



Evaluation of Performance of Farmer Producer Organizations (FPOs) in Medak District of Telangana State

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ABSTRACT

Farmer Producer Organizations (FPOs) are emerging as a structure, which is indispensable in the development arena of agriculture and rural development programmes. In this article attempt has been made to study the performance of FPOs and an effort was made to compare the performance of three selected FPOs promoted by three different promoting agencies on identified performance indicators. Three FPOs were selected randomly from 3 different promoting institutes working in the Medak district. 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 ex-post facto research design was adopted for the study with a sample of 90 producer members, covering three FPOs in erstwhile Medak district of Telangana state. From the analysis, it was found that among the three selected FPOs, SFPCL was rated as average whereas, MKKPCL as poor performing FPO and SKAFPCL as good performing FPO. This can be attributed to the institutional support received by the FPOs from their POPIs. Overall, the performance of FPOs was average to poor. This was due to insufficient knowledge on the business concept of FPOs among farmers and their inability to generate capital to do activities and provide service to their members.

Key words: Farmers producer organizations (FPOs); Performance; Indicators; Comparison.

India has 60.4 per cent of agriculture land of which 45 per cent of irrigated land. The country is second largest producer of fruits, vegetables, rice and wheat in the world and largest producer of milk in the world India which had the more stable and diversified GDP growth. The country which had the significant dent in the poverty level which dropped 46 per cent over two decades to an estimated of 13.4 per cent over two decades 2015 but it is the home for 176 million poor people while it's seeking to achieve the sustainability, better growth, financial inclusion and social development (Anonymous, 2019).

In this scenario the solution is possible through exploring innovative market led extension models in order to integrate the farmers, especially the small farmers. As a market development initiative, farmer groups were formed to enable member-farmers to reap the benefits of economies of scale in purchase of inputs, processing, and marketing of their produce. Forming a producer organization can also provide the member-farmers access to timely and adequate credit and provide linkages to markets. There is a rising optimism that the farmers organizations can act as a potential

driving force for agricultural and rural development. Farmers’ organizations are working as ‘engines’ of development that can uphold the pennon of development even ahead of local level, offering benefits to the rest of society (Blokland, 2007). The greater part of FPOs in India grow high value crops; other important crops are soybeans, cotton, and nuts like coconut, cashew, and groundnut; fruits and vegetables having good markets and export potential. Majority of FPOs in the country are functioning for less than two years and were mainly dealing with high value crops like fruits and vegetables. These organizations primarily deal with marketing and input supply services but after their success they tend to widen their market opportunities by entering processing and value addition. (Venkattakumar et al. (2019). Around 25 per cent of FPOs are engaged in post-harvest processing and about 20 per cent FPOs apply organic production methods (Trebbin, 2014). 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 into consideration as they were functioning over five years. Among the 72 FPOs Medak district having highest number was selected purposively for the study.

The main objective of the study is to assess and compare the performance of the selected FPOs. To measure the performance of the FPOs, which is one of the criteria by which the effectiveness of an organization, institution or a group is measured. Bernard et al. (2008) defined performance of village organizations as the “effectiveness of serving their members,” which they measured by the per centage of members who are said to have benefited from these organizations.

METHODOLOGY

An *ex-post-facto* research design was adopted for the study conducted in the year 2019-2020. Three FPOs were selected randomly from 3 different promoting institutes working in the Medak district i.e. Suraksha Farmers Producer Company Ltd (SFPC) 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). 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.

Based on review of literature and discussion with experts, a list of indicators relevant to measure performance of FPOs was prepared. The experts were requested to indicate whether each of the indicators selected was relevant and suitable for inclusion in the Index to measure performance of FPOs. They were also requested to add new indicators if any which tend to measure the performance. The responses were received from 30 judges and were quantified for calculation of relevancy scores which ranged from 0.58 to 0.91, the details were furnished here under.

Table 1. Relevancy rating score for the indicators to measure performance of FPOs

Indicator	Score
Marketing services	0.91
Financial services	0.83
Group leadership	0.72
Social factors	0.76
Technical services	0.85
Group decision making	0.58
Group cohesiveness	0.74
Networking services	0.85
Input supply services	0.88
Infrastructure support	0.73

The indicators which got relevancy rating 0.80 above (more than 80% of the judges indicating the relevancy of the indicators) were selected for the study. The some indicators were selected to study the performance of FPOs i.e. Technical services, Input supply services, Marketing services, Networking services and financial services.

