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Challenges faced by Farmer Producer Organizations (FPOs): A comprehensive analysis

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Abstract
Farmer Producer Organizations (FPOs) play a pivotal role in empowering small and marginal farmers by enhancing their collective bargaining power, improving access to resources, and ensuring better market linkages. However, FPOs face numerous challenges that hinder their operational efficiency and sustainability. This paper examines the key constraints faced by FPOs, categorized into operational, financial, marketing, policy, and social-cultural dimensions. Using Garrett Ranking Scores, the study identifies and prioritizes the most critical issues affecting FPOs. The findings reveal that insufficient working capital, high production costs, low market prices, complex regulatory procedures, and resistance to change are the most significant barriers. The paper concludes with recommendations to address these challenges and enhance the performance and sustainability of FPOs.

Keywords: Farmer producer organizations, marketing, operational, financial, garret ranking

Introduction
Agriculture remains the backbone of many economies, particularly in developing countries, where a significant proportion of the population depends on farming for their livelihoods. Small and marginal farmers, who constitute the majority of the agricultural workforce, often face challenges such as limited access to credit, poor market linkages, and low bargaining power. To address these issues, Farmer Producer Organizations (FPOs) have emerged as a collective mechanism to empower farmers, enhance their productivity, and improve their income levels. FPOs enable farmers to pool their resources, access better inputs, and negotiate favorable terms in the market.

Despite their potential, FPOs face numerous challenges that limit their effectiveness and sustainability. These challenges span various dimensions, including operational inefficiencies, financial constraints, marketing barriers, policy hurdles, and social-cultural obstacles. Understanding and addressing these challenges is critical to unlocking the full potential of FPOs and ensuring their long-term success. This paper aims to identify and analyze the key constraints faced by FPOs, using Garrett Ranking Scores to prioritize these issues. The study focuses on five key dimensions: operational, financial, marketing, policy, and social-cultural constraints, providing a comprehensive overview of the challenges and offering actionable recommendations for improvement.

Methodology
This study employs the Garrett Ranking Method (GRM) to assess the relative importance of various constraints faced by FPOs. Data were collected through surveys conducted with FPO members, focusing on five main categories of constraints: operational, financial, marketing, policy, and social-cultural. The constraints were ranked based on the Garrett Score, which assigns a higher score to the most critical issues, enabling the identification of priority areas for intervention.

To find out the most influential factors, Garrett ranking technique was employed. As per this method, respondents were asked to allocate the rank for all factors and the outcomes of such ranking were converted into score value with the help of the following formula:

$$\text{Per cent position} = \frac{100\,(R_{ij}-0.5)}{N_j}$$

R_{ij}= Rank given for i^{th} variable by the j^{th} respondents
N_j= Number of variables ranked by the j^{th} respondents

Results and Discussion
1. **Problem Faced by Farmer Producer Organizations (FPOs)**

The Garrett ranking technique is a statistical method used to analyze and prioritize constraints, problems, or preferences based on respondents' rankings. It converts ordinal ranks into a standardized score using a specific formula, where the assigned rank is transformed into a percentage and then matched with the Garrett table to obtain the corresponding Garrett score. The average Garrett scores for each constraint, known as the Garrett Mean Score (GMS), determine the overall ranking, with higher scores indicating more critical constraints.

Table 1: Garret Rank Score

Rank	Percent	Garret score
1st Rank	10.56	75
2nd Rank	21.67	66
3rd Rank	32.78	59
4th Rank	43.89	53
5th Rank	55.00	48
6th Rank	66.11	42
7th Rank	77.22	35
8th Rank	88.33	26
9th Rank	99.44	4

The Garrett ranking method was used to prioritize the challenges encountered by Farmer Producer Organizations (FPOs) based on their severity and frequency, as presented in Table 1. According to the results, the highest-ranked constraint scored 75, indicating the most critical issue. The second and third-ranked constraints scored 66 and 59, respectively, showing their significant impact. As the rank decreases, the Garrett scores progressively drop, with the least pressing issue scoring just 4. This ranking helps identify the most pressing constraints, guiding efforts to develop targeted interventions for improving FPO performance.

1.1 Operational Constraints of FPOs

The analysis of operational constraints faced by Farmer Producer Organizations (FPOs), as presented in Table 2, highlights several critical challenges that hinder their efficiency and growth. The most pressing issue is insufficient working capital (GMS: 61.58, Rank I), which restricts FPOs from scaling operations, purchasing inputs, and meeting day-to-day expenses. To address this, FPOs can be supported through easier access to credit, government-backed revolving funds, and low-interest loans tailored to their needs.

The lack of technical knowledge and training (GMS: 58.92, Rank II) is another major constraint. Organizing regular training programs, capacity-building workshops, and knowledge-sharing platforms in collaboration with agricultural universities and Krishi Vigyan Kendras (KVKs) can enhance farmers' skills and adoption of innovative practices.

Table 2: Operational Constraints of FPOs

Sr. No	Constraints	GMS	Rank
1	Insufficient working capital	61.58	I
2	Lack of technical knowledge/training	58.92	II
3	Limited access to quality seeds and fertilizers	57.42	III
4	Inadequate marketing and sales facility	50.92	IV
5	Lack of modern farming equipment	47.83	V
6	Poor post-harvest management	47.67	VI
7	Inadequate storage facilities	45.00	VII
8	Poor infrastructure (roads, electricity, etc.)	24.75	VIII
9	Transportation issues	13.92	IX

Limited access to quality seeds and fertilizers (GMS: 57.42, Rank III) can be mitigated by establishing input procurement centers within FPOs, negotiating with input companies for bulk discounts, and ensuring timely delivery of quality inputs. For inadequate marketing and sales facilities (GMS: 50.92, Rank IV), strengthening market linkages, creating digital marketing platforms, and facilitating direct-to-consumer sales through farmers' markets can help improve revenue streams.

Addressing the lack of modern farming equipment (GMS: 47.83, Rank V) requires subsidies or equipment rental services within FPOs, enabling farmers to access machinery without heavy financial burdens. Poor post-harvest management (GMS: 47.67, Rank VI) and inadequate storage facilities (GMS: 45.00, Rank VII) can be improved by investing in community storage units, cold chains, and processing units to minimize losses and add value to produce.

Furthermore, poor infrastructure (roads, electricity, etc.) (GMS: 24.75, Rank VIII) and transportation issues (GMS: 13.92, Rank IX) can be resolved by advocating for infrastructure development in rural areas, forming logistics partnerships, and utilizing government transport schemes.

By addressing these constraints through targeted interventions, policy support, and collective action, FPOs can become more resilient, improve their market competitiveness, and ultimately enhance the livelihoods of member farmers.

1.2 Financial Constraints of FPOs

The financial constraints faced by Farmer Producer Organizations (FPOs), as shown in Table 3, pose significant barriers to their sustainability and growth. The high cost of production (GMS: 64.00, Rank I) emerged as the most severe challenge, reducing profit margins and limiting reinvestment capacity. To tackle this, adopting cost-efficient technologies, group-based input procurement, and government-backed production subsidies can help lower overall expenses.

Table 3: Financial Constraints of FPOs

Sr. No	Constraints	GMS	Rank
1	High cost of production	64.00	I
2	High interest rates	61.50	II
3	High input costs (seeds, fertilizers, pesticides)	59.75	III
4	Difficulty in accessing bank loan	53.92	IV
5	Delayed payments from buyers	47.83	V
6	Lack of collateral for loans	41.33	VI
7	Inadequate government subsidies	33.92	VII
8	Financial illiteracy among members	28.67	VIII
9	Poor financial management skills	17.08	IX

High interest rates on loans (GMS: 61.50, Rank II) and high input costs (GMS: 59.75, Rank III) further strain FPOs' finances. Advocating for subsidized interest rates, expanding credit guarantee schemes, and bulk purchasing mechanisms through FPO networks can ease this burden. Additionally, difficulty in accessing bank loans (GMS: 53.92, Rank IV) can be addressed by simplifying loan procedures, improving FPO documentation practices, and providing financial literacy programs to guide members through the loan application process.

Delayed payments from buyers (GMS: 47.83, Rank V) disrupt cash flows, making it harder for FPOs to meet immediate financial obligations. Strengthening contract enforcement mechanisms, diversifying buyers, and exploring online marketplaces with faster payout systems can help mitigate this issue. For FPOs struggling with lack of collateral for loans (GMS: 41.33, Rank VI), expanding collateral-free loan schemes and forming joint liability groups (JLGs) can increase access to formal credit.

The inadequacy of government subsidies (GMS: 33.92, Rank VII) highlights the need for better awareness and accessibility to existing schemes, while financial illiteracy among members (GMS: 28.67, Rank VIII) and poor financial management skills (GMS: 17.08, Rank IX) can be resolved by organizing regular financial training sessions, hiring professional accountants, and leveraging digital financial tools for record-keeping and budgeting.

By addressing these financial constraints through policy reforms, capacity building, and innovative financial solutions, FPOs can enhance their economic stability, improve members' financial well-being, and drive sustainable rural development.

