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Contributing factors for successful farmer producer organisations in Haryana

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Abstract

The present study was conducted in Kaithal and Hisar district of Haryana State with the objective to analyse the factors contributing to success of FPOs in Haryana. All the FPOs operating i.e., 16 FPOs in both the districts during the period 2017-18 (eight in each district), were selected purposively for the present study. Primary data were collected from 10 member farmers of each FPOs. Thus, in total, 160 FPO member farmers were selected to collect the required information. Various success factors were identified and grouped into four broad categories namely: technical and organizational, marketing, economic and social factors. Each category of the above factors contains certain statements. Friedman test has been used to identify the most important factors within the categories contributing to success. The study revealed that among the technical factors, the important factor for the success was FPO helps in getting government schemes, whereas FPO enhanced bargaining power for input purchase and reducing the middle-men in the marketing channel were the most important marketing factor for success. The most important economic factor for the success was the support of various government departments and other agencies and the increase in adoption towards pre- and post-harvest production technology was the social factor contributing to success of FPOs. Memberships in the organisation can directly affect the socio-economic status of an individual positively and result in economic betterment and social upliftment of the farmers and the country in general. Encouraging Farmer Producer Organizations to be on the right path, this will resolve the problem of food security and increase farmers' income by achieving sustainability in the agriculture sector.

Keywords: Farmer producer organisation, government schemes, bargaining power, market, members

Introduction

Although the productivity of small and marginal farmers is more than that of medium and large farmers, their economic condition is worse due to the economic disparity owing to various factors. These factors include a lack of adequate credit facilities and poor access to agricultural inputs. Moreover, small farm size leads to weak bargaining power for purchasing inputs and tapping the output market.

India initiated different kinds of farming organisations. Farmer Producer Organisation (FPO) is one of the best organisations. Initially, FPOs were organised under a cooperative structure. The government supported them, but the government support has declined over the years, and new producer companies are started with regulatory frameworks similar to that of companies. Unique elements of cooperative businesses are retained in this. Any ten or more individuals, either a primary producer or two or more primary producer's institutions, can form a Farmers' Producer Company (FPC) by registering it under the Indian Companies Act 2002.

Under the 12th Five-Year Plan of the Government of India,

the promotion and strengthening of FPOs have been one of the key strategies adopted to achieve the over-arching goal of inclusive agricultural growth. Over the last three years, there has been significant growth in the formation of new FPOs.

Farmer Producer Organisations (FPOs) are an effective institutional mechanism for linking small farmers to the external world. For example, FPOs help farmers reap many tangible and intangible benefits, including improved market access, reduced transaction costs, achieving economies of scale, better quality, and price realisation for production to minimise risk (Nikam *et al.*, 2019) [6].

As India is globally at the forefront of the development of agriculture, there is a need to facilitate our farmers with access to improved technology, credit, better input and more markets to incentivise them to produce a better-quality commodity. Aggregating small, marginal and landless farmers into FPOs will help to enhance farmers' economic power and market linkages to improve their income. With the above background the study was conducted to analyse the factors contributing to success of FPOs in Haryana.

Materials and Methods

All the districts of Haryana state were grouped into two regions, viz., Eastern and Western regions. One district from each region was purposively selected based on highest number of FPOs in the respective region. Hisar from the western and Kaithal from the eastern region was selected. Eight FPOs were registered and functional, each in both the districts during the year 2017-18. All the FPOs operating, i.e., 16 FPOs in both districts (eight from each district) were selected purposively for the present study. From each FPO, ten members were selected at random. Only those farmer producers who have been members of any FPO for at least the last two years were selected to collect the required information. Thus, 80 members from the Hisar district and 80 members from the Kaithal district were selected, making a total sample of 160 farmer producers.

To study the factors contributing to success of FPOs performance, various factors were identified and grouped into four broad categories based on literature review namely: technical and organisational, marketing, economic and social factors. Each category of the above factors contains certain statements. Responses of the FPO members were recorded on a five-point continuum scale of: To a very high extent, To high extent, To some extent, To low extent and To a very low extent with scores of 5, 4, 3, 2, and 1, respectively. Friedman test has been used to identify the most important factors within the categories contributing to success.

Friedman's test

It is a non-parametric statistical test for testing whether samples originate from the same distribution. The Friedman test compares the mean ranks between the related groups

and indicates how the groups differed. It is used to test for differences between groups when the dependent variable being measured is ordinal. When Friedman's test leads to significant results, at least one of the samples is different from the others.

