

FPOs in Telangana – Status and Strategies

**D. A. Rajini Devi^{1*}, R. Vijaya Kumari¹, T. Lavanya¹, D. Srinivasa Chary¹
and G. Samuel¹**

¹College of Agriculture, PJTSAU, Hyderabad, Telangana, India.

Authors' contributions

This work was carried out in collaboration among all authors. Author DARD designed the study, performed the statistical analysis, wrote the protocol and wrote the first draft of the manuscript. Authors RVK and TL managed the analyses of the study. Authors DSC and GS managed the literature searches. All authors read and approved the final manuscript.

Article Information

DOI: 10.9734/CJAST/2020/v39i1930795

Editor(s):

(1) Dr. Ritu Singh, G. B. Pant University of Agriculture and Technology, India.

Reviewers:

(1) Silvio Bitencourt da Silva, UNISINOS, Brazil.

(2) Nayanika Singh, Mahatma Gandhi State Institute of Public Administration, India.

Complete Peer review History: <http://www.sdiarticle4.com/review-history/58428>

Original Research Article

Received 24 April 2020

Accepted 29 June 2020

Published 21 July 2020

ABSTRACT

The concept of FPOs was started in the year 2011-12. In Telangana in 2013, ten FPOs were registered, in 2015, five FPOs were registered and in 2016, five FPOs were registered which were promoted by Small Farmers Agribusiness Consortium (SFAC). The current study offers insights on the status of these 20 FPOs and revealed that high levels of indebtedness, increasing unemployment and resultant migration are the serious problems confronting agricultural sector. The strategy of FPOs is innovative institutional support to the farmers to prevent the exploitation of farmers by the middlemen. The major reasons for the success of FPOs include group approach, strengthened linkages and increased income levels among the group members. The lack of financial support was the major hindrance for the functioning of FPOs in Telangana.

Keywords: FPOs; SFAC; women empowerment; network linkages; capacity building; sensitize.

1. INTRODUCTION

Small-holder farmers remain the bedrock of agricultural production especially in the

developing countries since decades with India no exception to it. Small and marginal farmers constitute the largest group of cultivators in Indian agriculture; 85% of operated holdings are

*Corresponding author: E-mail: raj116.agrico@gmail.com;

smaller than or about two hectares and amongst these holdings, 66% are less than one hectare [1]. The Situation Assessment Survey of Farmers 2003 (NSS 59th Round) data shows that marginal and small farmers account for 29 and 22 percent of total output. So, these farmers in India have been vulnerable to risks in agricultural production.

The past two decades have witnessed tremendous economic, political, and environmental changes like high levels of indebtedness, increasing unemployment and resultant migration which eventually affected different stakeholders at various levels in rural development.

Socio-economic empowerment of women confronting the challenges of cultural and legal discrimination could be achieved by establishing own organisations and generating income and providing livelihood for the rural poor and youth. In order to improve the welfare and living standards of these farmers, particularly small holders including women, there is a need to create appropriate ecosystem in the state. Certain commodities are also identified for providing necessary support systems for the entire production value chain.

Also, experiences in India and other parts of the world clearly indicate that farmer's institutions that are membership based, financially robust, adopt business model and well-integrated (to technology, research, markets, banks and other infrastructure facilities) could provide enormous economic benefits to its members *viz.*, farmers. Such collective action goes beyond coming together for merely aggregation of outputs, but goes to realms of business and markets through scale of operations. Such institutional arrangement / membership-based institutions are found to be the backbone for primary sector. In this entire process, one of the important elements is innovative institutions to support farmers in this transformation.

Farmer Producer Organizations (FPOs) is an important strategy for creating an ecosystem for enhancing farmer's profits which was supported by non-governmental organisations (NGOs) and have been playing an important role in providing inputs, finance, extension to address the challenges faced by the small and marginal farmers. NABARD, with its mission of promoting equitable and sustainable agricultural and rural

prosperity, has been exploring various approaches to support and enable small farmers negotiate the market by providing policy, credit and institutional interventions. Supporting producer companies is one of the initiatives taken up by NABARD. SFAC, through Farmers' producer organizations, intends to work closely in support of Department of Agriculture & Cooperation and the various State Governments to enhance production, productivity and profitability of small farmers in the country [2]. Farmers will be organized in small informal groups which would be supported to form region-specific and commodity specific organizations for improved input and output market access and negotiating power.

Small Farmers' Organizations such as cooperatives and FPOs are expected to enhance incomes, reduce costs of input purchases along with transaction costs, create opportunities for involvement in value-addition including processing, distribution and marketing, enhance bargaining power and provide access to formal credit [3].

The total number of FPOs registered throughout the country in all states was 847 mobilizing 737761 farmers to promote FPO. In Telangana state 20 FPOs promoted by SFAC was registered mobilizing 24548 farmers. Apart from these 20 SFAC promoted FPOs, there are 34 non-SFAC promoted FPOs in Telangana. The resource institutions empaneled by SFAC for promotion of FPOs are BASIX Krishi Samruddhi Ltd, Vrutti foundation, Development Organisation for Village.

The present thrust of the study is laid by examining the status of FPOs functioning in Telangana and framing an idea for future expansion.

2. DATA AND METHODOLOGY

A total of 20 FPOs promoted by SFAC (Small Farmers Agribusiness Consortium) was selected for the present study and secondary data was collected from respective presidents of these FPOs. Data was collected with a detailed interview of the presidents and members of FPOs with the help of pre-tested schedules regarding formation of the organization and execution of the FPO in the year 2017. Frequency and percentage techniques were used to arrive at the valid conclusions.

3. RESULTS AND DISCUSSION

Of the 20 SFAC promoted FPOs, only 5 were found to be successfully in active condition while the rest are not performing well due to various reasons.

Among the 20 FPOs Zaheerabad Navachaitanya (FPC), Regode Navajeevana Jyothi (FPC), Kodangal (FPO), Hasnabad (FPO) and Angadi Raichur FPOs running successfully. The factors responsible for the successful execution of these FPOs are as mentioned in Table 1.

In addition to the above discussed factors, reduced migration of farmers from the villages, assured women empowerment in terms of dall mill construction and additional employment generation in rural areas resulted in successful running of FPOS.

The successful and active FPOs in Telangana are observed to have social impact. The participation of members in acquiring inputs, marketing of products and execution have paved way for improved gender relations. Since the women producers have coordinated and participated in self-employment activities witnessing income generation resulted in improved decision-making power. The women producers were also offered board member positions in few of the FPOs. The collective action of farmer producers reinforced the exploitation by middlemen during acquisition of

inputs and marketing of output. The leadership role of the producer members necessitated the diffusion and adoption of the technology to the member farmers.

The deceased FPCs in Telangana are Sri Sai Krishna FPC, Sri Venkateshwara FPC, Sri Durga Kisan MACS, Karshakamithra MACS, Sri Lakshmi Narasimha MACS, Akshaya Women Farmer Producer Company Ltd, Chaitanya Women Farmer Producer Company Ltd, Spandana Women Farmer Producer Company Ltd, Aadharsha Women Farmer Producer Company Ltd, Lakshya Women Farmer Producer Company Limited. The major reason for the failure of FPOs is lack of financial support, lack of awareness on technical knowledge and community-based conflicts [5].

The other FPCs namely, Jaigiridhari FPC, Komaram bheem FPC, Jaiseva FPC, Srisairam FPC, Tirumala FPC are in formation stage struggling for financial assistance and sustenance.

4. CONSTRAINTS

The various constraints in functioning of FPOs in Telangana were identified and ranks were given based on the frequency. Lack of awareness among the members was identified as the major constraint. If we provide them the proper guidance then the farmers will get benefits. Second major constraint was lack of financial

Table 1. Factors responsible for sustenance of FPOs in Telangana

S. no.	Factors making the FPOs sustain
1	Increased income levels of the members as group approach for purchase of inputs reduce the costs
2	Encouraged habit of thrift among the women producers
3	Strengthened backward linkage with resource persons resulting in improved Per hectare production
4	Reduction in transport costs thereby resulting in increased net returns to the member farmers [4].
5	Increase in sub-sector development for agriculture
6	Improved market linkage and assured integration
7	Strong sense of responsibility among the leader's members.

Table 2. Social impact of FPOs in Telangana

S. no.	Social impact
1	Improved gender relations
2	Enhanced decision making of women farmers
2	Institutional viability
3	Increased bargaining power for input purchase and output marketing
4	Leadership role of producers in technology absorption

Table 3. Constraints faced in execution of FPOs in Telangana

S. no.	Constraints in execution of FPOs	Rank
1	Lack of awareness among the members	1
2	Lack of financial support from SFAC	2
3	Support from agricultural department and KVK	6
4	Documentation	5
5	Network linkages	7
6	Problem in marketing	4
7	Community based organizations	3

support from SFAC [6]. It was observed that the FPOs have become defunct due to lack of financial support, unable to integrate the activities of the organizations. FPOs formed on the basis of community was seemed to be another major drawback limiting the activities from inclusion of the rural poor and backward farmers forming the significant part of the agrarian economy. It was also identified that marketing problems prevailed in spite of the collective and combined procurement of the bulk produce and collusion among the traders was much stronger. Documentation which is another necessity for the progress and betterment of the organization was lacking. Support from agricultural department and KVKs in forming networks, delivering of quality services was in production, administration and marketing was also reported to be another hindrance for the progress of FPOs. Weak network linkages both forward and backward with the other institutions, resource persons.

5. CONCLUSIONS

From the study on status of FPOs, we conclude that the below strategies were formulated for the proper execution of FPOs.

6. STRATEGIES

1. Awareness among the members of FPOs is the need of the hour. The member has to realize the strengths of the organization and utilize the existing opportunity in decision making and move forward towards better standard of living by means of eliminating the middlemen, dependency on private money lenders, colluded traders and unorganized marketing practices.
2. Capacity building of existing FPOs [7] with the help of appropriate linkage.
3. Organizational structure may be strengthened for better performance.

4. Support from SFAC, GOI, NABARD and NGOs may be extended up to its full potential.

5. The best practices and unique interventions of the FPO's which have led to their success and continuous growth may be extracted and popularized for adoption by other FPO's as well.

CONFERENCE DISCLAIMER

Some part of this manuscript was previously presented and published in the following conference. AERA Annual Conference on Agriculture and Sustainable Development Goals, At NDRI, Karnal November 15-17, 2018 in Web Link of the proceeding.

Available:https://www.researchgate.net/publication/329012885_FPOs_in_Telangana_-_status_challenges_and_strategies

DISCLAIMER

The products used for this research are commonly and predominantly use products in our area of research and country. There is absolutely no conflict of interest between the authors and producers of the products because we do not intend to use these products as an avenue for any litigation but for the advancement of knowledge. Also, the research was not funded by the producing company rather it was funded by personal efforts of the authors.

CONSENT

As per international standard or university standard, respondents' written consent has been collected and preserved by the author(s).

COMPETING INTERESTS

Authors have declared that no competing interests exist.

REFERENCES

1. Singh S. New markets for smallholders in India—Exclusion, policy and mechanisms. *Economic and Political Weekly*. 2012;47:95-105.
2. Bachke ME. Are farmers organizations a good tool to improve small-scale farmers welfare? 2010. Available:http://www.iese.ac.mz/lib/publication/II_conf/CP7_2009_Bachke.pdf
3. Agarwal B. Rethinking agricultural production collectivities. *Economic and Political Weekly*. 2010;45(9):64-78.
4. Sakti Partiban R, Nain MS, Rashmi Singh, Shiv Kumar, Chahal VP. Farmers' producer organisation in reducing transactional costs: A study of Tamil Nadu Mango growers Federation (TAMAFED). *Indian Journal of Agricultural Sciences*. 2015;85(10):55-59.
5. Rajini Devi DA, Archana Karuni Y, Vijaya Kumari R. FPOs in Telangana – Status, challenges and strategies. 26th Annual Conference on Agriculture and Sustainable Development Goals. 2018;31:256.
6. Chand R, Prasanna PAL, Aruna S. Farm size and productivity: Understanding the strengths of smallholders and improving their livelihoods. *Economic and Political Weekly*. 2011;46(26,27):5-11.
7. Challuri Babu, Sri Krishna Sudheer Patoju. Impact of farmer producer companies on marginal and small farmers: A study in Osmanabad District of Maharashtra; 2018. Available:<http://macp.gov.in/maharashtra-agricultural-competitiveness-project>

© 2020 Devi et al.; This is an Open Access article distributed under the terms of the Creative Commons Attribution License (<http://creativecommons.org/licenses/by/4.0>), which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

Peer-review history:
The peer review history for this paper can be accessed here:
<http://www.sdiarticle4.com/review-history/58428>