FUNCTIONING OF FARMERS PRODUCER ORGANISATIONS (FPOS) IN MIZORAM: A CONSTRAINTS ANALYSIS

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ABSTRACT

Purpose: The purpose of this study is to identify the difficulties encountered by FPO member farmers and to propose solutions that mitigate their problems and enhance the operation of FPOs.

Theoretical framework: The scale of operational processes is influenced by the resources and capabilities of organizations that promote FPOs. A lack of business configuration and understanding of agricultural supply chains is a significant barrier to FPOs functioning as business entities (Gowda et al., 2018).

Design/Methodology/Approach: Out of 23 FPOs, 16 were selected purposively, of which 280 members were chosen randomly in this study. Well-designed questionnaires and Focus Group Discussions with FPO member farmers and executives were used to collect data. Using the Garret Ranking method, the data was analyzed and inferences were drawn.

Findings: The major technological and operational constraints experienced by FPO members is a lack of computer skills with a mean score of 72.3. In addition, unavailability of labour during harvesting was the biggest challenge linked with labour and economic restrictions with a mean score of (56.61). Moreover, delayed payment is the major marketing constraints of the members with the mean score of 62.9.

Research, practical & social implications: The study would be beneficial for decision-makers, planners, and civil society organisations that focus on organising farmers into groups and developing effective strategies for starting up future development plans.

Originality/Value: This article brings value to areas of research such as the functioning of FPOs in Mizoram and gives insight to comprehend many challenges they face for their optimal functioning.

Keywords: farmer producer organization, marketing constraint, labour and economics constraints, technical constraints, Mizoram.

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**RESUMO**

**Objetivo:** O objetivo deste estudo é identificar as dificuldades encontradas pelos agricultores membros da FPO e propor soluções que atenuem seus problemas e melhorem o funcionamento das FPOs.

**Estrutura teórica:** A escala dos processos operacionais é influenciada pelos recursos e capacidades das organizações que promovem FPOs. A falta de configuração empresarial e de compreensão das cadeias de abastecimento agrícola constitui um obstáculo significativo ao funcionamento das FPO enquanto entidades empresariais (Gowda et al., 2018).

**Projeto/Metodologia/Abordagem:** Das 23 OOP, 16 foram selecionadas propositadamente, das quais 280 foram escolhidas aleatoriamente neste estudo. Questionários bem projetados e discussões do grupo de foco com os agricultores e executivos membros da FPO foram usados para coletar dados. Usando o método Garret Ranking, os dados foram analisados e inferências foram tiradas.

**Constatações:** As principais limitações tecnológicas e operacionais dos membros da FPO são a falta de competências informáticas, com uma pontuação média de 72,3. Além disso, a indisponibilidade de mão de obra durante a colheita foi o maior desafio ligado às restrições laborais e econômicas com pontuação média de (56,61). Além disso, o atraso no pagamento é a maior restrição de marketing dos membros com a pontuação média de 62,9.

**Pesquisa, implicações práticas e sociais:** O estudo seria benéfico para os tomadores de decisão, planejadores e organizações da sociedade civil que se concentram na organização de agricultores em grupos e no desenvolvimento de estratégias eficazes para iniciar planos de desenvolvimento futuros.

**Originalidade/Valor:** Este artigo traz valor para áreas de pesquisa, como o funcionamento das FPOs em Mizoram e dá uma visão para compreender muitos desafios que enfrentam para o seu funcionamento ideal.

**Palavras-chave:** organização de produtores agrícolas, restrição de marketing, restrições trabalhistas e econômicas, restrições técnicas, Mizoram.

**1 INTRODUCTION**

Agriculture has always been an essential component of the Indian economy, providing millions of cultivators with a living. 51% of India's geographical area is already under cultivation, but more than 85% are tiny and marginal farmers with less than 2 ha of land holdings. Meanwhile, farming is associated with monsoon and market uncertainty, making it one of the riskiest professions for the youth to contemplate adopting as their primary occupation. Consequently, there are few rural youths with a strong interest in agriculture. Therefore, efforts must be made to attract them to agriculture by transforming farming into agrienterprise and concentrating on small and marginal farmers in order to increase their income (Jena & Dehury, 2022). It was necessary for the government to
intervene in order to establish a policy environment that would facilitate a mutually beneficial relationship between farmers and the organized sector (Mittal, 2007). Therefore, there was a need to develop an efficient technology delivery system that can meet the unique requirements of small and marginal producers. The current priority should be increasing the profitability of Indian farmers. Applying the concept of market-led extension and developing agri-preneurship through group action, which can be accomplished through an effective grass-roots level organization such as a farmers’ producer organization, is the only panacea for improving the income status of the pro-poor farmers in our society.

The small farmer and his way of life were endangered by an unstable, competitive, and fragmented agricultural landscape during the liberalization and privatization of Indian agriculture. However, rather of being a lone farmer dealing with various conditions beyond his control, he may join a group for mutual support and collaborative action. This has prompted policymakers to consider the term Farmer Producer Organizations (FPOs) to be a grouping of organizations that are registered under the Indian Companies Act of 1956, like farmer cooperatives, farmer societies, farmer interest groups, etc. (Jena & Dehury, 2022). Farmer Producer Organisations (FPOs) assisted cultivators through the provision of inputs, advisory and marketing services, as well as income support for their members. In order to increase small producers' incomes, farmer groups can improve small producers' access to new technology, market data, and commercial services in rural areas (Shiferaw et al., 2016). In order to improve the value chain of agricultural products and obtain high prices for their production, farmers’ producer associations and producer firms have shown to be of tremendous help (Sawairam, 2014).

Under these circumstances the Government of India places greater emphasis on FPOs, as evidenced by its various policy guidelines and recommendations for the states. For instance, the central government has mandated that state governments establish connections between FPOs and wholesalers, retailers, and processors in order to keep the supply chain running smoothly (Economic Times, 2020). The union government requested that state market boards permit FPOs to buy directly from farmers or mandis for commercial objectives (Press Information Bureau, 21 April 2020). Several state governments made it easier for FPOs to sell agricultural products by easing transportation and marketing restrictions. The report 'Doubling of Farmer's Income (DFI)' recommends the formation of 7,000 FPOs by 2022 in order to converge efforts for doubling the income
of farmers (Report of the Committee on Doubling Farmers' Income, 2018). However, there was a substantial disparity between the potential of Farmer Producer Organizations and their progress (Raju et al., 2017). Possible causes include weak business ideas, too much red tape, unfamiliarity with the organizations doing the promoting, a lack of necessary infrastructure, etc. (NABCONS, 2011; Mukherjee et al., 2019; Nikam et al., 2019). Due to farmers' misconception that FPOs are not for profit, it will be more challenging for these organizations to expand swiftly and reach their full potential (Deepa et al., 2018). In addition, the member producers face a number of obstacles that hinder the success of FPOs. Chopaden et al. (2019) found that 30.71 percent of Farmer Producer Organization members are unfamiliar with the concept of the bank. As reported by Evengy and Thomas (2016), members confront a variety of difficulties because of a lack of financial endowment, inefficient internal communication routes, problems with local leadership, and low member contribution. Farmers are still unaware of FPO or encounter multiple challenges in gaining its full benefits, despite the mandates for the consolidation of small and marginal farmers. In the opinion of Dhakal (2013), the failure of farmers' groups may be traced back to a lack of ownership, group management abilities, and access to markets. Therefore, the primary objective of the current study was to provide insight into the technological, marketing, and economic obstacles that member farmers of FPOs believed prevented them from benefiting fully from aggregation and to propose some coping mechanisms for the efficient operation of FPOs.

2 LITERATURE REVIEW

The scale of operational processes is influenced by the resources and capabilities of organizations that promote FPOs. When contrasted to government-backed FPOs such as the National Dairy Development Board, “NGO-promoted FPOs” operate on a small scale and have limited reach. According to the literary works, the large percentage of FPOs' business strategy concentrates on obtaining farm products with little increasing focus on attempting to establish market links for selling the produce. A lack of business configuration and understanding of agricultural supply chains is a significant barrier to FPOs functioning as business entities (Gowda et al., 2018). Private corporations are recognizing FPOs on numerous channels for acquisition. Private companies view FPOs as a trustworthy explanation for procuring fruits and veggies and high-value crop yields, which allows them to reduce contract management costs while maintaining performance.
to a larger extent. However, the process is restricted to a few FPOs. However, for the FPOs to be long-term sustainable, there must be a solid market connection for agricultural goods or value-added products. The Free trade liberalization and globalization era aim to transform the mere agricultural producers by empowering their rural entrepreneurial skills to help them increase their income. The move demands a collective approach incorporating enhanced marketing, technology, entrepreneurial practices, and processing to boost agriculture, India's economy's lifeline. The farmer Producer Organizations have effectively implemented most of these initiatives by applying market-led extension concepts and developing agri-preneurship to increase the pro-poor farmers' income status and living standards (Rani et al., 2019). Nevertheless, the FPOs tend to isolate the constraints that most farmers face concerning farming activities, with many FPOs failing to develop appropriate strategies to caution their members from such limitations.

According to Jitendra et al., (2021), the farmers of the FPOs experience technical constraints such as undeveloped processing facilities. Most farmers (98.89 per cent) stated that they experienced the challenge of undeveloped storage facilities. The new FPOs needed to develop the entire infrastructure necessary to enhance farming activities quickly. Moreover, the FPO member farmers experience marketing constraints, with the annual price fluctuations being the major one at 96.14 per cent and a need for helpful marketing information at 87 per cent. The involvement of the intermediaries was another constraint to the farmers at 67 per cent. At the same time, the low prices of produce, perishability of the products, and delayed payments have 59, 23, and 19 per cent, respectively (Kanika, 2021).

3 METHODOLOGY

The research study was purposefully conducted in the state of Mizoram in order to determine the perceived difficulties faced by farmer producer organizations (FPOs). This study employs both primary and secondary data. Secondary data were gathered from a variety of published and unpublished sources, including the Economics Survey, Basic Statistics, publications of the agriculture department, NABARD, MOM, SFAC, etc. In addition, individual researcher papers and other internet sources were explored. This study also used a well-designed household-level survey questionnaire (both open and closed-ended) and a focus group discussion (FGD) with farmer-members of FPOs and authorities engaged in their establishment to collect primary data. For this study, 16 of
the 23 FPOs that have been functioning for more than 3 years were selected using purposive sampling technique. From the chosen FPOs, 25 farmer members each were selected randomly based on Yamane’s sample size formula. Garret Ranking method was used to evaluate the problems encountered by FPO member farmers. Using these techniques, the respondents' ratings of merit were transformed into ranks. Participants were tasked with rating the problems according to their severity. Using the following formula, Garrett's Ranking Technique converts changes in constraint ordering into score values:

$$GR = 100 \times \frac{(R_{ij} - 0.5)}{N_j}$$

Where,

$R_{ij} =$ Rank given for the $i^{th}$ problem by the $j^{th}$ person

$N_j =$ Number of problem ranked by the $j^{th}$ person

The percent position of each rank provided by respondents was transformed into scores using Garrett and Woodworth's table (1971). The scores of the FPO members were then added for each element and divided by the total number of participants whose scores were added. Thus, the mean score for each problem was rated by putting them in descending order.

4 RESULTS AND DISCUSSION

Constraints coming in the way of functioning and achieving stability of farmer producer organizations. The Garrett ranking Method was used to examine the opinions of FPO members. The constraints of the member farmers are divided into three categories: technical constraints, labour and economics constraints, and marketing constraints. The results are presented below.

The first and major technological and operational constraints experienced by FPO members is a lack of computer skills with a mean score of 72.3, which prevents them from taking advantage of the available ICT tools. This was followed by late, expensive, and low-quality inputs with mean scores of 56.09. The third issue linked with the FPO members' technical constraints is the absence of adequate infrastructures (implements, irrigation facilities, power and electricity). Lack of knowledge on packing and grading is
another big hurdle for FPO members. Respondents are unfamiliar with processed product packaging. The lack of established processing facilities (50.86) is the fifth technological barrier experienced by FPO members.

<table>
<thead>
<tr>
<th>Statements</th>
<th>Total Score</th>
<th>Mean</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Untimely, expensive, and inferior inputs</td>
<td>20585</td>
<td>56.09</td>
<td>II</td>
</tr>
<tr>
<td>Inadequate infrastructural facilities (implements, irrigation, power supply etc.)</td>
<td>18995</td>
<td>51.48</td>
<td>III</td>
</tr>
<tr>
<td>Insufficiently constructed storage facilities</td>
<td>18470</td>
<td>49.65</td>
<td>VII</td>
</tr>
<tr>
<td>Absence of established infrastructure for processing</td>
<td>18920</td>
<td>50.86</td>
<td>V</td>
</tr>
<tr>
<td>Difficulty in implementing suggested procedures, High prevalence of pests and diseases, crop destruction</td>
<td>18705</td>
<td>50.55</td>
<td>VI</td>
</tr>
<tr>
<td>Computer illiteracy that prevents people from benefiting from the existing ICT tools.</td>
<td>26825</td>
<td>72.3</td>
<td>I</td>
</tr>
<tr>
<td>Lack of knowledge on sorting and packing</td>
<td>18907</td>
<td>50.96</td>
<td>IV</td>
</tr>
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</table>

Source: Primary Data, 2021

Undeveloped processing facilities are costly, and it is challenging for newly founded FPOs to establish a well-developed infrastructure within a year. In addition, a lack of suitable practises, a high frequency of diseases and pests, and crop failure are considered by FPO members as important difficulties to the growth, development, and administration of the FPO in accordance with their goals. Inadequate storage facilities are another obstacle connected to the technological issues encountered by FPO members. The bulk of FPOs were established very recently, making it impossible for any new organisation to construct all of the necessary infrastructure so quickly. Planners and policymakers should be supplied with a strategy for addressing all of these restrictions.

