**Farmer Producer Organizations Through Farmers' Eyes: An Attitudinal Analysis**

**ABSTRACT**

This study, conducted from 2022 to 2024 in Kushi Nagar and Deoria districts of Uttar Pradesh, aimed to assess the attitude of farmers towards Farmer Producer Organizations (FPOs). A total of 300 FPO members were selected from four community development blocks in these districts using stratified random sampling. The findings indicate a generally positive attitude towards FPOs, with significant percentages of respondents acknowledging the role of FPOs in motivating small and marginal farmers, improving coordination with the Agricultural Department, and facilitating easier access to agricultural inputs. However, concerns were raised regarding the equitable treatment of members, timeliness of scientific information, transparency in financial transactions, and the inclusiveness of decision-making processes within FPOs. The study also revealed that 19.33% of respondents exhibited a high level of positive attitude, while 56.00% displayed a medium level, and 19.33% showed a low level of attitude towards FPOs. Correlation analysis revealed that factors such as age, risk orientation, extension contact, and family size had a positive influence on the attitude towards FPOs, while education, income, and marital status exhibited a negative correlation. These findings highlight the potential of FPOs in empowering small and marginal farmers, while also emphasizing the need for improvements in transparency, government support, and inclusive decision-making to enhance the effectiveness of FPOs.

**Keywords**- Farmer Producer Organizations (FPOs), Attitude of Farmers, Agricultural Inputs, Transparency in FPOs, Socio-Economic Impact

**INTRODUCTION**  
 India's agricultural sector currently faces a myriad of challenges that threaten its sustainability and growth. Rapid population growth, combined with small and fragmented landholdings, has significantly reduced the availability of agricultural land. Urbanization and industrialization have further aggravated the situation by converting arable land for non-agricultural purposes. Additionally, there is a growing disinterest among the youth towards agriculture due to its perceived lack of profitability and appeal. The absence of effective strategies to organize farmers and link them to markets further exacerbates these issues. One of the critical challenges in Indian agriculture is post-harvest losses. Inadequate storage and processing infrastructure lead to the wastage of over 45% of fruits and 30% of cereals. Post-harvest food grain losses alone account for approximately 10% of total production, which is equivalent to 20 million metric tons (Mt), comparable to Australia's annual food grain production (TACSA Report on Secondary Agriculture, 2013).

Small and marginal farmers, although often more productive per unit of land than medium and large farmers, face significant economic hardships. Factors such as limited landholdings result in reduced bargaining power in both input and output markets. These farmers encounter numerous hurdles in selling their produce due to high transaction costs in the supply chain. Moreover, their income-to-consumption gap limits their ability to invest in transportation, manage fixed assets, or adopt innovations that could enhance productivity and add value to their produce. This economic disparity is further compounded by information asymmetry, which reduces farmers' bargaining power and results in an unequal distribution of profits among market actors. This issue is particularly acute for farmers producing seasonal or perishable agricultural products. As highlighted by Pingali et al. (2005), adopting high-value crops is especially challenging for small and marginal farmers due to their perishability and the high transaction costs involved. However, collective action through producer organizations has been identified as a potential solution to minimize transaction costs and enhance market development and coordination (Jaffee, 1995; Staatz, 1987).

**Private Sector and Collective Action**

To address the challenges faced by smallholders, contract farming has emerged as a strategy, particularly after the 2003 amendment to the Agricultural Produce Marketing Committee (APMC) Act. Contract farming involves agreements between corporations and farmers for the production and supply of specific commodities that meet predetermined quality standards (FAO, 2014). However, these arrangements often exclude small-scale producers (Gill, 2004; Hazell, 2005; