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Farmer Producer Organization (FPOs) services for farmers in selected districts of Uttar Pradesh

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Abstract

The study examines the role and impact of Farmer Producer Organizations (FPOs) in enhancing the livelihoods of farmers in Gorakhpur and Basti districts of Eastern Uttar Pradesh. These districts were purposively selected due to their strong agricultural base and the operational presence of multiple FPOs. A stratified random sampling was adopted, wherein 20 FPOs (10 from each district) were selected, and a total of 400 FPO members were surveyed using a stratified random sampling technique. Farmers were categorized based on landholding size and socio-economic status to ensure diverse representation. Primary data were collected through personal interviews using a structured and pre-tested schedule, ensuring reliability and validity. The collected data were analysed using descriptive statistical tools to assess the effectiveness of FPO services in improving market access, input supply, financial accessibility, and capacity-building efforts. The findings reveal that while FPOs have significantly contributed to farmers' economic and social upliftment, challenges such as financial constraints, limited market linkages, and inadequate infrastructure persist. The study suggests that strategic policy interventions, enhanced institutional support, and targeted training programs are essential for optimizing the impact of FPOs. Strengthening these organizations can empower smallholder farmers, improve their bargaining power, and contribute to sustainable agricultural development in the region.

Keywords: Farmer Producer Organizations (FPOs), smallholder farmers, market access, agricultural development, policy interventions

Introduction

Agriculture remains the backbone of India's economy, contributing significantly to the country's GDP and employing nearly 50% of the workforce (Government of India, 2023) ^[4]. However, small and marginal farmers, who constitute over 86% of the farming community, face numerous challenges such as fragmented landholdings, lack of access to credit, poor market linkages, and limited adoption of modern technologies (NABARD, 2022) ^[10]. These challenges often result in low productivity, reduced income, and vulnerability to market and climate risks. To resolve the challenges faced by small and marginal farmers, the Indian government has promoted a new type of collective action known as Farmer Producer Organizations (FPOs). Particularly to improve access to investments, technical advances, and efficient inputs and markets. (Hellin *et al.*, 2009; Department of Agriculture & Cooperation, 2013) ^[5, 1]. Farmer Producer Organizations (FPOs) have emerged as a transformative institutional mechanism to empower farmers by fostering collective action, enhancing economies of scale, and improving access to resources and markets.

FPOs are formal entities formed by farmers, often registered as cooperatives or producer companies under the Companies Act, 2013. They aim to address the structural inefficiencies in agriculture by providing a platform for farmers to collectively purchase inputs, access technical knowledge, and market their produce at better prices (SFAC, 2021) ^[14]. The Government of India, along with institutions like the National Bank for Agriculture and Rural Development (NABARD) and the Small Farmers' Agribusiness Consortium (SFAC), has been actively promoting FPOs through various schemes, including the 10,000 FPOs Scheme launched in 2020 (Ministry of Agriculture, 2020) ^[8]. These initiatives aim to enhance farmers' income, ensure sustainable agricultural practices, and strengthen rural economies.

Uttar Pradesh is predominantly agrarian state, with a high concentration of small and marginal farmers. The region faces unique challenges such as low irrigation coverage, fragmented landholdings, and limited access to modern agricultural technologies (Uttar Pradesh Agriculture Department, 2023) ^[18]. FPOs in this state play a critical role in addressing these challenges by providing a range of

services to their members. These services include input supply (seeds, fertilizers, and machinery), financial linkages (credit and insurance), technical training (sustainable farming practices), market linkages (collective marketing and value addition), and information dissemination (weather forecasts and market prices) (NABARD, 2022) ^[10]. By leveraging collective bargaining power, FPOs enable farmers to reduce input costs, access better markets, and mitigate risks, thereby improving their livelihoods. Despite their potential, FPOs in Uttar Pradesh face several operational challenges, including inadequate capital, weak governance structures, and limited market access (Singh & Singh, 2021) ^[17]. However, successful case studies from the region highlight the transformative impact of FPOs on farmer incomes and agricultural productivity. For instance, FPOs in Eastern Uttar Pradesh have facilitated the adoption of organic farming practices and established direct linkages with urban markets, resulting in higher profitability for member farmers (Kumar *et al.*, 2022) ^[6].

