

RESEARCH NOTE

Attitude of the Farmers towards Farmer Producer Organisations (FPOs) in Punjab

Manjinder Singh¹, Devinder Tiwari² and Gurmeet Singh Dhillon³

1.PG. Scholar (Ext. Edu.), 2&3. Assitt. Prof. (Ext. Edu.), KVK, Ludhiana and Bathinda, PAU, Ludhiana, Punjab

Corresponding author e-mail : devindertiwari@pau.edu

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ABSTRACT

Farmers' collectives are considered to be the milestone in improving the productivity, profitability and sustainability of the farming in the country. A number of such initiatives have been taken in the form of farmers' cooperatives, Self-Help Groups, Farmers' Clubs and Public-Private Partnership etc. to achieve the economies of scale. In recent past to overcome the certain constraints and to give more freedom to farmers' collectives Govt. of India launches the concept of Farmer Producer Organisations (FPOs). States like Tamil Nadu, Maharashtra, Madhya Pradesh, Kerala etc. performed well in the concept while like many other States, Punjab State has a total of 74 registered FPOs from which many were dis-functional. So, the demand of scenario is to check what kind of attitude the members of FPOs in Punjab possess towards the concept. The present paper is an attempt to find out the attitude level of the members of functional as well as non-functional FPOs in Punjab. Data regarding the study were collected through structured interview administered on 75 members of five functional and 75 members of five non-functional FPOs. From the study it is found that nearly 83 per cent respondents from functional and 39 per cent respondents from non-functional FPOs had favorable attitude towards FPOs. From this it can be conclude that the unfavorable attitude of most of the respondents of non-functional FPOs is probably due to lack of trust, cooperation and conflict management among the members thus the efforts are required to convert the covert attitude into overt behavior so as to harness the potentials of the FPOs in the State.

Key words : Farmers' cooperatives; Farmers' Clubs; Farmer Producer Organisations (FPOs); Self-Help groups;

Farmers' organisations considered as the main pathway in improving the productivity, profitability and sustainability of small and marginal farmers in the nation. Collective action by farmers as producer organisations can reduce transaction costs in markets, achieve some market strength and increase their representation in national and international markets. For small and marginal farmers, producer organisations are considered to be the prominent formal organisations to achieve competitiveness in the market (Mc Michael, 2009).

Small and marginal farmers are dominating the landscape of our nation with approximately 75 per cent of the total farming community. So, there is a need to aggregate these small and marginal farmers in order to offset fragmentation in landholding and bring benefits of economies of scale. Organising producers into formal management entities help to initiate collective decision

on cultivation to make the best use of market intelligence as well as create opportunities for farmers to get involved in value adding decisions and activities such as input supply, credit, pre-cooling, processing, marketing and distribution (Acharya, 2006). Producer organisations can give political involvement, representativeness to small farmers as the Indian Dairy Cooperatives Network has 12.3 million individual members where many of them were landless and women. They produce 22 per cent of India's total milk supply and show their 360° involvement in value chain from procurement of the milk to the final retail to the customers (McMichael, 2009).

The Government of India encourages states to promote farmers' collectives such as farmers' cooperatives, Self-Help Groups, Farmers' Club, Public-Private Partnership, Farmers' Associations, Farmer

Interest Groups etc. and aid their integration into the supply chain.

In spite of many successes, these farmer aggregates' effectiveness is frequently constrained by legal restrictions, low managerial capacity, elite capture, exclusion of the poor and failure of cooperation and trust (*Singh, 1997; Chawla, 2002*). The Indian Government in the year 2002 amended the Indian Company Act 1956 that recommend a new type of formal farmers' organisations known as Farmer Producer Organisations (FPOs) to give more freedom to the farmers' collectives. The ministry issued guidelines to encourage states to directly support FPOs as a regular activity under various schemes including RKVY during the XII five year Plan.