The null hypothesis (H_0): there are no difference between the variables.

The alternative hypothesis: (H_1): at least two of the variables are significantly different from each other.

Results and Discussion

Factors contributing to success of FPOs in Haryana

Technical and organisational variables

Major factors contributing to success under the category of technical and organisational variables in Hisar and Kaithal districts are presented in Table 1. The Table indicates that FPOs help in getting government schemes to members was the most contributing factor of success in both the districts. In Hisar district, the second most contributing factor, as perceived by members, was that FPOs helps in increasing technical knowledge for enhancing productivity. The studies conducted by Asante *et al.* (2011) ^[1], Mukherjee *et al.* (2018) ^[5] and Nikam *et al.* (2019) ^[6] also found that FPCs help to enhance the knowledge level of farmers about scientific agricultural practices. The next important factor was that FPOs help in use/ exposure to new farm machinery (Rank-III) followed by FPOs provide extension support to members (Rank-IV) and tie up with the SAU/State agriculture department for improved technologies and expert advice (Rank-V), etc.

Table 1: Technical and organisational variables contributing to success of FPOs

Sr. No.	Technical and Organizational	Hisar	Kaithal
1	Helps in getting government schemes	5.97(I)	6.15(I)
2	Helps in increasing technical knowledge for enhancing productivity	5.66(II)	6.07(III)
3	Helps in use/exposure to new farm machinery	5.54(III)	5.98(IV)
4	Provides extension support to members	5.44(IV)	2.88(IX)
5	Tie up with the SAU/State agriculture Dept. for improved technologies and expert advice	5.37(V)	6.09(II)
6	Skilled manpower	4.65(VI)	4.25(VII)
7	Provides timely inputs at subsidized rate	4.58(VII)	5.20(VI)
8	Helps in making available latest modern technology and infrastructure	4.43(VIII)	5.37(V)
9	Brings out farm publications and literature for its members	3.35(IX)	3.02(VIII)

*Figure in parenthesis indicates mean rank based on Friedman Test

The second most contributing factor in the Kaithal district was FPOs tie up with the SAU/State agriculture Department for improved technologies and expert advice. The next important factor was increase in technical knowledge for enhancing productivity (Rank-III) followed by FPO helps in use/exposure to new farm machinery (Rank-IV) and 'FPOs helps in making available latest modern technology and infrastructure (Rank-V), etc. The least important factor contributing to success in the case of Hisar district was bringing out farm publications and literature for its members, whereas in the case of Kaithal district least important factor was FPOs provide extension support to members. The findings were in conformity with the results of Sahu *et al.* (2014) ^[7].

Marketing variables

Factors relating to marketing variables contributing to the success of organisation in the Hisar and Kaithal districts are presented in Table 2. The Table shows that in the Hisar district, the most important contributing marketing factor of success as perceived by members was FPOs help in enhancing the bargaining power for the purchase of inputs to members. Bikkina *et al.* (2018) ^[2] also reported that bargaining for lower input supply prices' ability to pool produce to get higher prices have resulted in benefits to the members. The second most contributing factor was FPOs help in reducing the middlemen in the marketing channel followed by enhanced bargaining power for output marketing (Rank-III), access suitable market for produce

(Rank-IV) and assured market price (Rank-V), etc. The least important factor contributing to the success was FPOs has well-developed processing facilities followed by value

addition linkage and related infrastructure facilities (Rank-XIII), having well-built storage facility in Hisar district (Rank-XII), etc.

Table 2: Marketing variables contributing to success of FPOs

Sr. No.	Marketing Factors	Hisar	Kaithal
1	Enhanced bargaining power for input purchase	11.35(I)	10.54(III)
2	Reduce the middle men in the marketing channel	10.63(II)	10.81(I)
3	Enhanced bargaining power for output marketing	10.61(III)	10.61(II)
4	Access suitable market for produce	10.18(IV)	10.24(IV)
5	Assured market price	9.46(V)	9.64(V)
6	Increase in input availability	9.40(VI)	9.11(VII)
7	Helps in providing assured buy-back	8.74(VII)	9.29(VI)
8	Good market intelligence system to provide timely, accurate market information to the members	8.11(VIII)	7.34(VIII)
9	Helps in grading and packaging of produce	6.90(IX)	6.38(IX)
10	Owned vehicles for transportation	4.67(X)	4.64(XI)
11	Helps in certification of produce/ procurement of certified produce	3.99(XI)	4.49(XII)
12	Having well-built storage facility	3.97(XII)	3.88(XIII)
13	Value addition linkage and related infrastructure facilities	3.80(XIII)	5.61(X)
14	Well-developed processing facilities	3.19(XIV)	2.93(XIV)

