tropics (ICRISAT). The results of the study revealed that under group composition, majority were small farmers with middle age (55.55%), primary school education (35.55%), with medium farming experience (47.77%) and with medium annual income (60.00%). Majority of respondents perceived that with respect to management and governance characteristics of FPO had poor group leadership (41.11%), fair group communication (58.88%)

and medium adherence to rules(41.11%). With respect to membership commitment majority of respondents had low group participation (43.33%), medium group cohesiveness (47.77%) and low team spirit (43.33%).

Keywords: Farmer producer organizations; members, profile; promoting institute.

1. INTRODUCTION

The main aim of FPOs was to help the small holder farmers to achieve the economics of scale by strengthening the support and services in the emerging value chains. There are some characteristics which hold farmer organizations together – a common interest, mandatory membership, rules, regulations and discipline, adherence to quality standards in production and shared roles and responsibilities on a rotation basis. The basic idea is that farmers' organizations will strengthen the farmers' negotiation position in relation to the buyers, reducing transaction costs and production risks faced by the farmers. FPOs can perform as expected, only when its management systems, governance and capital structure are strong. In this study the factors which affect effective functioning of the FPOs were identified and analyzed. There were totally 273 farmer producer companies in Telangana state (NABARD 2018-19).

Among that 72 FPOs formed under PRODUCE fund of NABARD where taken in to consideration as they were functioning over five years. Among the 72 FPOs, Medak district was selected purposively, based on the presence of highest number of FPOs.

2. METHODOLOGY

An Ex-post-facto research design was adopted for the study. Three FPOs were selected randomly from 3 different promoting institutes working in the Medak district viz., Suraksha Farmers Producer Company Ltd (SFPCL) promoted by independent research organization Centre for Sustainable Agriculture (CSA), Marpalli Kisan Kranthi Producer Company Ltd (MKKPC) promoted by Vrutti NGO and Siddipet Kisan Agro Farmers Producer Company Ltd (SKAFPCL) promoted by International Crops Research Institute for the Semi-arid Tropics (ICRISAT). From each of the selected FPO, thirty farmers were selected by following random sampling procedure. The sample constituted to a total of 90 producer members.

In this study an attempt was made to assess the profile of the selected FPOs and FPO members in order to have the information about the type of farmers participating in the FPOs. For this purpose, twelve profile characteristics were identified and data from the respondents was collected with the help of an interview schedule. The statistical techniques frequency, percentage, and exclusive class interval method were followed for analyzing the data and accordingly respondents were classified into different groups.

3. RESULTS AND DISCUSSION

3.1 Profile of Selected Farmer Producer Organizations

3.1.1 Suraksha Farmer Producer Company Ltd.

The basic profile of Suraksha Farmers Producer Company Ltd was mentioned in Table 1. The FPO was located in Mulugu village and mandal, Siddipet district of Telangana state. With suggestions from NABARD officials and the support from CSA the already existing cooperative society was incorporated under producer company on 30- 05-2016 with 100 members. The organization was located about 58 km and 48 km from district headquarter and Hyderabad respectively. The total number of shareholders of the FPO was 546 residing in 13 villages with majority of members comprising from two villages namely adavi maszid and narsampally.

Most of the members in the study area grow all kinds of vegetables supplying to the city market. The objectives of SFPCL were providing needed inputs, technical and advisory services, ensuring better price to the commodities to the members and encouraging member farmers to shift to organic cultivation.

3.1.2 Marpalli Kisan Kranthi Producer Company Ltd.

The basic profile of Marpalli Kisan Kranthi Producer Company Ltd was mentioned in Table

1. The FPO was located in Marpalli village, Regode mandal, Medak district of Telangana state. The company was registered on 05-10-2016 by Vrutti NGO with financial support from NABARD. The producer organization was located at a distance of 40 km and 120 km from district headquarter and Hyderabad respectively. The FPO was remotely placed with suitable communication and transportation facilities.

They mainly cultivated rice, tomato, cabbage, chilli, brinjal and other horticultural crops. The objectives of MKKPCL were providing need-based quality inputs, technical support by liaisoning with respective agencies and market access to the shareholders.