It could be seen from the table 2 that unavailability of labour during harvesting was the biggest challenge linked with labour and economic restrictions with a mean score of (56.61) which is followed by lack of skilled workers during processing and harvesting with a mean score of (54.60). The third constraint faced by FPO members is unavailability proper crop insurance (52.89) which may be due to absence of awareness about crop insurance facilities.

<table>
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<tr>
<th>Statements</th>
<th>Total Score</th>
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<tbody>
<tr>
<td>Labour shortages during harvesting</td>
<td>20945</td>
<td>56.61</td>
<td>I</td>
</tr>
<tr>
<td>Insufficient training for workers in the technical aspects of harvesting and processing</td>
<td>20310</td>
<td>54.6</td>
<td>II</td>
</tr>
<tr>
<td>High labour costs</td>
<td>19650</td>
<td>52.82</td>
<td>IV</td>
</tr>
</tbody>
</table>
Inadequate financial means | 19315 | 52.2 | V  
Lack of knowledge regarding credit facilities | 19075 | 51.42 | VI  
There are no crop insurance options | 19465 | 52.89 | III  
Government’s absence of a pricing policy | 17880 | 48.59 | VII  

Source: Primary Data, 2021

Moreover, other constraints perceived by FPO members that have a substantial impact on FPO growth and development, as well as management based on their priorities include high labour costs during harvesting, insufficient funds and a lack of knowledge about credit availability, which is required for the initial investment of a newly formed FPO, and a lack of a proper government price policy. All of these obstacles need certain consideration and a strategy to tackle these challenges, which should be presented to planners and policymakers for remedies.

Among marketing constraints delayed payment is the major problems faced by the members with the mean score of 62.9. This is followed by perishable nature of the product as their storage facilities are insufficient in order to prevent heavy loss. Involvement of middlemen is another difficulty perceived by the farmers (55.26) which is followed by high cost of transportation due to distant location of the market (53.81). Other constraints seen through FPO members that contribute substantially in creating difficulties to FPO growth, development, and management based on their priorities includes low produce pricing due to insufficient storage facilities, causing farmers to sell at distressed prices (49.23), lack of latest market information (48.48), and fluctuation of price in every year with a mean score of (46.2).

<table>
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<th>Statements</th>
<th>Total Score</th>
<th>Mean</th>
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<tbody>
<tr>
<td>Price fluctuations occur annually.</td>
<td>17190</td>
<td>46.21</td>
<td>VII</td>
</tr>
<tr>
<td>Absence of updated market information</td>
<td>18035</td>
<td>48.48</td>
<td>VI</td>
</tr>
<tr>
<td>Reduced prices for products and a distress sale</td>
<td>18215</td>
<td>49.23</td>
<td>V</td>
</tr>
<tr>
<td>Distant market and heavy transportation costs</td>
<td>19910</td>
<td>53.81</td>
<td>IV</td>
</tr>
<tr>
<td>Exploitation by intermediaries</td>
<td>20555</td>
<td>55.26</td>
<td>III</td>
</tr>
<tr>
<td>The perishability of commodities</td>
<td>21330</td>
<td>57.49</td>
<td>II</td>
</tr>
<tr>
<td>Overdue payment</td>
<td>23335</td>
<td>62.9</td>
<td>I</td>
</tr>
</tbody>
</table>

Source: Primary Data, 2021

All of these constraints require specific consideration and a strategy to deal with these problems, which should have been placed to planners and policymakers for responses.

For the expansion and scaling out of FPOs, the following strategies may be considered:
The FPOs should be bolstered with adequate knowledge, infrastructure, and agricultural and entrepreneurial technical support.

To enable FPO members and elected officials to make appropriate and timely decisions, it is necessary to employ a suitable method of capacity building.

To encourage the establishment of agribusinesses on a significant scale, the linkages between financial institutions and FPOs should be strengthened.

A sufficient level of skill-embedded knowledge is required in order to sell agricultural goods using information and communication technology, as well as to refine, add value to, and store agricultural products.

Improving market knowledge, market infrastructure, and the supply chain is crucial to raising profit margins.

A policy should be developed to create FPOs as the mechanism of extension delivery at the grassroots level in order to spread agricultural and agrientrepreneurial knowledge to the ordinary farmer.

5 CONCLUDING REMARKS

Members of FPOs have capitalized on the synergies created by the pooling of resources to lower input and transportation costs and increase the efficiency of their operations via the use of advanced technology. The importance of establishing and maintaining connections with other entities that may provide or be the recipients of goods, services, information, technology, and/or markets cannot be overstated. In addition, linkage-supporting policies will need to be complemented by efforts to increase the capability of service providers and external actors (government, NGOs, church-based groups, and the commercial sector). For current FPOs to be more vibrant, sustainable, lucrative, situation- and location-specific, and extension-focused on increasing the income of the agricultural community, strategic interventions are required to address several technical, marketing, organizational, and social concerns associated to FPOs.
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