The instrument of FPOs registered as Farmer Producer Company (FPC) is emerging to be effective. As FPCs offer a wide range of benefits compared to other formats of aggregation of the farmers. FPC members are able to leverage collective strength and bargaining power to access financial and non-financial services and appropriate technologies leading to reduction in transaction costs (*Anonymous, 2013*). Members can also collectively tap high value markets and enter into partnerships with private entities on equitable terms. FPOs focused on addressing issue of crop planning, technology infusion, input supply and primary marketing (*Verma, 2017*).

FPC have performed well in states like Tamil Nadu, Maharashtra, Madhya Pradesh and Kerala and farmers have been able to realize higher returns of their produce.

In the State of Punjab, a total of 74 FPOs were registered till the year 2019 and many are under the process of registration. However, out of these 74 FPOs many of them become non-functional due certain constraints. The success of the FPOs in the state is far away from the expectations. So, the present study was planned to ascertain the attitude of the members of functional as well as non-functional FPOs of Punjab state towards the concept of Farmer Producer Organisations.

METHODOLOGY

The study was conducted in state of Punjab. Frame of registered FPOs in Punjab State was obtained from the Small Farmers Agribusiness Consortium (SFAC) and the National Bank for Agriculture and Rural

Development (NABARD). At the time of data collection a total of 74 FPOs were registered under SFAC and NABARD. All FPO's representative were contacted telephonically (some through personal visits also) in order to check the status. The information obtained was tabulated under functional and non-functional FPOs. From this final frame 5 functional and 5 non-functional FPOs were selected randomly, thus a total of 10 FPOs were selected for the present study.

From each selected FPO random selection of 15 members were made regardless of their designation in the FPO. Thus, in all a total of 150 member farmers were constitute the sample of the study.

An interview schedule incorporating all the variables pertaining to the objectives was developed and data were collected through personal interview with the selected respondents. For measuring the attitude of the farmers, Likert's Summated Rating scale constructed by *Mukherjee (2018)* was used with a few modifications. Cronbach's Alpha method was used to check reliability of the attitude scale by administering it to 20 members of non-selected FPO. Coefficient of correlation ('r' value) between the attitude scores obtained by 20 respondents was worked out and it came out to be 0.956.

The validity of the scale was found by calculating the square root of the coefficient or reliability. The coefficient of validity thus worked out to be 0.98.

$$\text{Validity} = \sqrt{\text{Reliability}}$$

RESULTS AND DISCUSSION

The results are presented under the two subheads i.e. overall attitude towards Farmer Producer Organisations and item wise analysis of the attitude of the respondents.

The data presented in **Table 1** show that in overall sample majority of the respondents (i.e. 60.67 %) had a favorable attitude towards FPOs. As far as comparative figures between functional and non-functional FPOs are concerned nearly 83 per cent respondents from functional and 39 per cent respondents from non-functional FPOs had favorable attitude towards FPOs. The higher percentage of favorable attitude in functional FPOs and nearly more than 1/3rd respondents in non-functional FPOs is an indicator towards the better prospects of the concept. Although 61 per cent of the respondents have shown unfavorable attitude from non-

Table 1. Distribution of the respondents according to their overall attitude towards Farmer Producer Organisations

Attitude Category	Functional FPOs (n ₁ = 75)		Non-functional FPOs (n ₂ = 75)		Over all (N = 150)	
	No.	%	No.	%	No.	%
Strongly favorable (> 3.81)	36	48.00	13	17.33	49	32.67
Favorable (3.00 – 3.81)	26	34.67	16	21.33	42	28.00
<i>Total (Favorable)</i>	62	82.67	29	38.67	91	60.67
Unfavorable (2.23 – 3.00)	9	12.00	22	29.33	31	20.67
Strongly unfavorable (< 2.23)	4	5.33	24	32.00	28	18.67
<i>Total (Unfavorable)</i>	13	17.33	46	61.33	59	39.33

functional FPOs. Unfavorable attitude which may be more related to lack of trust, co-operation and the conflict among members. Thus item wise analysis of attitude statements was also made and the findings are presented in Table 2. The findings show that nearly 75 per cent respondents of functional FPOs and 52 per cent respondents of non-functional FPOs were in agreement with the statement that the farmers can reduce their cost of production through FPOs. Similarly 72 per cent respondents from functional FPOs and 53 per cent respondents from non-functional FPOs were in agreement with the statement that FPOs can transform farming into a business model.