*Figure in parenthesis indicates mean rank based on Friedman Test

In the Kaithal district, the most contributing factor, as perceived by members of FPOs, was reducing the middlemen in the marketing channel. The second most contributing factor of success was enhanced bargaining power for output marketing followed by enhanced bargaining power for input purchase (Rank-III), access suitable market for produce (Rank-IV) and assured market price (Rank-V), etc. Herck (2014) ^[3] and Venkatesan *et al.* (2017) ^[11] also reported that collective action approach enhanced the bargaining power of FPO members. The least important factor contributing to the success was FPOs has well-developed processing facilities followed by having well-built storage facility (Rank-XIII), helps in certification of produce/ procurement of certified produce (Rank-XII), etc.

Economic variables: FPO's help in getting economic

support from various government departments and other agencies to members was the most important contributing factor of success in both the districts Table 3. In Hisar district, the second most contributing factor as perceived by members was access to patronage bonus followed by low premium of crop insurance due to collectivization. In the Kaithal district, the second most contributing factor was FPOs tie up with the insurance agencies for a low premium of crop insurance due to collectivization followed by access to patronage bonus. The lowest contributing factor as perceived by members was in both the districts is access to credit availability from financial institutions. Sahu *et al.* (2021) ^[8] stated that success of FPOs can be partly attributed to the easy access to institutionalized credit sources. Trebbin and hassler (2012) ^[9] also reported that finance credit facilitation is one of the initiatives taken by the producer company.

Table 3: Economic variables contributing to success of FPOs

Sr. No.	Economic Factors	Hisar	Kaithal
1	Economic support of various government departments and other agencies.	3.02(I)	2.95(I)
2	Access to patronage bonus	2.69(II)	2.69(III)
3	Low premium of crop insurance due to collectivization	2.63(III)	2.79(II)
4	Access to credit availability from financial institutions	1.67(IV)	1.58(IV)

*Figure in parenthesis indicates mean rank based on Friedman Test

Social variables

Three important factors were considered to contributing success under the category of social factors in Hisar and Kaithal districts. The ranking of the factors based on the response of the members is presented in Table 4. The Table indicates that in Hisar district, the most contributing social

factor of success was FPOs helps in increase in adoption towards pre-and post-harvest production technology. The second most contributing factor as perceived by members was FPOs help in Enhancing access to training programmes/ capacity building of members.

Table 4: Social variables contributing to success of FPOs

Sr. No.	Social Factors	Hisar	Kaithal
1	Increase in adoption towards pre-and post-harvest production technology	2.24(I)	2.20(II)
2	Enhanced access to training programmes/ capacity building of members	2.04(II)	2.36(I)
3	Reduced social conflicts	1.72(III)	1.44(III)

*Figure in parenthesis indicates mean rank based on Friedman Test

In the Kaithal district, the most contributing factor perceived by members of FPOs was enhanced access to training programmes/ capacity building of members. The finding is in conformity with Bikkina *et al.* (2018) ^[2], Venkattakumar and Sontakki (2012) ^[10], Mukherjee *et al.* (2018) ^[5], Venkatesan *et al.* (2020) ^[13] and Kumar *et al.* (2021) ^[4]. The second most contributing factor of success was the increase in adoption towards pre-and post-harvest production technology. The factor reduced social conflicts was in third place in both the districts.

Conclusion

The following conclusions emerge out of the discussion above:

- The important technical & organizational factor of success was that FPOs help most in terms of getting government schemes to members across in both the districts.
- FPOs enhanced the bargaining power for the purchase of inputs to members was the most important marketing factor of success in the Hisar district. Whereas, in the Kaithal district, members perceived that reducing the middlemen in the marketing channel was the most important success factor.
- The most important economic factor of success in both the district was that FPOs help in getting economic support from various government departments and other agencies to members
- In Hisar, the most contributing social factor of success was FPOs help in increase adoption towards pre- and post-harvest production technology. Whereas, in Kaithal district, it was enhanced access to training programmes/ capacity building of members.

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