

# Analysis of Performance of Farmer Producer Organizations in Kalaburagi District of Karnataka

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## Abstract

*Small-holder farmers, who account for 82 per cent of all farmers in India, are critical to the country's agriculture and rural economy. Farmers must be mobilized into a Government of India effort, such as a collective, Farmer Producer Organizations for collective action. To maximize the collective bargaining power of producer organizations, it is necessary to work not only with small and marginal farmers and their institutions but also with FPOs and their promoting organizations to create an enabling environment for smooth functioning producer organizations and to assist them in overcoming obstacles that they face on a daily basis. The present study was conducted during 2020-2021 in Kalaburagi district of Karnataka state. The objective was to study the profile characteristics of FPO members and to analyze the performance of FPOs. The study revealed that most of the FPOs (47.20%) were having an average level of performance, followed by better (27.20%) and poor (25.60%) levels of performance. There has been a substantial increase in the number of FPOs in India, the ecosystem needs to be more developed in each state in support of these growing FPOs.*

**Keywords:** FPO, performance

## Introduction

India is an agricultural powerhouse that produces a wide range of products. Small-holder farmers, who account for 82 per cent of all farmers in India, are critical to the country's agriculture and rural economy. They make a

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disproportionately large contribution to household food security and poverty alleviation. Surprisingly, the agricultural sector's contribution to GDP has dwindled over time, while other sectors, particularly services, have grown. The path of development, among other things, usually results in a decrease in the share of agriculture in GDP, as is the case in India. Farmers have been focused on productivity until recently. The extension system's whole effort is focused on increasing production and productivity, but the result is a meagre gain of 3-4 per cent per year.

So, the focus now should be on how to raise profitability, i.e., the producer's share of the consumer's rupee, which is currently barely 10-23 per cent. Indian farmers are excellent producers, but they struggle to market their products effectively due to a lack of market places in rural areas and weak marketing abilities. Keeping this in mind, farmers must be mobilized into a Government of India effort, such as a collective, farmer-owned company or Farmer Producer Organizations for collective action. To maximize the collective bargaining power of producer organizations, it is necessary to work not only with small and marginal farmers and their institutions, but also with FPOs and their promoting organizations to create an enabling environment for smooth producer organization functioning and to assist them in overcoming obstacles that they face on a daily basis.

### **Important activities of Farmer Producer Organization**

Some of the important activities of FPOs are procurement of inputs, disseminating market information, dissemination of technology and innovations, facilitating finance for inputs, aggregation and storage of produce, primary processing like drying, cleaning and grading, brand building, packaging, labeling and standardization, quality control, marketing to institutional buyers, participation in commodity exchanges and export.

## **Key characteristics of Farmer Producer Organization**

It is a company registered under the IXA Companies Act of 1956. Members share interests such as input centricity, commodity/crop centricity, and technology centricity among other things. FPO operates in compliance with established policies and procedures. The sole shareholders in FPO are the producers. It is concerned with business activities involving primary produce or a product. Profits will be distributed fairly among members. The FPO has connections and a network with other FPOs of a similar nature. Transactions are clear and transparent. Each member has one vote, regardless of the number of shares he or she owns. Elections are held on a regular basis to ensure democracy.

Keeping these facts in view, the study was conducted to probe the performance of FPOs. The following are the specific objectives formulated for the study.

1. To study the profile characteristics of members of Farmer Producer Organizations.
2. To analyze the performance of Farmer Producer Organizations (FPOs).

## **Methodology**

The study was conducted in Kalaburagi district of Karnataka state. Kalaburagi district is purposively selected as it is one of the leading districts in the FPO program. Five actively functioning FPOs were purposively selected for the study out of which three were promoted by an NGO (Vrutti Livelihood Resource Centre) and the remaining two were promoted by the State Department of Horticulture. The criteria followed to select the FPOs was that the FPO should have completed a minimum of three years of its function and should be registered under the Companies Act 2013. From each FPO, 25 respondents were selected randomly for the study. Thus, the total sample size was 125. Data was collected using a pre-tested interview

schedule by personal interview method and was scored, tabulated and analyzed using frequency, percentage, mean and standard deviation.

## Results and Discussion

As may be seen in Table 1, the age of the respondents shows maturity and thinking ability. It is visualized from the Table that over half (53.60%) of the respondents belonged to the middle age group followed by young (28.00%) and old age (18.40%) group. Usually, middle-aged farmers are more enthusiastic and have a great amount of responsibility as well as they are efficient as compared to old and young farmers. Further, the respondents between 35 to 50 year age group have more physical vigour and more responsibility towards the family than the young farmers.

