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BUILDING STRONGER FPO GOVERNANCE: AN ASSESSMENT OF CAPACITY BUILDING NEEDS OF BOARD OF DIRECTORS OF FARMER PRODUCER ORGANIZATIONS IN TELANGANA

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ABSTRACT

A critical study was conducted in Telangana State during 2022-23 to assess the capacity-building needs for the effective implementation of Farmer Producer Organizations (FPOs). The research purposefully selected 18 FPOs from 18 districts, with 90 Boards of Directors (BoD) as repondents. Using Borich's need assessment model, a standardized interview schedule was utilized to evaluate perceived training needs across 37 core areas within seven major domains. Training needs were analyzed and ranked based on Mean Weighted Discrepancy Scores. The findings indicated several highly prioritized training areas for BoDs, including participation in digital markets such as e-NAM, leadership development, teamwork, and conflict resolution. Additionally, crucial needs were identified in mobilizing partnerships with financial institutions for funding, deriving benefits from various government schemes, and actively seeking market price information for agricultural produce. These results underscore the specific areas where targeted interventions are necessary to enhance the professional management and sustainability of FPOs.

Key words: Farmers Producers Organization, Krishi Vigyan Kendra, District Agriculture and Advisory Transfer of Technology Center.

Farmer Producer Companies (FPCs) represent a relatively recent institutional innovation in India, and systematic research on their performance and sustainability remains limited. Existing literature primarily addresses their genesis, typologies, and short-term economic outcomes, with inadequate attention to long-term financial viability, growth trajectories, and impacts on member households' wellbeing. These gaps are particularly evident in the context of southern states such as Telangana. Empirical evidence suggests that many FPCs encounter persistent challenges, including limited managerial capacity of Boards of Directors, inadequate business orientation, weak equity mobilization, restricted access to working capital, deficient marketing and value-addition expertise, and low levels of legal and regulatory awareness (NABCONS, 2019; Nayaji& Dixit, 2021; Gummagol math *et al.*, 2021).

Consequently, the scalability and effectiveness of FPCs in strengthening agri-value chains remain constrained (Gorai *et al.*, 2022).Given these constraints, capacity building through structured training and mentorship of governance bodies has emerged as a critical prerequisite for enhancing FPC effectiveness. The present study, therefore, seeks to assess the status, functioning, and training requirements of FPOs in Telangana, with the objective of identifying capacity gaps and providing evidence-based inputs for strengthening institutional performance.

MATERIAL AND METHODS

An ex-post facto research design was adopted, as the variables of interest had already occurred. The study was conducted in Telangana State, which was purposively selected owing to the researcher's familiarity with the region. Eighteen districts-Mahabubnagar, Vikarabad, Yadadri Bhuvanagiri, Sangareddy, Rajanna Sircilla, Kamareddy, Warangal, Nirmal, Siddipet, Nagarkurnool, Khammam, Mahabubabad, Nalgonda, Nizamabad, Adilabad, Mancherial, and BhadradriKothagudem—were included in consultation with scientists from DAATTCs and Krishi Vigyan Kendras (KVKs).

In the study area, 228 FPOs had been promoted by multiple agencies, including SFAC, NABARD, SERP, state government departments, and NGOs.From this population, one FPO was selected

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randomly from each district, resulting in a total of 18 FPOs. From every selected FPO, five Board of Directors (BoDs) were interviewed using a structured schedule. Thus, the final sample comprised 90 BoDs representing 18 FPOs (n = 90).

The training needs of Board of Directors (BoDs) were assessed using the discrepancy model proposed by Borich (1980). Core training areas were identified through expert consultation and literature review, resulting in 38 items grouped under seven domains of FPC management competencies. Respondents rated each item on two three-point Likert scales: (i) perceived importance (1 = less important, 2 = important, 3 = very important) and (ii) self-perceived competency (1 = less competent, 2 = moderately competent, 3 = highly competent). Discrepancy scores (DS = I - C) were calculated by subtracting competence from importance ratings. Weighted Discrepancy Scores (WDS = DS × I mean) were then derived, and Mean Weighted Discrepancy Scores (MWDS) were computed for each training area (MWDS = Σ WDS / n), where *I* denotes importance, *C* competence, *I mean* the mean importance rating, and *n* the sample size. The instrument's content and face validity were established through expert review. Reliability testing on 20 non-sampled BoDs yielded a Cronbach's alpha of 0.95, indicating high internal consistency (Olorunfemi *et al*., 2019).

RESULTS and DISCUSSION:

Analysis of the training needs of BODs on seven different domains by using Borich's need assessment model

The results obtained from the analysis of the training needs of BODs on seven different domains by using Borich's need assessment model are discussed below

Skills related to formation and compliance of FPCs

The foremost training need (MWDS = 2.05) expressed was member mobilization, as BoDs faced challenges in enrolling new members and sustaining participation due to mistrust and limited immediate benefits. Incorporation of Farmer Interest Groups (MWDS = 0.51) was recognized as important for equitable representation, though seldom practiced due to resource and time constraints. Licensing and statutory approvals (MWDS = 0.38) also emerged as a priority, particularly among self-promoted FPCs struggling with legal complexities. Awareness of FPC functions (MWDS = 0.20) and statutory compliance (MWDS = 0.32) were identified as lesser but relevant training needs, with most BoDs dependent on external support for compliance activities.

