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RESEARCH NOTE

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### Impact of Farmer Producer Groups (FPGs) on Upliftment of Tribal Farmers in Andhra Pradesh

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#### ABSTRACT

India is a country with a greater number of small and marginal farmers who do not have the volume to benefit from the economies of scales. Farmer Producer Groups (FPGs) are a possible solution to many of the issues confronting Indian agriculture. The present study in Srikakulam district of Andhra Pradesh was focused on examining the perceived impact of FPGs in multifaceted dimensions for better understanding of changes among the members of tribal FPGs. The study included 145 members selected through multi-stage proportionate random sampling method. Data collection was done through personal interview method with the help of well-structured interview schedule. The findings of the study concluded that the formation of FPGs had a direct impact as increase in income of ₹14924.14 on an average and indirect impact as achievement of psychological, sociological, economic and political empowerment of the tribal farmers. Among the aspects of empowerment under consideration, psychological dimension received the highest mean score of 2.64, while political dimension had the lowest mean score of 2.06. FPGs in addition to pooling inputs of tribal farmers through collective approach, is also performing diversified actions aimed at boosting their income and standard of living.

**Key words:** Empowerment; Farmer Producer Groups; Perceived impact; Tribal farmers.

Agriculture plays a vital role in India's economy. About 54.6% of the total workforce is engaged in agricultural and allied sector activities (Census, 2011) and accounts for 17.8% of the country's Gross Value Added (GVA) for the year 2019-20 (DAC&FW, 2020-2021). Small and marginal farmers are major population in the country facing challenges such as small and fragmented land holdings, low capital, limited bargaining power, absence of economies of scale, inability to participate in price discovery mechanism.

India has the largest tribal population in the world. The tribal population of the country, as per 2011 census is 10.43 crore, constituting 8.6 per cent of the total tribal population. The crux of the problems faced by tribal farmers were difficulty in accessing credit, inability to use farm machinery for ease of work due to small landholdings, poor knowledge about market linkages

and market information. These reasons result in the low production and low income of the tribal farmers.

To overcome these challenges, collectivizing and integrating them to a group will be useful. Considering the need for helping small and marginal

farmers, the Indian government devised a grassroot entrepreneurship development mechanism namely Producers Organisations (PO), for providing access to adequate credit, implementing technological advancements, and maximize the efficiency in using inputs and creating markets (Hellin *et al.*, 2009). The basic purpose envisioned for the FPOs is to collectivize small farmers for backward linkage for inputs like seeds, fertilizers, credit, insurance, knowledge and extension services; and forward linkages such as collective marketing, processing, and market-led agriculture production (Mondal, 2010).

To facilitate the smooth functioning of the process SFAC (Small Farmers Agri business Consortium) which was mandated by DAC&FW (Department of Agriculture Cooperation & Farmers Welfare) is acting as a nodal agency. Finance Minister, Nirmala Sitharaman, in her maiden budget speech for the year 2019–20, mentioned the government’s intent to create 10,000 more Farmer Producer Organisations (FPOs) by 2022.

To assess the performance and socio-economic impact many studies were conducted around the globe. Few studies revealed the perceived impact of FPO on sustainable economic development is 82% followed by 9% of high level of impact (Adhikari et.al., 2021). The impact analysis also revealed the members indicated a remarkable increase in their production (mean score=2.504) followed by lower input cost (2.481) and decrease in transaction cost (2.458) (Das and Syed, 2021). There is a positive impact on small farmers through FPO’s in the aspects like group cohesion, bargaining power and risk management (Nikam et.al., 2019).

**METHODOLOGY**

Srikakulam district in Andhra Pradesh with the highest percentage of rural population to scheduled tribe population i.e., 96.58% (Census, 2011) was selected for study. Seethampeta block consists of highest number of FPGs i.e., 243 in 61 villages with 2875 FPG members. Twenty-five per cent of the total population from the top three villages having highest number of FPGs was selected as sample for the study by employing multistage proportionate random sampling method. Accordingly, 145 members from the three villages of Seethampeta block namely Kusimi, Keesarajodu and Somagandi were selected as respondents.

An *ex post facto* research design was adopted for the study as the objective was focused on perceived impact of tribal farmers after joining FPGs. Preliminary data collection was done by using pre-tested interview schedule through personal interview method. Mean score and ranking techniques were used for analysis of empowerment dimensions whereas paired t-test was used to study the increase in income of tribal farmers before and after joining FPGs.

