

Analysing the Perceived Impact of Farmers' Producer Organization (FPOs) on Sustainable Economic Development

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ABSTRACT

In India, the per centage of small and marginal farmers is more. Small producers individually do not have the volume to get the benefit of economies of scale. Besides, there is a long chain of intermediaries because of whom the producers get only small per cent of price that consumers pay. So, to overcome this problem, farmers need to be formed as producer organizations, which are called as Farmers Producer Organizations. Farmers Producer Organization is a legal entity formed by farmers which provides for sharing of profits/ benefits among the members. The present study was conducted at Cooch Behar district of West Bengal. The multistage, purposive and random sampling techniques were followed in case of selecting the area and the respondents of the present study. A structured interview schedule was prepared and the data collection was done by personal interview method. Impact of farmers' producer organizations selected as dependent variable. The study revealed that the majority of the respondents are under the category of medium level of impact perceived (82%) followed by low level of impact perceived (9%) and high level of impact perceived (9%). In case of per centage increase in impact the majority of the respondents are under the category of medium level of impact per centage increased (65%) followed by low level of impact per centage increased (22%) and high level of impact per centage increased (13%).

Key words: *Farmers' Producer Organization; Perceived impact; Small producers; Agricultural commodity;*

Agriculture has always been a lifeline of the Indian economy, providing livelihood to millions of farmers. It is the main occupation of the majority of population of India and act as the backbone of Indian economy. It contributes to 14.6 per cent of GDP (2018) and provides employment above 56 per cent population of our country. Agriculture in India has played an important role in meeting almost the entire food requirement of the people and the production trend has reached to a commendable state of self-sufficiency. However, huge increase in production of agricultural commodities has not resulted in that level of increase in income of cultivators. In the present condition, Indian agricultural sector is facing various challenges like increasing population and small and fragmented land holdings results in declining agricultural land availability, most of the agricultural lands

are occupied for non-agricultural purposes due to urbanization and industrialization, disinterest of youth towards agriculture sector, absence of proper strategy to organize farmers and link with the market. In India, most of the farmers are very small and marginal. Therefore, a need was felt in developing effective technology delivery system which can fulfil the specific need of small and marginal farmers. The focus of the hour should be on to increase the profitability of the Indian farmers. Indian farmers can produce a good amount of commodities but they fail to efficiently market their produce for remunerative prices due to scarcity of effective technology delivery model consisting of a strong local level organisation leads to unavailability of markets, poor infrastructure facility and poor marketing skills of farmers. To overcome the challenges there are

various alternatives but one of the potential alternative for efficient farming, information sharing, delivery of inputs, marketing and profit making is mobilizing farmers for group action through developing farmer’s organizations which are the integral component of delivery system to take collective decisions for income enhancement through agricultural development at the local level. Producer organisations are defined as “membership-based organisations or federations of organisations with elected leaders accountable to their constituents” (World Bank, 2008) and have been viewed as a hybrid of private companies and cooperative societies (Trebbin and Hassler, 2012). The government of India has been promoting a new form of collectives called Farmer Producer Organizations (FPOs) under Companies Act, 1956. Parthasarathi(2019) stated that, nearly one-third (32.50%) of the members opined that State Department of Agriculture (SDA) was the key instrument behind the formation of farmers organization followed by KVK (25.00%), NABARD (22.50%) and NGOs (20.00%).

The main reason for forming the farmers as FPO is to deal with all the problems they are facing now and to improve their standard of living by making them to receive the exact price which was paid by the end user or customer by eliminating middle men. According to Landy (2013), the formation of POs is a critical strategy for disadvantaged groups (such as small and marginal farmers) to “leapfrog” out of poverty. Therefore it is important to know the impact of FPOs on their sustainable economic development. The present study was conducted to know the impact of FPOs on sustainable economic development of members of the FPO.

METHODOLOGY

The present study was conducted at Cooch Behar district of West Bengal. The multistage, purposive and random sampling techniques were followed in case of selecting the area and the respondents of the present study. The district Cooch Behar has been selected purposively. The Cooch Behar block-I, Cooch Behar block-II, Dinhata block-I, Dinhata block- II, Tufanganj block- I, Tufanganj block- II from the selected district were also selected with the help of simple random sampling procedure.