FPC management skills:

A significant hierarchy of management skill gaps was identified among repondents, with a critical need for targeted training. The most pressing deficiency, quantified by a Mean Weighted Deriving Score (MWDS) of 2.43, was the lack of competency in deriving benefits from government schemes and policy initiatives offered by institutions like NABARD and SFAC, which severely limits FPC financial and developmental potential. Secondary priorities included human resource development for both staff and members (MWDS = 2.12) and the provision of essential technical services to members, such as crop advisories and market information (MWDS = 1.83). Lower-priority training needs, though still significant, focused on promoting enterprise-based common service centers (MWDS = 0.85), mobilizing strategic partnerships with external stakeholders (MWDS = 0.82), and the least-prioritized, yet operationally critical, task of appointing a Chief Executive Officer and other office bearers (MWDS = 0.53), a deficit primarily attributed to a lack of understanding of selection process and financial constraints.

Financial management skills

The most significant skill gap in financial management with an MWDS of 1.94, was the inability to mobilize partnerships with financial institutions for securing critical funding. This deficiency is rooted in a lack of awareness regarding specialized financial entities like NABKISAN and SAMUNNATI, and a low perceived creditworthiness from commercial banks due to factors such as low share capital and a lack of credit history. The third-highest training priority (MWDS = 1.39) was the maintenance of statutory registers, a task often poorly executed by directors who lack financial expertise, exacerbated by the inability to hire a full-time CEO. A further knowledge gap was evident in the distribution of dividends (MWDS = 1.12), where BoDs displayed an overall incompetency in complying with legal mandates and formally sharing profits. Finally, the least prioritized areas for training were the understanding and mobilization of share capital and reserves (MWDS = 0.18) and the provision of financial services to members (MWDS = 0.18), reflecting a general unfamiliarity with these advanced financial concepts and a reluctance to engage in member lending due to perceived financial instability and repayment risk.

Business skill

The inability to effectively seek and utilize information regarding produce prices from external markets was the significant business skill gap with an MWDS of 1.72 unearthed in the study. This was followed by a deficit in the strategic skill of holding supply of farm produce to secure remunerative prices (MWDS = 1.51) and the practical skill of attractively packaging produce (MWDS = 1.48). Another critical training need identified was improper record-keeping for production and marketing activities (MWDS = 1.26). While many directors demonstrated an aptitude for identifying business opportunities, a significant gap was noted in the practical formulation and execution of business plans, particularly regarding financial aspects, as well as establishing robust forward and backward linkages for input procurement and product marketing.

Marketing skills

The most significant marketing skill gap obtained with an MWDS of 1.35, was the lack of competency in value chain management, which is critical for identifying key actors and policy environments to achieve optimal price realization. Secondary training priorities included the pricing strategy for products and inputs (MWDS = 0.76) and the development of a cohesive marketing strategy for product promotion and distribution (MWDS = 0.59). The least-prioritized, yet foundational, need was market analysis (MWDS = 0.35). The study found that a majority of respondents neglected these systemic marketing approaches prior to business initiation, which frequently led to supply chain disruptions.

Soft Skills for FPC's organizational development

The most significant skill gap in soft skills among repondents quantified by a Mean Weighted Deriving Score (MWDS) of 1.17, was in leadership development, teamwork and conflict resolution, which are critical for member motivation and organizational cohesion. Secondary priorities included creativity and problem-solving (MWDS = 0.47) for overcoming operational barriers, and commitment to work contracts and self-confidence (MWDS = 0.41), which might be due to lack of formal training. Further training needs were found in strategic planning (MWDS = 0.39) to systematize FPC activities and, lastly, in interpersonal skills, persuasion, and influence strategies (MWDS = 0.12), which are vital for effective communication and member engagement.

Skills on digital technology

Lack of competency in participating in digital markets, specifically in leveraging platforms like e-NAM for enhanced market access and price realization was noticed in the study. A secondary but critical need identified was the inability to use social media platforms for timely information dissemination to members (MWDS = 1.30). Further deficits were observed in the use of online financial services (MWDS = 0.63) due to lack of digital financial literacy, and skill gap in digitalization of company records (MWDS = 0.34), is linked to both lack of funds for purchase of necessary equipment and a low level of computer operating knowledge.

CONCLUSION

The empirical analysis of capacity building needs of BODs of Farmer Producer Companies (FPCs) reveals a critical and consistent finding: a significant discrepancy between the perceived importance of various management skills and the actual competency levels of repondents (BoDs). While BoDs recognizedthe importance of being, skillful across financial, business, marketing and digital domains, their practical ability to execute these functions is low. A key challenge is many of the responsibilities of BoDs which include setting strategic directions and ensuring compliance, fall to the BoDs due to the frequent absence of a full-time CEO or professional staff.