Results pertaining to the education level of FPO members depicted that almost one third (35.00%) of them had high school education followed by PUC level (20.80%) education, JOC/ITI/Diploma level (15.20%), graduate (12.00%) and up to middle school (9.60%) education. The results show that awareness about FPOs will have a greater impact in understanding the level of the farmers. Even though the formal education of the respondents is low, their farming experience is medium which is necessary to know about the impact of FPOs on yield and income and to adopt respective technologies to improve the same.

The data in Table 1 reveals that nearly half (44.00%) of the respondents were small farmers, followed by big (39.20%) and marginal (16.80%) farmers. It is due to the fact that the study area has more rainfed land and fragmentation of land due to family and social issues have also contributed to a greater number of smallholdings.

The data presented in Table1 revealed that more than half (53.60%) of the respondents of FPOs were having a medium level of achievement motivation, followed by high (29.60%) and low (16.80%) achievement motivation. Achievement motivation helps an individual to decide and complete the tasks in a certain direction, which in turn helps in achieving

the desired results. Hence, a majority of the respondents belonged to the medium to high level of achievement motivation category.

The data in Table 1 depicts that almost half (49.60%) of the respondents of FPOs were having a medium level of management orientation whereas almost one third (28.00 %) of the respondents were having a high level of management orientation, followed by low (22.40%) management orientation. The reason for a majority of the respondents belonging to medium level of management orientation is that all the respondents are FPO members and they have good extension contacts and communication with field extension personnel. This helped them to re-orient their current management practices to plan and implement the production practices accordingly for their benefit.

It can be observed from Table 1 that, more than half (56.80 %) of the respondents belong to the medium level of cosmopolitaness, followed by 24.80 per cent who had low level and 18.40 per cent with a high level of cosmopolitaness. Majority of the farmers had medium level of cosmopolitaness because a majority of the FPO members had frequent contact with other members and officials of FPO as well as other individuals outside their social system.

It is seen from Table 1 that, 44.00 per cent of the FPO members had a medium level of mass media exposure followed by high (33.60 %) and low level (21.60 %) of mass media exposure. Mass media plays a major role in disseminating information effectively. Farmers who are members of the FPOs are more accessible to the mass media, which helps them to get updates on the latest developments which is a good sign for the interest of farmers.

The data in Table 1 revealed that a little more than half (52.80%) of the FPO members had medium level of extension contact, followed by 30.40 per cent having low level and 16.80 per cent of them having high level of extension contact. Extension contact results in purposeful action which is largely contingent upon an individual's belief in his ability to perform the action correctly and effectively and thus he frequently contacts various departmental officials to seek more information and to clarify doubts pertaining to the latest and improved crop production practices.

Regarding organisational participation, from Table 1, it can be visualized that a little more than half (52.80 %) of the FPO members were having a medium level of organizational participation, followed by 24.80 per cent of the respondents with high level and 22.40 per cent of the respondents who were having a low level of organizational participation. Farmers having a participative approach in various organizations such as FPOs helps them attain practical knowledge regarding their crop production aspects, farmers participate in various activities conducted by FPOs such as training programmes, informative group meetings and field visits, which help them to gain technological and informative aspects of today's world.

**Table1: Profile Characteristics of FPO Members.**

| Sl. No. | Characteristics | Category                   | Mean | SD | Number | Percent |
|---------|-----------------|----------------------------|------|----|--------|---------|
| 1       | Age             | Young<br>(up to 35 years)  | -    | -  | 35     | 28.00   |
|         |                 | Middle<br>(36 to 50 years) |      |    | 67     | 53.60   |
|         |                 | Old<br>(above 50 years)    |      |    | 23     | 18.40   |
| 2       | Education       | Illiterate                 | -    | -  | 9      | 7.20    |
|         |                 | upto middle school         |      |    | 12     | 9.60    |
|         |                 | High school                |      |    | 44     | 35.20   |
|         |                 | JOC/ITI/Diploma            |      |    | 19     | 15.20   |
|         |                 | PUC                        |      |    | 26     | 20.80   |
|         |                 | Graduate                   |      |    | 15     | 12.00   |
| 3       | Landholding     | Marginal<br>(<2.5 acres)   | -    | -  | 21     | 16.80   |
|         |                 | Small (2.5-5acres)         |      |    | 55     | 44.00   |
|         |                 | Big (>5acres)              |      |    | 49     | 39.20   |

