

Marketing practices and efficiencies of horticultural-based farmer producer organizations in Telangana state

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Abstract

The present study was conducted to examine the marketing practices and estimate the marketing efficiencies of horticulture-based Farmer Producer Organizations (FPOs) in Telangana state. A total of 14 FPOs seven each categorized as Good Performing (GPFPOs) and Non-Performing (NPFPOs) were selected using a multi-stage sampling approach. The analysis reveals that GPFPOs exhibited superior marketing practices such as branding, export orientation, and better post-harvest handling. Marketing efficiency was assessed using both Shepherd's method and Acharya's approach. Results showed that GPFPOs achieved significantly higher marketing efficiency due to streamlined procurement, cost control, and value-added services. The findings underscore the importance of enhanced marketing capabilities and post-harvest infrastructure to improve FPO performance.

Keywords: Farmer producer organizations, marketing practices, marketing efficiency, horticulture, Telangana

Introduction

India's agricultural sector is rapidly evolving amid challenges such as land fragmentation, declining profitability, and climate variability. Farmer Producer Organizations (FPOs) have emerged as a key institutional mechanism to empower small and marginal farmers by enhancing market access^[1], reducing transaction costs, and increasing profitability through collective action^[2]. Telangana, with its agro-climatic suitability for fruit and vegetable cultivation, has promoted several horticulture-based FPOs. However, disparities exist between well-performing and underperforming FPOs. This study was undertaken with the objective to examine the marketing practices and efficiencies of selected horticulture-based FPOs in the state.

Materials and Methods

Study Area and Sampling

The study was conducted in Telangana state during the agricultural year 2020-21. A multistage purposive random sampling technique was employed to select the FPOs. Among 460 FPOs functioning in the state, 283 engaged in output marketing were shortlisted, of which 106 dealt with horticultural crops^[3]. Fourteen FPOs (seven GPFPOs and seven NPFPOs) were selected for comparative analysis.

Data Collection

Primary data were collected through structured interviews with FPO presidents and members using pre-tested schedules. Data on post-harvest practices, marketing

channels, and costs were recorded for three major crops mango, tomato, and papaya.

Analytical Tools

- Descriptive statistics** such as means and percentages were used.
- Marketing Efficiency** was calculated using:
 - **Shepherd's Method**

$$\text{Marketing Efficiency} = \frac{\text{Consumer Price}}{\text{Marketing Cost} + \text{Marketing Margin}}$$

- **Acharya's Approach**

$$\text{Marketing Efficiency} = \frac{\text{Net Price Received by Farmer}}{\text{Marketing Cost} + \text{Marketing Margin}}$$

Results and Discussion

Marketing Practices of FPOs

Analysis of post-harvest practices revealed that GPFPOs outperformed NPFPOs in almost all aspects of marketing.

- **Mango:** All GPFPOs followed cleaning, sorting, packing, and transport; 29% were involved in export, and 43% in processing. None of the NPFPOs engaged in branding, processing, or export.
- **Tomato:** 100% of GPFPOs followed key post-harvest practices including sorting and packaging, while NPFPOs lagged behind. Only GPFPOs engaged in branding (14%) and exporting (29%).

- **Papaya:** GPFPOs maintained consistent post-harvest handling and were again ahead in branding and export [4].

These practices contributed significantly to the improved marketability and shelf-life of produce, especially in export-oriented channels.

Marketing Channels

GPFPOs sold produce through diversified and direct to consumer channels such as Raithu bazaars, retailers, and online platforms. This reduced dependency on intermediaries, minimized costs, and improved producer margins.

Marketing Efficiencies

Table 1: Marketing Efficiency Comparison Between GPFPOs and NPFPOs

Crop	Group	Shepherd's Method	Acharya's Method
Mango	GPFPOs	2.68	2.13
Mango	NPFPOs	1.54	1.24
Tomato	GPFPOs	2.45	1.98
Tomato	NPFPOs	1.49	1.17
Papaya	GPFPOs	2.39	1.84
Papaya	NPFPOs	1.61	1.29

GPFPOs consistently showed higher marketing efficiency [5] due to better price realization, reduced costs, and access to value-added markets.

Conclusion

The study concludes that good-performing horticultural FPOs in Telangana follow efficient and market-oriented practices that substantially enhance marketing efficiency. These include better post-harvest management, branding, direct marketing, and participation in exports. Strengthening the marketing capacity and infrastructure of underperforming FPOs through targeted extension services and financial support can bridge the performance gap.

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