A total of 20 FPOs were selected purposively for the present study due to their success in enterprise

development, sustainability and extension delivery. From each FPO, 5 members and or office bearers (respondents) were selected randomly among the twenty (20) numbers of office bearers or governing body members. In this way, the total one hundred (100) FPO members and or office bearers in the study area constituted the sample for this study.

Percentage, mean, standard deviation, coefficient of variation, correlation analysis, multiple regression analysis and Rank Based Quotient (RBQ) Method were conducted to draw a definite conclusion for the present study. Venkatta Kumar *et al* (2019) in his study used Friedman non-parametric method to assess the significance (at $p < 0.05$) among various sub-groups individually for different profile characteristics and perceived performance. Co-efficient of contingency statistics was computed to study the association between profile characteristics and performance indicators.

RESULTS AND DISCUSSION

Table 1 depicts the distribution of FPO members and or office bearers according to their perceived impact after joining the FPO. The results show that the majority of the respondents are under the category of medium level of impact perceived (82%) followed by low level of impact perceived (9%) and high level of impact perceived (9%). The mean score of the total distribution is 0.81 and standard deviation of the distribution is 0.048. The coefficient of variation value within the distribution 5.94% signifies high consistency level of distribution for the variable ‘impact perceived’ after joining FPO.

Table 1. Distribution of the FPO members and or office bearers according to their perceived impact of FPO

Category	No.	%
High (>0.86)	9	9
Medium (0.76-0.86)	82	82
Low (<0.76)	9	9

Range:0.64-0.94; Mean:0.81; SD:0.048; CV:5.94

Table 2. Distribution of the FPO members and or office bearers according to their per centage increased in impact of FPO (Y₂)

Category	No.	%
High (>20.28)	13	13
Medium (16.87-20.28)	65	65
Low (<16.87)	22	22

Range:15.44-23.22; Mean:18.57; SD:1.71; CV:9.20

Table 3. Correlation Coefficient of Impact perceived with 10 causal attributes

Variables	Coefficient of Correlation
Age(X_1)	0.205*
Gender(X_2)	0.132
Educational status(X_3)	-0.132
Family education status(X_4)	-0.214*
Social category(X_5)	0.315**
Housing type(X_6)	0.033
Land holding(X_7)	-0.138
Annual household income(X_8)	-0.011
Mass media exposure(X_9)	-0.170*
Extension contact(X_{10})	0.054

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4. Correlation Coefficient of percentage increase in impact with 10 causal attributes

Variables	Coefficient of Correlation
Age(X_1)	-0.051
Gender(X_2)	-0.029
Educational status(X_3)	0.091
Family education status(X_4)	0.090
Social category(X_5)	-0.141
Housing type(X_6)	0.125
Land holding(X_7)	0.182*
Annual household income(X_8)	0.129
Mass media exposure(X_9)	0.097
Extension contact(X_{10})	0.012

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Table 2 presents the distribution of FPO members and or office bearers according to their percentage increased in impact after joining the FPO. The results show that the majority of the respondents are under the category of medium level of impact per cent age increased (65%) followed by low level of impact per

cent age increased (22%) and high level of impact per cent age increased (13%). The mean score of the total distribution is 18.57 and standard deviation of the distribution is 1.71. The coefficient of variation value within the distribution 9.20% signifies high consistency level of distribution for the variable 'impact per cent age increased' after joining FPO.

Table 3 reflects the coefficient of correlation analysis result between the impact perceived and other 10 causal variables. The result shows that the variables age (X_1) and social category (X_5) are positively and significantly associated with the variable impact perceived and the variables family education status (X_4) and mass media exposure (X_9) are negatively and significantly associated with the variable impact perceived of the FPO members and/or office bearers after joining the FPO.

Table 4 reflects the coefficient of correlation analysis result between the impact per cent age of increase and other 10 causal variables. The result shows that the variable land holding (X_7) is positively and significantly associated with the variable impact per cent age of increase of the FPO members and/or office bearers after joining the FPO.

CONCLUSION

In this study, it is stated that most of the members of the FPO perceived that they have medium level of impact and per cent age increased in impact. So to convert the medium level of FPO members to high level, the concerned departments has to focus on the independent variables which have positive and significant correlation with the impact of FPOs on sustainable economic development on members of FPO and those variables have to be manipulated or modified.

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