**RESULTS AND DISCUSSION**

The challenges faced by the small and marginal tribal farmers are being attempted to solve through

the concept of group approach that empowers them by economies of scale and access to information, agricultural services, technology, etc. SHGs, FIGs, co-operatives, producers’ associations, marketing associations, etc., had bestowed in maximizing the input-output ratio and finally increasing the profit of producers (Nain et.al., 2015). Overall effectiveness of tribal FPGs can be increased through aggregation, better access to information, availability of quality inputs, cost-benefit analysis and linking FPGs with regulated markets (Mathuabirami et.al., 2020b). In the present study, the functioning of tribal FPGs was assessed through the direct and indirect impact on tribal farmers in terms of income generation and empowerment respectively.

*Direct Impact :*

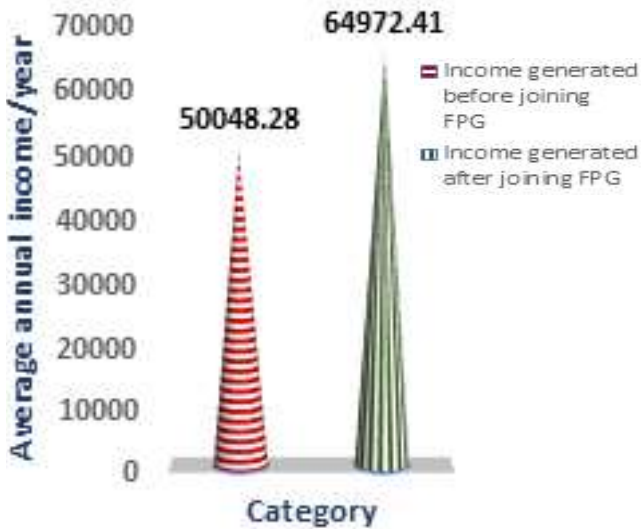
*Income generation :* Income generation was assessed and a significant amount of increase in average income/year was observed in tribal farmers after joining in FPGs. From Table 1 and Fig.1, the average income of tribal farmers before joining FPGs was ₹50048.28 and after joining it has increased to ₹64972.41. Use of paired t-test indicated significant differences at 5 per cent level of probability in income generation of tribal farmers before and after joining FPGs. The increase in income was due to enhanced competitiveness, timely credit through central and state governments, being aware of the new varieties, technologies, marketing opportunities etc.

*Indirect Impact :* Joining FPGs has an indirect impact on tribal farmers in terms of empowerment which results in altering of self-image. This transformative view was studied under four dimensions namely, psychological, sociological, economic and political empowerment. The individual score for each sub components was cumulated to calculate the overall empowerment.

*Psychological empowerment :* Psychological empowerment refers to confidence building, acquisition of a sense of efficacy and the ability to overcome the

**Table 1. Impact of FPGs on tribal farmers in terms of income generation (N=145)**

Category	Mean	SD	SE
Income generated before joining FPG	50048.28	14230.41	1181.77
Income generated after joining FPG	64972.41	17939.31	1489.78
Mean difference: 14924.14,		t-value=33.141*	



**Fig. 1. Impact of FPGs on tribal farmers in terms of income generation**

feeling of futility. The scope of FPGs in the enhancement of physical and mental abilities is discussed under psychological empowerment. The results of the study on impact of FPGs on tribal farmers in 11 psychological dimensions were presented in Table 2.

Among psychological dimensions, enhanced ability to express own views (2.78), increased leadership skills (2.77), improved communication skill (2.76) had high mean scores. Improved managerial skills (2.54), developed self-respect (2.52) and developed skills in records and account maintenance (2.43) has got low mean scores.

Psychological dimension	MS	Rank
Improved self-confidence	2.72	IV
Improved communication skill	2.76	III
Enhanced leadership skill	2.77	II
Improvement in competency	2.67	VI
Increased risk bearing ability	2.62	VII
Improved managerial skills	2.54	IX
Developed self-respect	2.52	X
Enhanced learning opportunity	2.58	VIII
Developed skill in records and account maintenance	2.43	XI
Enhanced ability to express own views	2.78	I
Developed "we" feeling among members	2.68	V
Overall mean score	2.64	

FPG formation increased the opportunities of tribal farmers to express their views and increase their skills. Trainings should be focused on imparting skills in maintaining records and improving managerial skills. *Sociological empowerment* : Social empowerment is referred as redistribution of power which aims at social equality and breaking isolation by equal paradigm to under privileged communities. It promotes sustained structure for dissemination of knowledge. Farmer organisations can provide important platforms for capacity building, information exchange, and innovation in rural settings (Bingen *et.al.*, 2003). Impact of FPGs on tribal farmers was observed at varied levels on 13 sociological dimensions of empowerment and the results were presented in Table 3.

Better linkage with local institutions (2.66), better understanding about people's co-operation (2.62) followed by developed social recognition (2.61) from Table. 3. were identified with high mean scores among the sociological dimensions. Low mean score was found for involved actively in addressing social issues and problems (2.17).