1.3 Marketing Constraints of FPOs

The marketing challenges faced by Farmer Producer Organizations (FPOs), as highlighted in Table 4, limit their ability to secure better returns and expand market reach. The most pressing issue is low market prices for produce (GMS: 62.00, Rank I), which reduces profitability and discourages production. To counter this, FPOs can focus on collective marketing strategies, price forecasting tools, and promoting crop diversification to avoid market saturation. Government-supported price stabilization schemes and minimum support prices (MSP) can further protect farmers from price fluctuations.

Table 4: Marketing Constraints of FPOs

Sr. No	Constraints	GMS	Rank
1	Low market prices for produce	62.00	I
2	Limited processing and value addition facilities	59.67	II
3	Market volatility	59.25	III
4	High transportation costs	54.08	IV
5	Lack of market information	41.92	V
6	Lack of direct market access	38.08	VI
7	Limited bargaining power	34.42	VII
8	Poor market linkages	32.08	VIII
9	Competition from large agribusinesses	26.50	IX

Limited processing and value addition facilities (GMS: 59.67, Rank II) prevent FPOs from enhancing product value. Establishing community-level processing units, cold storage infrastructure, and food certification programs can help FPOs tap into premium markets. Similarly, market volatility (GMS: 59.25, Rank III) adds uncertainty to income stability. Developing contract farming arrangements, building market intelligence systems, and diversifying crop portfolios can mitigate the risks of fluctuating prices.

High transportation costs (GMS: 54.08, Rank IV) reduce net returns, especially for remote FPOs. Pooling resources for bulk transportation, lobbying for transportation subsidies, and strengthening local market infrastructure can ease this burden. Lack of market information (GMS: 41.92, Rank V) and lack of direct market access (GMS: 38.08, Rank VI) limit farmers' decision-making capacity. Providing real-time market data through mobile apps, conducting market exposure visits, and connecting FPOs with e-commerce platforms can bridge this gap.

Limited bargaining power (GMS: 34.42, Rank VII) and poor market linkages (GMS: 32.08, Rank VIII) prevent FPOs from negotiating better deals. Forming regional FPO federations, strengthening collective negotiations, and directly linking FPOs with institutional buyers can amplify their influence in the market. Finally, competition from large agribusinesses (GMS: 26.50, Rank IX) can be tackled by branding local products, leveraging geographical indications (GI tags), and emphasizing organic or specialty products to carve out niche markets.

By addressing these marketing constraints through capacity building, policy support, and infrastructure development, FPOs can enhance their market competitiveness, secure better prices, and ensure long-term sustainability for member farmers.

1.4 Policy Constraints of FPOs

Farmer Producer Organizations (FPOs) face several policy-related challenges that hinder their growth and operational efficiency, as seen in Table 5. The most critical constraint is complex regulatory procedures (GMS: 58.25, Rank I), which make registration, compliance, and documentation cumbersome. Simplifying these processes through single-window clearances, online registration portals, and dedicated FPO helpdesks can ease this burden.

Table 5: Policy Constraints of FPOs

Sr. No	Constraints	GMS	Rank
1	Complex regulatory procedures	58.25	I
2	Lack of awareness about policies and schemes	58.17	II
3	Delayed approvals and clearances	52.75	III
4	Difficulty in complying with quality standards	51.50	IV
5	High taxes and duties	48.75	V
6	Bureaucratic hurdles	37.08	VI
7	Unfavorable agricultural policies	35.42	VII
8	Lack of legal support	33.33	VIII
9	Inadequate support from government schemes	32.75	IX

The lack of awareness about policies and schemes (GMS: 58.17, Rank II) prevents FPOs from fully utilizing government support. Regular awareness camps, policy handbooks in local languages, and collaboration with local agricultural departments for guidance can bridge this knowledge gap. Delayed approvals and clearances (GMS: 52.75, Rank III) slow down project execution. Streamlining approvals through digital platforms, fixed timelines for clearance, and periodic policy reviews can accelerate decision-making.

Difficulty in complying with quality standards (GMS: 51.50, Rank IV) limits market access. Providing subsidized quality testing labs, capacity-building programs, and certification support can help FPOs meet national and international standards. High taxes and duties (GMS: 48.75, Rank V) reduce profit margins. Tax incentives, subsidies for infrastructure, and reduced GST rates for FPOs can enhance financial sustainability.

Bureaucratic hurdles (GMS: 37.08, Rank VI) and unfavorable agricultural policies (GMS: 35.42, Rank VII) discourage participation. Policy advocacy through FPO federations, direct farmer representation in policymaking, and periodic stakeholder consultations can ensure that policies are more farmer-centric. Lack of legal support (GMS: 33.33, Rank VIII) makes it difficult for FPOs to handle disputes and contract issues. Setting up legal aid cells and free consultation services for FPOs can offer critical support.