3.1.3 Siddipet Kisan Agro Farmer Producer Company Ltd.

The basic profile of Siddipet Kisan Agro Farmer Producer Company Ltd was mentioned in Table 1. SKAFPCL was one of the five FPOs formed by ICRISAT with financial support from NABARD under Produce fund. The FPO was registered on

03-02-2016, with its registered office at Siddipet district of Telangana state. The producer organization was located at a distance of 100 km from prime fruit and vegetable markets of Hyderabad city with suitable communication and transportation facilities.

The member-farmers in the study area cultivated fruits and vegetables along with red gram and rice. The SKAFPCL focused on supporting its member-farmers on their fruits and vegetables (F and V) cultivation with needed inputs, technical and advisory services and in marketing their produce at regular F and V markets in Siddipet and Hyderabad. It also proposed marketing of direct sales of F and V to residents of apartments and housing complexes in Siddipet and institutional buyers like retailers, food service entities, hospitals, schools etc.

From the above table it can be inferred that the share capital of FPOs increases as membership increases and an average of Rs. 1000/- fee is

Table 1. Profile of selected FPOs

S.No	Particulars	SFPCL	MKKPCL	SKAFPCL
1	Date of Registration	30-08-2016	03-11-2016	05-10-2016
2	POPI	CSA	Vrutti	ICRISAT
3	Authorised capital (Rs. Lakh)	10	10	10
4	Paid up capital (Rs. Lakh)	6.36	1.12	2.86
5	Membership fee (Rs)	1100	1100 500 100	1000
6	No. of members	546	220	286
7	No. of Directors	12	11	10
8	No. of staff	01	01	07(3+4)
9	Villages covered	13	04	10
10	Crops covered	Vegetables, paddy, maize and cotton.	Vegetables, cotton, paddy and pulses.	Vegetables, paddy and maize.
11	Trainings received by officials on FPO management	6	4	12
12	Main business	Marketing of organic vegetables, Input sales	Input sales	Custom hiring of agricultural machinery / equipments, Input sales, Marketing of fruits and vegetables
13	Business license	Seed license	Seed license Fertilizer license Pesticide license	GST, SL, PL, FL, Direct procurement license, Rythu bazar stall license, LIC-micro insurance
14	Turnover (Rs. Lakh)	10	-- 2.66	17
	• 2017-18	13		51
	• 2018-19			

(source: Secondary source data collected by author)

observed but in case of MKKPCL three different fees were seen to attract members who cannot pay high membership fee. SFPCL had the highest number of members due to their incorporation of their cooperative under Producer Company Act, whereas in case of both MKKPCL and SKAFPCL had comparatively less members due to membership fees and the FPO preferred horticulture farmers respectively. MKKPCL covered less number of villages compared to other FPOs due to the presence of other FPOs in close vicinity to MKKPCL. SKAFPCL received more trainings as ICRISAT conducted trainings through their agri innovation park. Due to their trainings on management of FPOs, SKAFPCL took up various business activities in large scale which was the reason for their high turnover compared to other FPOs. In case of SFPCL their focus and objective was to promote organic farming due to which their services and business activities were limited where as in MKKPCL due to less trainings resulted in insufficient skills to take up business activities.

Venkattakumar et al. [1] in their study on need for a vibrant promoter for enhancing the performance of FPCs in Medak district found that there are 2235 members as on december, 2016, including 250 women members and members representing 145 farmers interest groups (FIGs). The FPC has Rs. 4.8 lakhs of share capital, with annually maintained reserve of Rs. One lakh. The producer members have voting right to select their representatives as member in the Board of Directors, with 'one member one vote'

policy. Singh et al. [2] studied organisation and performance of producer companies (PCs) in India. They observed that nearly 156 PCs were registered in India. Most of the PCs were two years old and size of the members varied between 10 to 6500. Majority of FPOs in the country are functioning for less than two years. It was found that farmer producer organisations were mainly dealing high value crops like fruits and vegetables. These organisations primarily deal with marketing and input supply services but after their success they tend to widen their market opportunities by entering into processing and value addition.

3.2 Profile Characteristics of FPO Members

The data collected on the selected profile characteristics were analysed, interpreted, and accordingly the following results and conclusion were drawn.

3.3 Age

It was operationalized as the chronological age of the respondent in terms of the total number of years completed at the time of conducting the study. It is evident from the Table 2. that majority of the respondents belonged to middle age (53.33%) in SFPCL, middle age (66.66%) in MKKPCL, middle age (46.66%) in SKAFPCL and on the whole it was middle age (55.55%). The results were in conformity with Venkattakumar et al. [3].

Table 2. Distribution of respondents based on their age, education and (n = 90)

S.No	Category	SFPCL		MKKPCL		SKAFPCL		TOTAL	
		F	P	F	P	F	P	F	P
Age									
1	Young (Up to 36 years)	4	13.33	2	6.66	12	40.00	18	20.00
2	Middle (37 – 49 years)	16	53.33	20	66.66	14	46.66	50	55.55
3	Old (Above 50 years)	10	33.33	8	26.66	4	13.33	22	24.44
Education									
1	Illiterate	5	16.66	6	20.00	0	0.00	11	12.22
2	Primary school	14	46.66	15	50.00	3	10.00	32	35.55
3	High school	7	23.33	7	23.33	7	23.33	21	23.33
4	Higher secondary school	3	10.00	2	6.66	16	53.33	21	23.33
5	Graduate	1	3.33	0	0.00	3	10.00	4	4.44
6	Postgraduate and above	0	0.00	0	0.00	1	3.33	1	1.11
Caste									
1	SC	1	3.33	3	10.00	9	30.00	13	14.44
2	ST	8	26.66	16	53.33	2	6.66	26	28.88
3	BC	17	56.66	11	36.66	10	33.33	38	42.22
4	OC	4	13.33	0	0.00	9	30.00	13	14.44
Total		30	100.00	30	100.00	30	100.00	90	100.00

Source: primary source collected by author

3.4 Education

It could be observed from the Table 2. that majority of the respondents revealed that their level of education was up to primary school (46.66%) in SFPCL, up to primary school (50.00%) in MKKPCL, up to higher secondary school (53.33%) in SKAFPCL and on the whole it was up to primary school (35.55%). From above observation, it can be concluded that majority of members of SKAFPCL could complete higher secondary school education due to presence of formal institutions at village and mandal level. In case of members of SFPCL and MKKPCL, it could be concluded that most of farmers had poor economic conditions, which forced them to leave formal education at primary level.

3.5 Caste

Caste was operationalised as the social category to which the respondent belonged. It is evident from the Table 2. that majority of the respondents belonged to the caste BC category (56.66%) in SFPCL, ST category (53.33%) in MKKPCL, BC category (33.33%) in SKAFPCL and on the whole it was BC category (42.22%). In case of SKAFPCL it was observed heterogeneous caste composition this might be due to membership covering wide area.

3.6 Land Holding

Respondents were classified by firm-size wise and presented in Table 3. It is evident from the table that majority of the respondents revealed

that their size of land holdings was small (46.66%) in SFPCL, small (43.33%) in MKKPCL, marginal (50.00%) in SKAFPCL and on the whole it was small (40.00%). The reason for this could be that fragmentation of land holdings from generation to generation leading to turning of large farmers into small and marginal.

The results were also in line with other studies, where study by Bachke [4] on the farmer producer organisations in Mozambique, reported, 80 per cent farmers are small holders and only 7.3 per cent were members of any farmer organization. Subhangi [5] reported that the cases of TSS expand, MAMCOS expand, CAMPCO (Central Arecanut and Cocoa Marketing and Processing Cooperative Ltd) and Kadamba Marketing Cooperatives in Western Karnataka are clear examples of the elite and politically powerful setting up reasonably complex and effective organisations where most nominal members are small producers. In the above organisations, the membership base increasingly consists of small producers, mainly due to fragmentation of land over generations. As a sign of social change, more than class, political affiliations increasingly determine representation of farmers in governance of these organisations.