Each indicator to study performance consisted unequal number of statements and hence their range of scores was different and therefore, the scores of all the five indicators were normalized by using the following formula.

$$U_{ij} = \frac{Y_{ij} - \text{Min}_{yj}}{\text{Max}_{yj} - \text{Min}_{yj}}$$

Where,

- U_{ij} = Unit score of the ith respondents on jth component
- Y_{ij} = Value of ith respondent on the jth component
- Max_{yj} = Maximum score on the jth component
- Min_{yj} = Minimum score on the jth component

The score of each component ranged from 0 to 3

i.e. when Y_{ij} is minimum the score is 0 and when Y_{ij} is maximum the score is 3.

$$\text{PI of FPO} = \frac{\text{SI1} + \text{SI2} + \text{SI3} + \text{SI4} + \text{SI5}}{5}$$

Where,

PI= Performance Index

SI 1 = Normalized indicator value of technical services

SI 2 = Normalized indicator value of input supply services

SI 3 = Normalized indicator value of marketing services

SI 4 = Normalized indicator value of networking services

SI 5 = Normalized indicator value of financial services

The obtained index value ranged from 0 to 1. Based on these index values the FPOs were classified into different level of performance i.e. poor performance, average performance, good performance and excellent performance based on the range value obtained. The respondents were classified into four categories by adopting inclusive class intervals as mentioned below.

Category	Index value
Poor performance	0.42-0.51
Average performance	0.51-0.60
Good performance	0.60-0.68
Excellent performance	0.68-0.75

RESULTS AND DISCUSSION

Indicators of performance : The respondents of FPOs were grouped into three categories based on their perception about performance of FPOs measured with the help of different indicators. The results are as follows.

Table 2. Distribution of members based on responses on technical services of FPOs (N = 90)

Category	SFPCL		MKKPCL		SKAFPCL		Total	
	No.	%	No.	%	No.	%	No.	%
Poor(9-12)	10	33.33	17	56.67	6	20.00	33	36.67
Av. (12-15)	14	46.67	11	36.67	16	53.33	41	47.78
Good(15-18)	6	20.00	2	6.67	8	26.67	16	17.78
Total	30	100	30	100	30	100	90	100

Technical services : On perusal of Table 2, it was evident that majority (47.78%) of the respondents perceived technical services provided by all FPOs were average followed by poor (36.67%) and good (17.78%).

FPO wise categorization showed that in SFPCL majority (46.67%) of the respondents perceived technical services provided by FPO were average followed by poor (33.33%) and good (20.00%) whereas in case of MKKPCL it was noticed that as many as half (56.67%) of respondents perceived technical services provided by

FPO were poor followed by average (36.67%) and good (6.67%). In case of SKAFPCL it was revealed that a majority (53.33%) of respondents perceived technical services provided by FPO were average followed by good (26.67%) and poor (20.00%).

From the above results it can be concluded that majority of the respondents perceived technical services provided by FPO were average in the FPOs promoted by ICRISAT and CSA whereas it was poor in FPO promoted by Vrutti NGO.

The probable reason for this kind of distribution might be because members of both ICRISAT and CSA FPOs received information on agro advisories and meetings on regular basis where as in FPO promoted by Vrutti NGO due to their insufficient staff and non-collaboration with experts in technical aspects of agriculture field in their organization members perceived the services were poor. The results were in conformity with *Rani et al. (2014)*.

Table 3. Distribution of members based on responses on input services indicator of FPOs (N = 90)

Category	SFPCL		MKKPCL		SKAFPCL		Total	
	No.	%	No.	%	No.	%	No.	%
Poor (9-12)	11	36.67	15	50.00	6	20.00	32	35.55
Av. (12-15)	13	43.33	12	40.00	16	53.33	41	47.78
Good (15-18)	6	20.00	3	10.00	8	26.67	17	18.89
Total	30	100	30	100	30	100	90	100

Input supply services : A perusal of Table 3 revealed that a majority (47.78%) of the respondents perceived input supply services provided by all FPOs were average followed by poor (35.55%) and good (18.89%). FPO wise categorization showed that in SFPCL majority (43.33%) of the respondents perceived input supply services were average followed by poor (36.67%) and good (20.00%) whereas in case of MKKPCL it was observed that as many as half (50.00%) of the respondents perceived input supply services were poor followed by average (40.00%) and good (10.00%). In SKAFPCL it was revealed that majority (53.33%) of the respondents perceived input supply services were average followed by good (26.67%) and poor (20.00%).

From the above (Table 3) results it can be depicted that input supply services provided by FPOs were average in the FPOs promoted by ICRISAT followed by CSA whereas it was poor in FPO promoted by Vrutti NGO. The probable reason for this kind of distribution

might be because in SKAFPCL leadership is dynamic and member driven and always cater to needs of members, whereas in SFPCL due to their motto to promote organic farming supply of chemical fertilizers and pesticides is not encouraged and in MKKPCL it was poor due to weak leadership and members inability to support FPO financially in order to procure inputs in bulk. The results were in conformity with *Patkar et al. (2012)* and *Singh (2012)*.