Lastly, inadequate support from government schemes (GMS: 32.75, Rank IX) limits access to funding and resources. Periodic scheme evaluations, better fund allocation, and improving last-mile delivery of benefits can strengthen policy implementation.

Addressing these constraints through policy simplification, capacity building, and continuous support can empower FPOs to operate more efficiently, enhance their market reach, and contribute to rural economic development.

1.5 Social & Cultural Constraints of Selected FPOs

Social and cultural factors significantly influence the success of Farmer Producer Organizations (FPOs), as reflected in Table 6. The most prominent constraint is resistance to change (GMS: 67.83, Rank I), where farmers may be hesitant to adopt new practices. Awareness campaigns, peer-led demonstration farms, and success stories of progressive farmers can inspire confidence in adopting innovations.

Traditional farming practices (GMS: 67.42, Rank II) limit productivity and sustainability. Field demonstrations, knowledge-sharing workshops, and subsidies for modern technologies can encourage the gradual shift towards improved practices. Lack of education and training (GMS: 64.75, Rank III) restricts decision-making and market understanding. Regular training programs, farmer field schools, and adult literacy initiatives can build members' skills and knowledge.

Table 6: Social & Cultural Constraints of Selected FPOs

Sr. No	Constraints	GMS	Rank
1	Resistance to change	67.83	I
2	Traditional farming practices	67.42	II
3	Lack of education and training	64.75	III
4	Lack of trust and cooperation among members	49.17	IV
5	Social stigma associated with farming	44.33	V
6	Low participation of women	40.33	VI
7	Community conflicts	39.08	VII
8	Gender biases	31.08	VIII
9	Language barriers	4.00	IX

Lack of trust and cooperation among members (GMS: 49.17, Rank IV) weakens collective efforts. Trust-building activities, transparent leadership, and regular community meetings can strengthen internal unity. Social stigma associated with farming (GMS: 44.33, Rank V) discourages youth participation. Showcasing farming as an entrepreneurial opportunity, recognition programs, and agri-business competitions can improve perceptions.

Low participation of women (GMS: 40.33, Rank VI) limits diversity and potential leadership. Women-specific training, leadership development programs, and incentives for female participation can enhance inclusivity. Community conflicts (GMS: 39.08, Rank VII) disrupt operations. Conflict resolution mechanisms, counseling services, and community mediation sessions can promote harmony.

Gender biases (GMS: 31.08, Rank VIII) hinder equality in decision-making. Gender sensitization workshops, women-led FPOs, and inclusive policies can break cultural barriers. Language barriers (GMS: 4.00, Rank IX) limit access to information and training. Providing resources in local languages, bilingual training sessions, and using visual aids can bridge communication gaps.

Tackling these social and cultural challenges through education, community engagement, and inclusivity can create a more cohesive and progressive environment for FPOs, ultimately enhancing their long-term viability and impact.

The study highlights that FPOs face significant challenges across operational, financial, marketing, policy, and social dimensions. Operational issues, like insufficient working capital and limited technical knowledge, hamper productivity, while financial constraints, such as high production costs and difficulty accessing loans, weaken their economic stability. Marketing barriers, including low market prices and poor market linkages, limit revenue opportunities, whereas policy hurdles, like complex regulations and delayed approvals, prevent FPOs from fully benefiting from government support. Social factors, like resistance to change and lack of trust among members, further restrict collective progress. Similar results were noted by Babu *et al.*, 2022 [5] and Singh *et al.*, 2023 [8].

To overcome these challenges, FPOs need targeted interventions, such as better access to credit, capacity-building programs, improved market infrastructure, and simplified policy support. Strengthening social cohesion, encouraging modern farming practices, and fostering cooperative leadership can enhance the resilience and long-term sustainability of FPOs, ultimately improving farmers' livelihoods and boosting rural development.

Conclusion

Farmer Producer Organizations (FPOs) are confronted with a range of operational, financial, marketing, policy, and social-cultural challenges. The findings from this study, ranked using the Garrett Method, provide a roadmap for targeted interventions. Key priorities include improving access to capital, enhancing technical knowledge, addressing financial barriers, strengthening market linkages, and simplifying policy frameworks. Additionally, fostering social and cultural changes, particularly in terms of trust and cooperation, will be essential for the long-term success of FPOs. By focusing on these critical areas, stakeholders can significantly improve the functioning and sustainability of FPOs, thereby enhancing the livelihoods of member farmers.

Policy measure

Implement a dedicated "FPO Support and Development Mission" that provides integrated financial assistance, capacity building, market linkage support, and simplified regulatory services through a single-window system. This mission should ensure timely access to low-interest working capital, skill development, and infrastructure support, enabling FPOs to function efficiently and sustainably while maximizing benefits to member farmers.

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