This study aims to explore the services provided by FPOs to their members in Eastern Uttar Pradesh and assess their impact on farmer empowerment and agricultural development.

Methodology

The research was conducted in the Gorakhpur and Basti districts of Eastern Uttar Pradesh, a region characterized by its active agricultural practices and the presence of established Farmer Producer Organizations (FPOs). These districts were purposively selected due to their significant agricultural contributions and the operational presence of FPOs that serve a large number of farming households. A comprehensive list of 20 FPOs operating in the selected districts was prepared to serve as the sampling frame. From this list, 10 FPOs were selected from each district for an in-

depth study. To ensure fairness and inclusivity, equal representation of FPO members was maintained during the sampling process.

The study employed a stratified random sampling method to categorize FPO members into four distinct groups based on landholding size and socio-economic characteristics: marginal farmers, small farmers, medium farmers, and large farmers. This stratification ensured the inclusion of diverse perspectives and experiences within the sample. A proportionate random sampling technique was then applied to determine the appropriate number of respondents from each category, ensuring proportional representation of the population. In total, 400 FPO members were selected as respondents, with 200 members from each district. From these, 20 members were chosen from each FPOs to maintain balance and representation across the sample. The final sample included respondents from varied backgrounds, landholding sizes, and farming practices, reflecting the heterogeneity of the agricultural community in the region. Primary data were collected through personal interviews using a structured and pre-tested interview schedule. The interview schedule was meticulously designed to align with the research objectives, incorporating relevant questions to capture insights into the services provided by FPOs. The schedule was pre-tested to ensure clarity, reliability, and validity before its final implementation. This approach facilitated the collection of comprehensive and accurate data, enabling a detailed analysis of the role and impact of FPOs in the region. The data so collected were classified tabulated and analysed by using basic descriptive statistics.

Results and Discussion

The results found from the data collected and analysed related to the services provided by FPOs is produced under the below mentioned table.

Table 1: Distribution of respondents according to services provided by FPOs n=400

S. N.	Services Provided by FPOs	Response Categories	f	%
1.	How frequently does the FPO provide agricultural inputs (seeds, fertilizers, pesticides, etc.)?	Very Frequently	153	38.25
		Frequently	148	37.00
		Occasionally	57	14.25
		Rarely	34	08.50
		Never	08	02.00
2.	How do you rate the quality of inputs provided by the FPO?	Excellent	156	39.00
		Good	134	33.50
		Average	80	20.00
		Poor	28	07.00
		Very Poor	02	00.50
3.	To what extent are the inputs provided at a subsidized rate?	Very High	144	36.00
		High	89	22.25
		Moderate	145	36.25
		Low	08	02.00
		Not at All	13	03.25
4.	How effective is the FPO in helping you sell your produce?	Very Effective	183	45.75
		Effective	199	49.75
		Neutral	16	04.00
		Ineffective	02	00.50
		Very Ineffective	00	00.00
5.	How well does the FPO provide market linkages and buyer connections?	Excellent	128	32.00
		Good	147	36.75
		Average	89	22.25
		Poor	36	09.00