Table 4. Distribution of members based on responses on marketing services of FPOs (N = 90)

Category	SFPCL		MKKPCL		SKAFPCL		Total	
	No.	%	No.	%	No.	%	No.	%
Poor(10-12)	13	43.33	18	60.00	6	20.00	37	41.11
Av. (12-14)	12	40.00	10	33.33	11	36.67	33	36.67
Good (14-16)	5	16.67	2	6.67	13	43.33	20	22.24
Total	30	100	30	100	30	100	90	100

Marketing services : A perusal of Table 4, revealed that a majority (41.11%) of the respondents perceived marketing services (dissemination of market information, marketing of produce, linking with markets) provided by all FPOs were poor followed by average (36.67%) and good (22.24%). FPO wise categorization showed that in SFPCL majority (43.33%) of the respondents perceived marketing services provided were poor followed by average (40.00%) and good (16.67%) whereas in case of MKKPCL it was revealed that as many as more than half (60.00%) of the respondents perceived marketing services provided were poor followed by average (33.33%) and good (6.67%). SKAFPCL revealed that a majority (43.33%) of the respondents perceived marketing services provided were good followed by average (36.67%) and poor (20.00%).

It can be observed from above (Table 4) results that majority of the respondents perceived marketing services provided were good in the FPO promoted by ICRISAT whereas it was poor in FPOs promoted by CSA and Vrutti NGO. The probable reason for this kind of distribution might be because ICRISAT facilitated FPO in connecting with the buyers through their agri innovation park and 36.67 per cent members perceived the services to be average as the FPO was not procuring whole of their produce. Where as in case of SFPCL the services were perceived poor to average as only organic produce was marketed by the FPO with the help of market facilitated by CSA, therefore, neglecting the produce of non organic cultivators. This finding

indicated that overall in FPOs marketing of members produce is poor and FPOs are in need for help from organizations to connect them to buyers. The results were in conformity with *Kandeeban et al. (2017)*.

Networking services : Perusal of Table 5, revealed that a majority (44.45%) of the respondents perceived the networking services facilitated by all FPOs were average followed by poor (36.67%) and good (18.89%). FPO wise categorization showed that in SFPCL majority (50.00%) of the respondents perceived the networking services facilitated were average followed by poor (30.00%) and good (20.00%) whereas in case of MKKPCL it was observed that as many as half (56.67%) of the respondents perceived the networking services facilitated were poor followed by average (36.67%) and good (6.67%) whereas in case of SKAFPCL majority (46.67%) of the respondents perceived the networking services facilitated were average followed by good (30.00%) and poor (23.33%).

Table 5. Distribution of members based on responses on networking services of FPOs (N = 90)

Category	SFPCL		MKKPCL		SKAFPCL		Total	
	No.	%	No.	%	No.	%	No.	%
Poor(9-11)	9	30.00	17	56.66	7	23.33	33	36.67
Av. (11-13)	15	50.00	11	36.66	14	46.67	40	44.45
Good (13-15)	6	20	2	6.67	9	30.00	17	18.89
Total	30	100	30	100	30	100	90	100

From the above (Table 5) results it was observed that majority of the respondents perceived networking services provided by FPO were average in the FPOs promoted by ICRISAT and CSA whereas it was poor in Vrutti NGO promoted FPO. The probable reason for this kind of distribution might be because both ICRISAT and CSA facilitated the FPOs with connecting to different departments of agriculture and allied sectors as they themselves have well connections with the respective departments whereas in case of MKKPCL being located a far from research centers, district headquarters and Hyderabad.

Financial services : Perusal of Table 6. revealed that a majority (52.22%) of the respondents perceived the financial services provided by all FPOs were poor followed by average (34.44%) and good (13.33%). FPO wise categorization showed that in SFPCL half of the (50.00%) respondents perceived the financial services provided were poor followed by average (36.67%) and

good (13.33%). Whereas, in case of MKKPCL it was noticed that as many as more than half (66.67%) of the respondents perceived the financial services provided were poor followed by average (26.67%) and good (6.67%). SKAFPCL revealed that a majority (40.00%) of the respondents equally perceived the financial services provided were poor and average followed by good (20.00%).