3.7 Farming Experience

In Table 3. FPOs were classified based on farming experience of a respondent and income. The results indicated that, the majority of the

Table 3. Distribution of respondents based on their land holding, farming experience and farm income (n = 90)

S.No	Category	SFPCL		MKKPCL		SKAFPCL		Total	
		F	P	F	P	F	P	F	P
Land holding									
1	Marginal (Less than 1 ha)	9	30.00	11	36.66	15	50.00	35	38.88
2	Small (Between 1 to 2 ha)	14	46.66	13	43.33	9	30.00	36	40.00
3	Semi medium (Between 2 to 4 ha)	5	16.66	4	13.33	5	16.66	14	15.55
4	Medium (Between 4 to 10 ha)	2	6.66	2	6.66	1	3.33	5	5.55
5	Large (More than 10 ha)	0	0.00	0	0.00	0	0.00	0	0.00
Farming experience									
1	Low (3 – 13 years)	4	13.33	2	6.66	10	33.33	16	17.77
2	Medium (14 – 24 years)	15	50.00	12	40.00	16	53.33	43	47.77
3	High (above 25- 40 years)	11	36.66	16	53.33	4	13.33	31	34.44
Farm income									
1	Low (below 60,000)	9	30.00	12	40.00	8	26.66	20	22.22
2	Medium (60,000-1,20,000)	18	60.00	15	50.00	17	56.66	54	60.00
3	High (above 1,20,000)	3	10.00	3	10.00	5	16.66	16	17.77
Total		30	100.00	30	100.00	30	100.00	90	100.00

Source: primary source collected by author

respondents perceived that level of farming experience was medium (50.00%) in SFPCL, high (53.33%) in MKKPCL, medium (53.33%) in SKAFPCL and on the whole it was medium (47.77%). The reason for medium and high farming experience could be attributed to their middle age and old age.

3.8 Farm Income

In Table 3. FPOs were classified based on income earned by the respondents in a year and majority of the respondents revealed that their farm income level was medium (60.00%) in SFPCL, medium (50.00%) in MKKPCL, medium (56.66%) in SKAFPCL and on the whole it was medium (60.00%). Agriculture was the main activity for the farmers. Reason for medium annual income could be lack of subsidiary activities and mono cropping.

3.9 Group Leadership

In Table 4. FPOs were classified based on group leadership. The results indicated that, majority of the respondents perceived that group leadership was average (46.67%) in SFPCL, poor (60.00%) in MKKPCL, equally good and average (36.67%) in SKAFPCL and on the whole it was poor (41.11%). This could be attributed to insufficient technical knowledge, skills and qualities needed to achieve FPO objectives. In case of SKAFPCL the leadership was average to good, reasons for this was due to the regular trainings and orientation provided to group leaders by ICRISAT which equipped majority of them with necessary skills and expertise to undertake FPO activities.

3.10 Group Communication

In Table 4. FPOs were classified based on group communication. The results indicated that, majority of the respondents perceived that group communication was fair (60.00%) in SFPCL, unfair (60.00%) in MKKPCL, fair (50.00%) in SKAFPCL and on the whole it was fair (58.88%). This could be because the group leader was empathetic and approachable and informal, friendly interactions among the group members lead to have a fair communication. The results were in conformity with Marie et al. (2008). Sautier and Bienabe [6] conducted a study on the Role of small scale producer organizations to address market access. The study revealed that these organisations require effective communication channels to access policy and market related information from both within the

country and worldwide, disseminate within the beneficiaries and other organisations of the same nature.

3.11 Adhering to Rules

In Table 4. FPOs were classified based on adhering to rules. The results indicated that, It was operationally defined as the extent to which rules and regulations were adhered in the FPOs. It is evident from the Table 9. that majority of the respondents perceived that adherence to rules was medium (46.66%) in SFPCL, low (56.66%) in MKKPCL, medium (43.33%) in SKAFPCL and on the whole it was medium (41.11%). This could be due to the weak attendance of all the leaders for every meeting though record maintenance was noticed to be up to date.

3.12 Group Participation

In Table 5. FPOs were classified based on group participation. The results indicated that, majority of the respondents perceived that group participation was low (50.00%) in SFPCL, low (60.00%) in MKKPCL, medium (33.33%) in SKAFPCL and on the whole it was low (43.33%). This could be attributed to poor leadership and poor adherence to rules in the FPOs.

3.13 Group Cohesiveness

In Table 5. FPOs were classified based on group cohesiveness. The results indicated that, majority of the respondents perceived that group cohesiveness was high (50.00%) in SFPCL, medium (53.33%) in MKKPCL, medium (43.33%) in SKAFPCL and on the whole it was medium (47.77%). This might be because of, the members were generally from the similar economic background, almost from the same locality and homogenous caste composition in case of SFPCL and MKKPCL.