		Very Poor	00	00.00
6.	To what extent have you financially benefited from FPO market linkages?	Very High	94	23.50
		High	103	25.75
		Moderate	144	36.00
		Low	39	09.75
		Not at All	20	05.00
7.	How frequently does the FPO organize training programs for its members?	Very Frequently	69	17.25
		Frequently	74	18.50
		Occasionally	171	42.75
		Rarely	66	16.50
		Never	20	05.00
8.	How useful and relevant are the training programs conducted by the FPO?	Very Useful	58	14.50
		Useful	139	34.75
		Neutral	167	41.75
		Not Useful	20	05.00
		Completely Irrelevant	16	04.00
		Always	78	19.5
		Often	199	49.75
		Sometimes	83	20.75
		Rarely	37	09.25
9.	How actively do you participate in training sessions organized by the FPO?	Never	03	00.75
		Very High	58	14.50
		High	45	11.25
		Moderate	203	50.75
		Low	94	23.50
10.	To what extent does the FPO provide financial support or credit facilities to its members?	Not at All	00	00.00
		Very Easily	66	16.50
		Easily	113	28.25
		Neutral	121	30.25
		Difficult	73	18.25
11.	How easily accessible are the financial services provided by the FPO?	Very Difficult	27	06.75
		Never	80	20.00
		Rarely	68	17.00
		Occasionally	144	36.00
		Frequently	79	19.75
12.	Have you faced difficulties in accessing financial support from the FPO?	Always	29	07.25
		Very Adequate	64	16.00
		Adequate	87	21.75
		Neutral	171	42.75
		Inadequate	53	13.25
13.	How adequate is the storage and processing infrastructure provided by the FPO?	Very Inadequate	25	06.25
		Very Beneficial	80	20.00
		Beneficial	183	45.75
		Neutral	107	26.75
		Not Beneficial	30	07.50
14.	How beneficial are the farm equipment rental services provided by the FPO?	Completely Useless	00	00.00
		Very Effective	98	24.50
		Effective	105	26.25
		Neutral	139	34.75
		Ineffective	42	10.50
15.	How effectively does the FPO represent farmers' concerns to government bodies?	Very Ineffective	16	04.00
		Very High	66	16.50
		High	113	28.25
		Moderate	148	37.00
		Low	66	16.50
16.	To what extent have you benefited from FPO advocacy in accessing government schemes and subsidies?	Not at All	07	01.75
		Very Satisfied	90	22.50
		Satisfied	121	30.25
		Neutral	108	27.00
		Dissatisfied	59	14.75
17.	How satisfied are you with the services provided by the FPO overall?	Very Dissatisfied	22	05.50

1. Agricultural Inputs Provision

- **Frequency of Input Provision:** A majority of respondents (75.25%) reported that FPOs provide agricultural inputs very frequently (38.25%) or frequently (37%). Only 2% stated that inputs are never provided.
- **Quality of Inputs:** Most farmers rated the quality of inputs as excellent (39%) or good (33.5%), indicating high satisfaction with input quality.
- **Subsidized Rates:** A significant proportion of respondents (72%) reported that inputs are provided at very high (36%), high (22.25%), or moderate (36.25%) subsidized rates, highlighting the affordability of inputs through FPOs.

2. Market Linkages and Produce Selling

- **Effectiveness in Selling Produce:** A vast majority of respondents (95.5%) found FPOs very effective (45.75%) or effective (49.75%) in helping them sell their produce, indicating strong market linkages.
- **Market Linkages and Buyer Connections:** Most farmers rated FPOs' market linkages as excellent (32%) or good (36.75%), though 9% rated them as poor.
- **Financial Benefits from Market Linkages:** While 49.25% reported very high (23.5%) or high (25.75%) financial benefits, 14.75% reported low or no benefits, suggesting room for improvement in ensuring equitable gains.

3. Training Programs

- **Frequency of Training Programs:** Training programs are occasionally organized (42.75%), with only 17.25% and 18.5% of respondents reporting very frequent or frequent sessions, respectively.
- **Usefulness of Training Programs:** While 49.25% found the training very useful (14.5%) or useful (34.75%), 41.75% remained neutral, indicating a need for more relevant and impactful training content.
- **Participation in Training Sessions:** A majority of respondents (69.25%) reported always (19.5%) or often (49.75%) participating in training sessions, reflecting active engagement.

4. Financial Support and Credit Facilities

- **Extent of Financial Support:** Most respondents (76.5%) reported moderate (50.75%), high (11.25%), or very high (14.5%) financial support from FPOs, though 23.5% found it low.
- **Accessibility of Financial Services:** While 44.75% found financial services very easily (16.5%) or easily (28.25%) accessible, 25% reported difficult or very difficult access.
- **Difficulties in Accessing Financial Support:** A significant proportion (58%) faced difficulties occasionally (36%), frequently (19.75%), or always (7.25%), highlighting challenges in accessing financial services.

5. Storage and Processing Infrastructure

- **Adequacy of Infrastructure:** While 37.75% found storage and processing infrastructure very adequate

(16%) or adequate (21.75%), 19.5% rated it as inadequate or very inadequate, indicating gaps in infrastructure provision.

6. Farm Equipment Rental Services

- **Benefit from Equipment Rental:** A majority of respondents (65.75%) found equipment rental services very beneficial (20%) or beneficial (45.75%), though 7.5% reported them as not beneficial.

7. Advocacy and Government Representation

- **Effectiveness in Representing Farmers' Concerns:** While 50.75% found FPOs very effective (24.5%) or effective (26.25%) in advocacy, 14.5% rated them as ineffective or very ineffective.
- **Benefits from FPO Advocacy:** A majority (81.75%) reported very high (16.5%), high (28.25%), or moderate (37%) benefits from FPO advocacy in accessing government schemes.

8. Overall Satisfaction with FPO Services

- **Satisfaction Levels:** A majority of respondents (52.75%) reported being very satisfied (22.5%) or satisfied (30.25%) with FPO services, though 20.25% expressed dissatisfaction or very dissatisfaction.

The findings of this study highlight the multifaceted role of FPOs in delivering agricultural services, with notable strengths in input provision and market support but evident gaps in training, financial assistance, and infrastructure. A significant proportion (38.25%) of farmers reported very frequent and 37.00% frequent access to agricultural inputs through FPOs, indicating their reliability in ensuring timely availability of seeds, fertilizers, and pesticides. This aligns with Kumar *et al.* (2021) ^[7], who emphasized the role of FPOs in reducing input costs and enhancing input accessibility. However, concerns over input quality persisted, with only 39% rating them as excellent, which corroborates the observations of Patil *et al.* (2020) ^[11], who found inconsistencies in the quality of inputs provided by FPOs, particularly in remote areas. FPOs were highly effective in market linkages, with 95.5% of farmers acknowledging their role in facilitating the sale of produce, echoing the results of Rao *et al.* (2022) ^[12], who reported that FPOs help farmers secure better prices through collective bargaining. Despite this, financial benefits from these linkages were moderate, with only 49.25% of farmers experiencing high or very high financial gains, a challenge similarly noted by Singh and Mehta (2020) ^[16], who attributed this to volatile market prices and inadequate storage facilities that force distress selling. The study also identified gaps in training programs, as only 17.25% of respondents received them frequently, and a large proportion (42.75%) attended them occasionally. This is consistent with Sharma *et al.* (2018) ^[15] and Verma *et al.* (2021) ^[19], who highlighted the lack of structured and frequent training programs as a limitation in capacity-building efforts. Financial support from FPOs was another area of concern, with 50.75% of farmers rating it as moderate and 23.50% as low, reflecting accessibility issues. These findings are in line with Deshmukh *et al.* (2020) ^[2] and Mishra *et al.* (2021) ^[9], who pointed out bureaucratic

delays and insufficient credit facilities as major hurdles in farmer financing. Storage and processing infrastructure were perceived as neutral or inadequate by a large proportion of farmers (42.75%), mirroring Sahu *et al.* (2019) [13], who identified the lack of proper post-harvest management as a major impediment to FPO effectiveness. While FPOs played a role in policy advocacy, 34.75% of farmers remained neutral about their effectiveness in representing their concerns to government bodies. This aligns with Ghosh *et al.* (2020) [3], who argued that many smallholder farmers remain unaware of policy advocacy initiatives undertaken by FPOs.

Overall, these findings suggest that while FPOs are instrumental in enhancing farmers' market access, reducing input costs, and advocating for policy support, their effectiveness can be significantly improved through better financial accessibility, frequent training programs, and strengthened storage and processing facilities. Addressing these challenges through policy interventions, enhanced credit mechanisms, and farmer-oriented capacity-building programs will be crucial in ensuring that FPOs fulfil their intended role in empowering the farming community.

Conclusion

The study highlights the crucial role of Farmer Producer Organizations (FPOs) in enhancing the economic and social well-being of farmers by improving market access, input supply, financial accessibility, and capacity-building initiatives. Despite their potential, challenges such as financial constraints, inadequate storage and processing infrastructure, and limited market linkages persist. Addressing these barriers requires strategic policy interventions, enhanced institutional support, and improved training programs to strengthen the efficiency and sustainability of FPOs. By leveraging collective action and government support, FPOs can serve as a transformative mechanism for empowering smallholder farmers, increasing their bargaining power, and ensuring long-term agricultural sustainability. Future research should focus on identifying best practices and innovative models to optimize the functioning of FPOs and maximize their impact on rural livelihoods.

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