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### Performance Analysis of Farmer Producer Organizations (FPOs) in Kurnool District, Andhra Pradesh: A Comprehensive Study

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#### Abstract

India's agricultural sector is characterized by small and marginal landholdings, leading to significant challenges in productivity, market access, and collective bargaining. Farmer Producer Organizations (FPOs) have emerged as a vital institutional mechanism to mitigate these constraints and improve farmer livelihoods. This study aims to comprehensively analyze the performance of FPOs operating in the Kurnool district of Andhra Pradesh. A cross-sectional survey methodology was employed in Kurnool District, gathering data on various performance parameters from FPO members. The results indicate that network linkages were the highest perceived performance parameter (45.00%), followed by input service and farmer satisfaction (both  $\approx 31.67\%$ ). Critically, the overall performance assessment showed that the majority of FPO members perceived performance as 'Average' (40.83%), with 'High' and 'Poor' accounting for 32.50% and 26.67%, respectively. The study concludes that performance heterogeneity exists, with two FPOs (Parla and K. Markapuram) categorized as having Average performance and the remaining two (Y. Khanapuram and Chillabanda) showing a balanced split between High and Poor performance. These findings underscore the need for targeted policy interventions to standardize and improve service delivery across FPOs.

**Keywords:** Farmer producer organization, performance analysis, challenges, services, members and network

#### 1. Introduction

Agriculture is the economic mainstay of India, supporting the livelihoods of the majority of its rural populace. However, the sector is perpetually constrained by deep-seated structural inefficiencies, most notably the pervasive issue of small and marginal landholdings (less than two hectares). This fragmentation inherently limits economies of scale, resulting in a cascade of adverse effects: low productivity, weak vertical market integration, restricted access to quality inputs, and severely limited collective bargaining power. Addressing these complex, foundational constraints is paramount for enhancing the economic viability and sustainability of farming communities across the nation. To mitigate these challenges and empower small and marginal farmers, the Government of India has vigorously promoted the establishment of Farmer Producer Organizations (FPOs). An FPO is registered under the Companies Act, functioning as a hybrid entity that combines the democratic principles of cooperatives with the operational efficiency of a commercial business (Trebbin, 2014) <sup>[5]</sup>. FPOs are designed to create synergy by:

1. Aggregating produce to achieve better market prices.
2. Providing essential services such as inputs, credit, and extension.
3. Facilitating market knowledge and new technology access (Asante *et al.*, 2011) <sup>[6]</sup>.

Through fostering horizontal and vertical integration, these organizations aim to transform subsistence-level farming into a more profitable and resilient enterprise, directly contributing to improved farmer incomes. While the FPO model is theoretically sound and has received significant policy impetus, there remains a critical research gap concerning its actual, on-the-ground performance, operational heterogeneity, and measurable impact on farmer welfare. The success of an FPO is highly dependent on localized factors, governance quality, service delivery, and the enabling environment.

Existing literature tends to be broad, offering macro-level insights but often lacking the empirical depth required to guide regional policy. This limitation is particularly evident in agriculturally important states like Andhra Pradesh. Specifically, in the Kurnool district a major regional hub for agricultural production, there is a distinct lack of comprehensive, empirical research that quantifies the specific dimensions of FPO performance and identifies key service delivery gaps. Understanding this localized reality is crucial because the challenges faced by FPOs in this region may differ significantly from those elsewhere.

This study is designed to bridge this critical knowledge gap by providing a detailed, empirical assessment. The primary objective is to conduct a comprehensive performance analysis of Farmer Producer Organizations (FPOs) in the

Kurnool District of Andhra Pradesh. Specifically, the study aims to:

- **Assess Performance:** Evaluate the performance of selected FPOs across key operational parameters, including input services, market linkages, and human resource development.
- **Identify Constraints:** Determine and rank the major challenges and constraints faced by both the FPO members and management in the study area.
- **Formulate Recommendations:** Provide evidence-based strategies and recommendations for policymakers and FPO management to standardize and improve service delivery, organizational efficiency, and overall performance.