Membership in organisation can directly affect the socio-economic status of an individual positively. This results in economic betterment and social upliftment

**Table 3. Impact of FPGs on tribal farmers in terms of sociological empowerment (N=145)**

Sociological dimension	MS	Rank
Developed Social recognition	2.61	III
Improved social status	2.60	IV
Increased awareness on socio-economic development programmes	2.58	V
Involved actively in addressing social issues and problems	2.17	XIII
Members are highly informative	2.34	XI
Developed mastery of knowledge and skill	2.55	VI
Improved in educational status	2.32	XII
Minimized the under-employment process	2.37	X
Better understanding about people's co-operation	2.62	II
Developed ability in networking of people	2.54	VII
Developed joint decision making at all levels	2.53	VIII
Resolved social problems in the village	2.39	IX
Better linkage with local institutions	2.66	I
Overall mean score	2.49	

of the farmers in particular and the country in general (Sahu *et.al.*, 2017). FPGs provided exposure of its' members to local networks and social networking raised knowledge of local reality, which aided them in overcoming barriers to resource availability through increased mobility. Tribal farmers should be motivated towards addressing their social issues and problems to promote the development of their community.

*Economic empowerment* : In the economic dimension of empowerment, the economic growth is indicated in terms of earnings and savings, power to control their own lives to create social and economic order, building credit worthiness and making financially self-sufficient and self-reliable by rational use of money and improvement in living standards. The results of impact of FPGs on tribal farmers in terms of 22 economic dimensions with their mean scores and ranks is presented in Table 4.

In economic dimensions, improved access to

**Table 4. Impact of FPGs on tribal farmers in terms of economic empowerment (N=145)**

Economic dimension	MS	Rank
Successful entrepreneurship	2.45	XX
Achieved economic independence	2.39	XXI
Stabilized income	2.63	VII
Increased ability to support family financially	2.70	III
Developed savings habit	2.60	X
Created own assets	2.46	XIX
Cleared debts	2.54	XIV
Repayment of credit in time	2.57	XIII
Relieved from exploitation of money lenders	2.64	VI
Engaged in income generating activity	2.62	VIII
Provision of self-employment	2.61	IX
Increased awareness on the rate of interest for credit	2.58	XII
Reduced poverty level	2.59	XI
Improved standard of living	2.71	II
Security for future life	2.34	XXII
Increased in savings	2.52	XVI
Improved access to credit	2.78	I
Improved access to market	2.68	IV
Wealth accumulation	2.53	XV
Personal needs were satisfied	2.50	XVII
Increased contribution to household income	2.66	V
Increased spending for children education	2.48	XVIII
Overall mean score	2.57	

credit (2.78), improved standard of living (2.71) and increased ability to support family financially (2.70) had high mean scores from Table 4. while created own assets (2.46), achieved economic independence (2.39) and security for future life (2.34) were with low mean scores.

Economic growth of tribal farmers was enhanced after joining FPGs. In the absence of collectivization, the small scale of operations significantly reduces bargaining power in input procurement as well as sale of output (Kirsten and Sartorius, 2002). The synergy generated by a collective approach is far greater than that produced by an individual method in terms of decreased input costs, increased bargaining capacity, increased credit through state and central government schemes and income security. FPG activities should be directed towards achieving economic independence and entrepreneurship building.

*Political empowerment* : Being crucial in empowerment, political dimension is measured as distribution of power, access to political offices, establish their public presence and participation in decision making process.

Among the political dimensions, developed strong decision-making power (2.77) has emerged as the major perceived empowerment item from Table 5.

Tribal farmers should be motivated to take part in elections and should ensure an equal part in the development of their communities.

The findings are in line with Manoj Kumar *et.al.* (2009), who reported that the members of farmer clubs were better in improved use of inputs, income and savings, marketing of produce at remunerative price etc.

**CONCLUSION**

Farmer Producer Groups have become a widespread, essential and effective tool for empowering the underprivileged communities. FPGs being a collective platform for small and marginal farmers

**Table 5. Impact of FPGs on tribal farmers in terms of political empowerment (N=145)**

Political dimension	MS	Rank
Developed strong decision making power	2.77	I
Participated in political process	1.88	II
Contested in election and taking leadership position	1.53	III
Overall mean score	2.06	

provide a backward linkage to timely availability and access to quality inputs at affordable prices and a forward linkage to effective credit and marketing sources, increased contribution towards enhancing income which determine the success of the group approach. The present study implicated the performance of FPGs through the direct and indirect impact on the tribal farmers in terms of increase in income and empowerment respectively.

Lack of awareness and social linkages, geographical barriers to resource availability and lack of finance were the major constraints faced by the tribal farmers. Aggregation, better access to information, availability of quality inputs can contribute to the increase in income and improved standard of living of the tribal farmers.

### CONFLICTS OF INTEREST

The authors declare that they have no conflicts of interest.

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