Table 6. Distribution of members based on responses on financial services of FPOs (N = 90)

Category	SFPCL		MKKPCL		SKAFPCL		Total	
	No.	%	No.	%	No.	%	No.	%
Poor (5-7)	15	50.00	20	66.67	12	40.00	47	52.22
Av. (7-9)	11	36.67	8	26.66	12	40.00	31	34.44
Good (9-11)	4	13.33	2	6.67	6	20.00	12	13.33
Total	30	100	30	100	30	100	90	100

It can be inferred from above results that majority of the respondents perceived financial services provided by the three FPOs were poor. The probable reason for this kind of distribution might be because the FPOs were not having strong financial base to provide loans and also less financial contribution from members.

Overall performance of the selected FPOs : Based on the performance indicators the FPOs were categorized into four categories namely poor, average, good and excellent by using indicator wise total scores obtained on Performance Index. The results are presented in Table 7.

Table 7. Distribution of FPOs based on their performance as perceived by the Respondents (N = 90)

Category	SFPCL		MKKPCL		SKAFPCL		Total	
	No.	%	No.	%	No.	%	No.	%
Poor (0.42-0.51)	9	30.00	16	53.33	5	16.67	30	33.33
Av. (0.51-0.60)	13	43.33	9	30.00	9	30.00	31	34.44
Good (0.60-0.68)	7	23.33	5	16.67	13	43.33	25	27.77
Excellent (0.68-0.75)	1	3.33	0	0	3	10.00	4	4.44
Total	30	100	30	100	30	100	90	100

An overview of the Table 7 revealed that a majority (34.44%) of respondents perceived the performance of FPOs as average, followed by poor (33.33%), good (27.77%) and excellent (4.44 %).

FPO wise categorization revealed that 43.33 per

cent of respondents in SFPCL perceived the performance of FPO as average followed by poor (30.00%), good (23.33%) and excellent (3.33%) whereas in case of MKKPCL majority (53.33%) of respondents perceived the performance of FPO as poor followed by average (30.00%) and good (16.67%). In case of SKAFPCL the respondents (43.33%) perceived the performance of FPO as good followed by average (30.00%), poor (16.67%) and excellent (10.00%).

From the above results, it could be concluded that SFPCL was rated as average whereas, MKKPCL as poor performing FPO and SKAFPCL as good performing FPO. This can be attributed to the institutional support received by the FPOs from their POPIs. Overall, the performance of FPOs was average to poor. This was due to insufficient knowledge on the business concept of FPOs among farmers and their inability to generate capital to do activities and provide service to their members.

FPO wise performance revealed that the FPO promoted by the ICRISAT was perceived as a good performing FPO to average which signifies their high external linkages, group leadership, high frequency of group participation, team spirit, training opportunities which helped the FPO to perform good than compared to other FPOs promoted by CSA and Vrutti. In case of FPO promoted by Vrutti NGO the poor performance could be attributed to their poor leadership, group participation, team spirit and training opportunities. The performance of FPO promoted by CSA was found to be average to poor, this could be because of their poor leadership abilities, team spirit and group participation, high cohesiveness among members and their restriction to limit their services focusing on organic farming. *Singh et al (2021)* reported that, 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.

Performance of selected FPOs : In the present study, to know the variation in performance of selected FPOs

analysis of variance (ANOVA) was used. Through this, the variation in performance of three FPOs was studied.

The calculated F value (7.53) was higher than the table value (3.46). The F value was significant at 0.05 level of probability. Hence, the empirical hypothesis was accepted and null hypothesis rejected. Therefore, it could be concluded that there was a significant difference between the mean level of performance of FPOs by three different promoting agencies.

Table 8. Analysis of Variance of performance of selected FPOs (N = 90)

Category	Mean values			F cal value	F tab
	SFPCL	MKKPCL	SKAPCL		
Performance	2.0	1.6	2.5	7.53*	3.46

*Significant 5% at level of significance

From the mean value it can be inferred that FPO promoted by the govt. and independent research organizations were performing well compared to NGO FPO. The difference in performance could be attributed to the promoting agencies extent of contribution and their support to the FPOs by providing them with trainings on record maintenance, building market, identifying buyers and attracting members along with facilitating

forward and backward linkages. It was possible for govt. and independent research organizations as the experts well versed with knowledge on FPOs were present within the organization which was visible from the above results in the various services provided by the FPOs.

CONCLUSION

The present study revealed that, FPO promoted by the government and independent research organizations were performing well compared to NGO FPO. The difference in performance could be attributed to the promoting agencies extent of contribution and their support to the FPOs by providing them with trainings on record maintenance, building market, identifying buyers and attracting members along with facilitating forward and backward linkages. There is a need for a greater recognition of the importance of linking with other actors who are potential sources of services, information, technical support and market outlets. More importantly, from the supply side, strengthening the capacity of service providers and external actors (government, NGO, church- based, and private sector) will be needed to complement strategies supporting linkages.

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