By rigorously assessing FPO configurations, performance levels, and member satisfaction, this research makes a significant contribution by offering a micro-level blueprint for understanding the institutional effectiveness of FPOs. The findings will be invaluable for policymakers in refining the legal framework and policy approaches necessary for FPOs to function as an efficient and robust mechanism for marginalized and small-scale farmers, thereby promoting

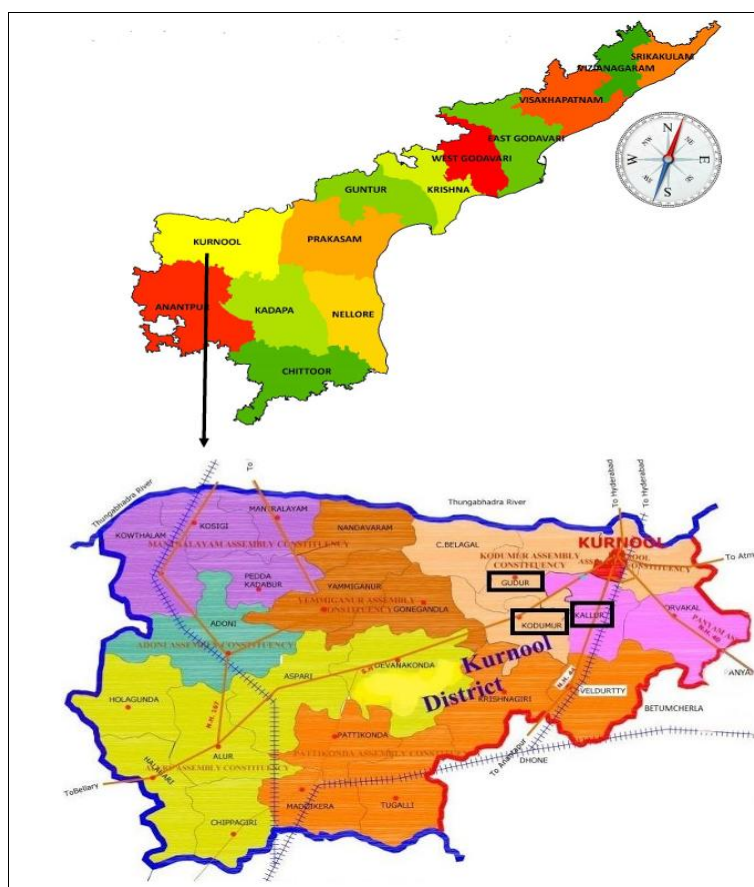
sustainable rural growth in India.

## 2. Methodology

The *ex-post facto* research design was used for the study. This design was considered appropriate because the phenomenon had already occurred (Kerlinger, 1983) <sup>[4]</sup>.

The current research was intentionally carried out in the Kurnool district (Fig. 1) during the year 2023-24, as the investigator is well-acquainted with the area, being a resident of the same district in Andhra Pradesh. Therefore, conducting the study in the investigator's locality can assist in generating more precise data and support local farmers in improving their socio-economic conditions.

Kurnool district consists of 55 mandals, with 21 of them having FPOs. Additionally, three mandals, specifically Kallur, Gudur, and Kodumuri, were chosen for the study based on the age of the FPOs. Four villages were specifically selected. Two newly established FPOs, namely Parla Farmers Producer Company Limited and K Markapuram Farmers Producer Company Limited, along with two older FPOs, Chillabanda Farmers Producer Company Limited and Y. Khanapuram Farmers Producer Company Limited, were selected using secondary data.