|   |                              |                      |       |       |       |       |
|---|------------------------------|----------------------|-------|-------|-------|-------|
| 4 | Achievement motivation       | Low (<6.88)          | 07.67 | 01.57 | 21    | 16.80 |
|   |                              | Medium (6.88-8.46)   |       | 67    | 53.60 |       |
|   |                              | High (>8.46)         |       |       | 37    | 29.60 |
| 5 | Management orientation       | Low (<37.54)         | 39.14 | 03.24 | 28    | 22.40 |
|   |                              | Medium (37.54-40.78) |       |       | 62    | 49.60 |
|   |                              | High (>40.78)        |       |       | 35    | 28.00 |
| 6 | Cosmopolitaness              | Low (<10.35)         | 12.06 | 03.43 | 31    | 24.80 |
|   |                              | Medium (10.35-13.78) |       |       | 71    | 56.80 |
|   |                              | High (>13.78)        |       |       | 23    | 18.40 |
| 7 | Mass media exposure          | Low (<4.94)          | 05.67 | 01.47 | 27    | 21.60 |
|   |                              | Medium (4.94-6.41)   |       |       | 55    | 44.00 |
|   |                              | High (>6.41)         |       |       | 42    | 33.60 |
| 8 | Extension contact            | Low (<11.10)         | 12.40 | 02.60 | 38    | 30.40 |
|   |                              | Medium (11.10-13.71) |       |       | 66    | 52.80 |
|   |                              | High (>13.71)        |       |       | 21    | 16.80 |
| 9 | Organizational participation | Low (<5.52)          | 06.64 | 02.24 | 28    | 22.40 |
|   |                              | Medium (5.52-7.76)   |       |       | 66    | 52.80 |
|   |                              | High (>7.76)         |       |       | 31    | 24.80 |

Twenty-five indicators have been considered under the performance of FPOs; each indicator was analyzed using frequency and percentage. The performance of 5 FPOs was analysed with respect to the twenty-five indicators viz., rules and regulations for the FPO, credit service, percentage of loan offered to members, internet services, rotation of the executive body, conduct of meetings, auditing of accounts of FPO, training programmes organized, 'planning, implementation, monitoring and evaluation programmes', attendance of the members for meetings, insurance service, backward linkage (input supply), training programmes attended, market linkage, dissemination of market information, aggregation and storage of produce/input, primary processing (drying, cleaning and grading), custom hiring service, participation of members in decision making, participation



of members in responsibility sharing, bookkeeping and documentation, sanctioning of loans, loan repayment, attitude of members towards FPO and its activities and team spirit among the group members. Under each indicator four statements were analysed by using frequency and percentage.

**Table2: Performance of the Farmer Producer Organizations**

| Category              | Frequency | Percentage | Mean  | SD    |
|-----------------------|-----------|------------|-------|-------|
| Poor (<36.29)         | 32        | 25.60      |       |       |
| Average (36.29-42.03) | 59        | 47.20      | 39.16 | 05.74 |
| Better (>42.03)       | 34        | 27.20      |       |       |

It is clearly observed from Table 2 that 47.20 per cent of the FPOs were having an average level of performance with respect to the indicators stated above, followed by 27.20 per cent of FPOs who were having a better level of performance and one fourth of the members that is 25.60 per cent of the FPOs who were found to be having a poor level of performance. The probable reason for this might be that most of the FPOs are good at their prime objectives like input supply, market linkages, dissemination of market information, providing custom hiring services, maintaining rules and regulations, auditing of accounts, conduct of meetings and organizing training programmes. These have added to the performance of the FPOs in having average and better level of performance. Among that, some of the FPOs were found to be having poor level of performance which must be because some of the FPOs are not full fledged with all the required facilities such as custom hiring services, credit facilities, insurance services and involvement of members in decision making and responsibility sharing activities of FPOs.

## Conclusion

India is heading towards having strong developments in FPOs and their performance. The need for Farmer Producer Organizations (FPOs) is being increasingly felt to overcome the challenges faced by small farmers who



lack access to resources and services. Accordingly, there has been a substantial increase in the number of FPOs. An ecosystem needs to be created in each state for the sustainable development of FPOs. The implications of the study are that most of the respondents had average level of performance. Building the capacity of the board members and members of FPOs need to be focused to learn management practices and best agriculture practices which will also add to the good performance of FPOs. Significant extension programmes need to be focused which will help in organizing the farmers into meaningful groups leading to retaining the farmers particularly the youth in farming for sustainable agricultural development and ensuring food security.

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