3.14 Team Spirit

Respondents were classified by team spirit wise and presented in Table 5. It is evident from the table that majority of the respondents perceived that team spirit was medium (46.66%) in SFPCL, low (53.33%) in MKKPCL, medium (43.33%) in SKAFPCL and on the whole it was low (43.33%). This was because of the poor leadership, adhering to rules and participation in group activities. The results were in conformity with Barham and Chitemi [7].

Table 4. Distribution of respondents based on their group leadership, group communication and adhering to rules (n = 90)

S.No	Category	SFPCL		KKPCL		SKAFPCL		Total	
		F	P	F	P	F	P	F	P
Group leadership									
1	Poor (5-7)	11	36.66	18	60.00	8	26.67	37	41.11
2	Average (7-9)	14	46.67	10	33.33	11	36.66	35	38.99
3	Good (9-12)	5	16.66	2	6.66	11	36.66	18	20.00
Group communication									
1	Unfair (10-12)	7	23.33	18	60.00	7	23.33	17	18.88
2	Fair (12-14)	18	60.00	10	33.33	15	50.00	53	58.88
3	Very fair (14-16)	5	16.66	2	6.66	8	26.66	16	17.77
Adhering to rules									
1	Low (9-11)	9	23.33	17	56.66	8	26.66	34	37.76
2	Medium(11-13)	14	46.66	10	33.33	13	43.33	37	41.11
3	High (13-15)	7	30.00	3	10.00	9	30.00	19	21.11
Total		30	100.00	30	100.00	30	100.00	90	100.00

Source: primary source collected by authors

Table 5. Distribution of respondents based on group participation, group cohesiveness and team spirit (n = 90)

S.No	Category	SFPCL		MKKPCL		SKAFPCL		Total	
		F	P	F	P	F	P	F	P
Group participation									
1	Low (9-15)	15	50.00	18	60.00	6	20.00	39	43.33
2	Medium(15-21)	10	33.33	10	33.33	13	43.33	33	36.67
3	High (21-27)	5	16.67	2	6.66	11	36.67	18	20.00
Group cohesiveness									
1	Low (9-12)	4	13.33	12	40.00	11	36.67	16	17.77
2	Medium(12-15)	11	36.66	16	53.33	13	43.33	43	47.77
3	High (15-18)	15	50.00	4	13.33	6	20.00	31	34.44
Team spirit									
1	Low (7-10)	11	36.66	16	53.33	8	26.66	39	43.33
2	Medium(10-13)	14	46.66	12	40.00	13	43.33	33	36.67
3	High (13-15)	5	16.67	2	6.66	9	30.00	18	20.00
Total		30	100.00	30	100.00	30	100.00	90	100.00

Source: primary source collected by authors

Ogunleye et al. [8] study on "Socio Economic Factors Affecting Farmers Participation in Cooperative Societies in Oyo State of South Western Nigeria" indicated that majority of the respondents were male (60%) with mean age of 44 years and married (80%). The most important cooperative societies were credit and thrift cooperatives (82%), processing cooperatives (17%) and producer cooperatives (13%). Major benefits derived by members include provision of input, accessibility to loan and marketing of the produce. The study highlighted that the socio-economic variables like age of the household head, trainings given to the farmers, operational holdings, visit of extension agents, efficiency of the institutions and non-farm income had

significantly contributed to farmers participation in cooperative societies.

4. CONCLUSION

The present study investigates the profile characteristics of FPOs and its members, in terms of farm size and income and other important governance parameters. It was observed that FPOs were comprised of middle aged farmers who completed primary education belonging to same caste category where as in FPO promoted by ICRISAT young aged farmers who completed higher secondary level education coming from different communities. Overall the leadership was poor in FPOs which accounts for maintaining rules, encouraging members to

participate will be associated as it was reflected in FPO promoted by ICRISAT where good leadership leads to high group participation, mobilizing young farmers from different communities and adhering to rules. Therefore the promoting institutes should concentrate on strengthening the governance and management in FPOs for viable and long time effective functioning.

DISCLAIMER

The products used for this research are commonly and predominantly use products in our area of research and country. There is absolutely no conflict of interest between the authors and producers of the products because we do not intend to use these products as an avenue for any litigation but for the advancement of knowledge. Also, the research was not funded by the producing company rather it was funded by personal efforts of the authors.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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Peer-review history:

The peer review history for this paper can be accessed here:
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