**Fig 1:** Map showing study area

The members were selected randomly based on their association with FPOs. A total of 30 members from each FPO were chosen, leading to an overall sample size of 120 members. This research utilized both primary and secondary data. The secondary data was collected from the records of the FPOs, which are kept by NABARD, as well as from POPI, journals, and theses relevant to the study. This data

was integrated according to the study's requirements. Subsequently, primary data was gathered from the members of the FPO in the respective village through personal interviews. By thoroughly consulting with agricultural extension professionals, an interview schedule was created with the study's objectives in mind. To make necessary adjustments, the developed schedule was pre-tested in a

non-sampling area. The required data from the members was collected according to the final schedule. The selected members were asked questions to obtain the necessary data. All interviewed members were given equal attention while each question was explained to them. Informal discussions and observations were also conducted to gain a deeper understanding of the members and their circumstances, which allowed for a more accurate interpretation of the results.

Performance of FPO is operationally defined as the extent to which FPOs are deemed to perform poor or average or high according to the services offered by NABARD for FPO. Bernard *et al.* (2008) [3] defined performance of village organizations like below as “effectiveness of serving their members,” which they measured by the percentage of members who are said to have benefited from these organizations. Responses were collected from the members by using a procedure followed by Navya (2022) [2] statements with suitable modifications. A total of thirty-seven statements were prepared and presented in interview schedule. The responses were collected on a three-point continuum namely ‘Most Relevant’, ‘Relevant’ and ‘Not Relevant’ with score of 3, 2 and 1 respectively. Thus, the minimum and maximum scores were 37 and 111 respectively. Based on the mean score and standard deviation the members were classified as under.

Sl. No	Performance	Categories	Scores
1	Poor	Less than (mean – ½ SD)	Below 75.90
2	Average	Between (mean ± ½ SD)	75.90-83.83
3	High	More than (mean + ½ SD)	Above 83.83

The members approach for the effective running of the Farmer Producer Organizations was recorded and presented as percentage and ranking.

### 3. Results and Discussion

#### Performance of Farmer Producer Organizations

##### 3.1 Network linkages

From the Table 1, it was evident that majority (45.00%) of members perceived that network linkages were high followed by 31.67 per cent of members were average and 23.33 per cent of members were poor. From the responses, it was concluded that majority of members belong to high to average network services offered by FPOs. The probable reason for responses was that members showed a commitment to the group's improvement and maintained relationships with KVKs and NGOs through their involvement in FPO, which made it easier for members to associate with them. Members were linked to POPI for the continued existence of FPO.

##### 3.2 Input services

From the findings of the study in the Table 2, it was depicted that majority (39.17%) of members perceived that input services provided by FPOs were average followed by high (31.67%) and poor (29.16%) were poor. From the responses of members, it was evident that members belong to average to high input services offered by FPOs. The probable reason might be that POPI regularly supplies inputs to the FPO members at nominal cost, but also there will be some time delay in supply of inputs to the members

of FPO.

##### 3.3 Marketing services

From the Table 3, it was concluded that over one third (37.50%) of members per cent perceived that marketing services provided by FPOs were poor followed by average (34.17%) and high (28.33%). The findings obtained show that members belong to poor to average services offered by FPOs. POPI had insufficiency related to the services of ware house, lack of transportation facility, inefficiency in maintaining grading and packaging of goods this might be the reason for findings.

##### 3.4 Human Resource Development (HRD) services

From the Table 4, it was found that nearly half the members (44.17%) of members per cent perceived that HRD services provided by FPOs were average followed by less than one third (30.83%) of them were high and one fourth (25.00%) of members were poor HRD services. From the above responses, it can be concluded that majority of the members belong to average to high category of HRD services since POPI conducted group discussions, meetings and trainings for FPO members regarding selection of crops, management of pest and diseases and post harvest activities.

##### 3.5 Farmer satisfaction

From the results of the study in the Table 5, it was clear that nearly half (44.17%) of members perceived that level of satisfaction of services provided by FPOs were average followed by high (31.67%) and poor (24.16%). From the categories of members, it can be concluded that FPO members were satisfied with the yield they acquired and the services provided by FPO organisation except market linkages.