This study, therefore, concludes that robust capacity-building and professional handholding are essential for FPC sustainability and full operational potential. The journey from a primary producer to an FPC director is arduous without technical guidance.

Table and Figure Captions

Table 1. Training needs of BODs on seven different domains by using Borich's need assessment model

S.No		Prioritizing training area needs for FPO board members	Level of Importance	Competency Level	WDS	MWDS	Perceived rank
I.	**Prioritized training needs on various skills related to formation and compliances of FPC**						
	1	Following all statutory compliance about the producer company	2.13	2.00	0.13	0.32	V
	2	Incorporating FIGs as building blocks of FPC	2.44	2.26	0.18	0.51	II
	3	Incorporating new members and motivating the existing members for Active Participation	2.42	1.71	0.72	2.05	I
	4	Obtaining all licenses and approvals for FPC	2.12	1.96	0.15	0.38	III
	5	Understanding of various functions	2.36	2.29	0.07	0.20	IV
II.	**Prioritized training needs on FPC management and financial management skills**						
	A	**FPC management skills**					
	1	Deriving benefits from various schemes	2.25	1.33	0.92	2.43	I
	2	Training of human resources for effective functioning of the FPC	2.35	1.59	0.76	2.12	II
	3	Imparting various technical services to the FPC members	2.13	1.40	0.73	1.83	III
	4	Promoting enterprise-based common service centers	2.12	1.78	0.34	0.85	IV
	5	Mobilizing partnerships with other FPCs and multiple stakeholders for common benefit	2.11	1.78	0.33	0.82	V
	6	Appointing a CEO and other officer bearers, as per AoA/Byelaws	2.00	1.78	0.22	0.53	VI
	B	**Financial management skills**					
	1	Maintaining statutory registers for the FPC	2.14	1.59	0.55	1.39	II
	2	Distribution of the dividend among the members	2.25	1.82	0.42	1.12	III
	3	Mobilizing partnership with various financial institutions for funding	2.60	1.96	0.64	1.94	I
	4	Understanding and mobilization of share capital, authorized capital bonus shares and general reserves	2.13	2.06	0.07	0.18	IV
	5	Financial services for the members	2.13	2.06	0.07	0.18	IV
III	**Prioritized training needs on business skills and marketing skills**						
	A	**Business skill**					
	1	Packing of farm produce attractively	2.55	2.06	0.49	1.48	III
	2	Seeking information regarding produce prices from other markets	2.39	1.78	0.61	1.72	I

S. No		Prioritizing training area needs for FPO board members	Level of Importance	Competency Level	WDS	MWDS	Perceived rank
	3	Holding the supply of farm produce till you get remunerative prices	2.14	1.54	0.60	1.51	II
	4	Adopting proper records of production/ marketing of your produce	2.27	1.80	0.47	1.26	IV
	5	Going for collective sale of produce to generate bargaining power	2.39	2.09	0.29	0.83	V
	6	Adopting to sell your produce in more than one market	2.04	1.94	0.09	0.23	VI
	7	Estimation of demand before sowing of the crops	2.29	2.22	0.07	0.19	VII
	8	Planning and invest in agri-enterprises with higher future profitability	2.13	2.12	0.01	0.03	VIII
	B	**Marketing skill**					
	1	Value chain management for produce	2.44	1.96	0.47	1.35	I
	2	Pricing strategy of products	2.05	1.73	0.32	0.76	II
	3	Marketing Strategy	2.05	1.80	0.25	0.59	III
	4	Market analysis	2.11	1.96	0.14	0.35	IV
IV.	**Prioritized training needs on soft skills for organizational development and skills on digital technology**						
	A	**Soft skills for FPC's organizational development**					
	1	Strategic planning for FPC activities	2.14	1.99	0.15	0.39	IV
	2	Creativity and problem solving skills	2.00	1.80	0.20	0.47	II
	3	Leadership development, team work and conflict resolution	2.22	1.78	0.45	1.17	I
	4	Interpersonal skills, persuasion and use of influence strategies	2.18	2.13	0.05	0.12	V
	5	Commitment to works contract and self confidence	2.12	1.95	0.16	0.41	III
	B	**Skills on digital technology**					
	1	Participation in digital markets like e-Nam	2.04	1.35	0.68	1.63	I
	2	Connecting members on social media platform	2.09	1.56	0.53	1.30	II
	3	Digitalization of company records	2.06	1.92	0.14	0.34	IV
	4	Availing online financial services	2.06	1.80	0.26	0.63	III

Training institutions are urged to develop comprehensive certification courses in FPC management to address these identified gaps. Such interventions are crucial to empower BoDs to navigate complex challenges, particularly those related to legal compliance and the persistent struggles in impacting the agri-value chain. The data underscores that to achieve the widespread scaling-up of FPCs across India, the training and mentorship of FPC directors must be a prime focus for promoting institutions and policymakers.

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