Even majority of the respondents from both

functional as well, as non-functional FPOs were considered FPO models as an opportunity of employment generation for youth and FPOs are the need of the hour. Whereas the contrast of response between the respondents of functional and non-functional FPOs to the statements such as “FPOs promotes participatory decision making”, “FPOs enhance bargaining power of farmers”, “working through FPOs one can realize good margins”, “FPOs are paying good attention towards skill development of its members” and “FPOs are not free from nepotism” etc. are the clear indicator that in case of non-functional FPOs it was the nepotism and lack of co-operation, trust and leadership qualities were the factors which lead to unfavorable attitude of majority

Table 2. Percentage distribution of the respondents according to their agreement with the attitudinal statements

Attitude statements	Fun. FPOs (n ₁ = 75)		Non-fun. FPOs (n ₂ = 75)		Over all (N = 150)	
	SA+A		SA+A		SA+A	
	No.	%	No.	%	No.	%
I feel one can reduce his cost of production while working through FPOs	56	74.67	39	52.00	95	63.33
It is very difficult to integrate farmers in FPOs	27	36.00	58	77.33	85	56.67
I think the FPOs are free from external political influence	54	72.00	26	34.67	80	53.33
I think FPOs perform with greater professionalism and flexibility in business	46	61.33	34	45.33	80	53.33
The FPOs are paying good attention towards skill development of members	65	86.67	18	24.00	83	55.33
While working with FPOs my leadership qualities get improved	42	56.00	31	41.34	73	48.67
FPOs promotes participatory decision making	55	73.33	13	17.33	68	45.33
In FPOs every member has a better say	63	84.00	29	38.66	92	61.33
I feel FPOs can transform farming into a business model	54	72.00	40	53.33	94	62.67
FPOs make farmers' better manager	39	52.00	38	50.66	77	51.33
I feel FPO model is the sustainable model	51	68.00	34	45.33	85	56.67
FPOs can never serve all members equally	12	16.00	53	70.67	65	43.33
I feel through FPO model more employment opportunities can created for youth	55	73.33	42	56.00	97	64.67
I feel FPOs enhances Bargaining power of farmers	54	72.00	9	12.00	63	42.00
Working through FPOs farmers can realize good margins by selling their produce	53	70.66	21	14.00	74	49.33
FPOs can never be successful in real time	15	20.00	6	8.00	21	14.00
I think FPOs are not free from nepotism	13	17.33	48	64.00	61	40.67
I think FPOs are need of the hour	57	76.00	30	40.00	87	58.00

of the respondents. Very small proportion of the respondents of both functional as well as non-functional FPOs was in agreement with the statement that “FPOs can never be successful in real time”. Thus it can be concluded that discouragement of nepotism, building trust and co-operation, build good leadership qualities among the administrative members may lead to better prosperity and sustainability of Farmer Producer Organisations.

It is interesting to note that in overall response of the respondents of functional as well as non-functional FPOs large majority agreed that FPOs reduce input cost, works for skill development and capacity building, generate managerial and leadership qualities, generates employment opportunities and transform the traditional agriculture into business corporation etc. by which we can conclude that if proper orientation programmes about the concept and functioning of the FPOs will launched in the State leads to motivation and attraction of other farming communities.

CONCLUSION

Considering the importance of Farmer Producer Organisations in achieving the economies of scale and collective bargaining and negotiation skills among the small and marginal farmers, the adoption of the concept provide strength to the agrarian communities. It is encouraging to find that in overall sample majority of the farmers had favorable attitude towards FPOs. The findings itself revealed the fact that majority of the respondents of functional and more than 1/3rd of the non-functional FPOs possesses favorable attitude which is an indicator of better prospects. The study provides a heuristic view in item wise analysis of the attitude of the members of FPOs in Punjab that what they think about the concept. The study basically put emphasis over the current feelings of the members of functional and non-functional FPOs in the State of Punjab and the challenge is to convert the covert attitude of the members of non-functional FPOs into an overt behavior to harness the full potential of the FPOs in the State.

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