##### 3.6 Overall performance of FPOs

From the Table 6 and Fig. 2 over one third (40.83%) of members belong to average performance of FPOs followed by high (32.50%) and poor (26.67%) per cent of members. The probable reason for average to high performance of FPOs was that FPO members had received better network services, input services, and HRD services along with their satisfaction. The major findings of the study were similar with the study conducted by Amitha *et al.* (2021) [1].

From the Table 7, it was concluded that majority (50.00%) of FPOs belong to average performance of FPOs followed by high (25.00%) and poor (25.00%).

**Table 1:** Distribution of members on the basis of network linkages (n=120)

Sl. No	Categories	Frequency	Per cent
1	Poor (<15.40)	28	23.33
2	Average (15.40-18.22)	38	31.67
3	High (>18.22)	54	45.00
	Total	120	100

**Table 2:** Distribution of members on the basis of input services provided by FPO (n=120)

Sl. No	Categories	Frequency	Per cent
1	Poor (<15.75)	35	29.16
2	Average (15.75-18.50)	47	39.17
3	High (>18.50)	38	31.67
	Total	120	100

**Table 3:** Distribution of members on the basis of marketing services provided by FPO (n=120)

Sl. No	Categories	Frequency	Per cent
1	Poor (<16.79)	45	37.50
2	Average (16.79-19.11)	41	34.17
3	High (>19.11)	34	28.33
	Total	120	100

**Table 4:** Distribution of members on the basis of HRD services provided by FPO (n=120)

Sl. No	Categories	Frequency	Per cent
1	Poor (<11.01)	30	25.00
2	Average (11.01-13.01)	53	44.17
3	High (>13.01)	37	30.83
	Total	120	100

**Table 5:** Distribution of members on the basis of satisfaction level of services provided by FPO (n=120)

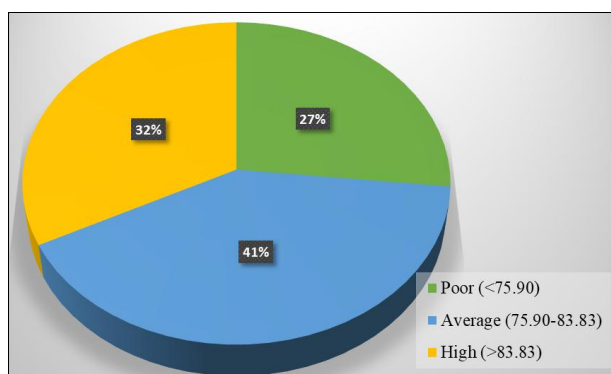
Sl. No	Categories	Frequency	Per cent
1	Poor (<14.77)	29	24.16
2	Average (14.77-17.18)	53	44.17
3	High (>17.18)	38	31.67
	Total	120	100

**Table 6:** Distribution of members on the basis of overall performance of FPOs (n=120)

Sl. No	Categories	Frequency	Per cent
1	Poor (<75.90)	32	26.67
2	Average (75.90-83.83)	49	40.83
3	High (>83.83)	39	32.50
	Total	120	100

**Table 7:** Distribution on the basis of performance of FPOs wise (n=120)

Sl. No	Name of FPOs	Categories	Frequency	Per cent
1	Chillabanda	Poor (<2368.67)	1	25.00
2	Parla and K Markapuram	Average (2368.67-251.82)	2	50.00
3	Y. Khanapuram	High (>2516.82)	1	25.00
		Total	120	100

**Fig 2:** Overall Performance of FPOs

#### 4. Conclusion

The comprehensive study on the Performance Analysis of Farmer Producer Organizations (FPOs) in Kurnool District, Andhra Pradesh affirms the significant potential of these collective institutions to empower small and marginal farmers, particularly in enhancing their market access,

network linkage, input procurement, HRD services and overall income. The findings generally indicate a positive impact on the beneficiaries compared to non-members, primarily through collective bargaining for inputs like seeds and fertilizers, and securing better price realization for their produce. FPOs in the district have demonstrably served as a crucial institutional vehicle for accessing government schemes, finance, and technical knowledge.

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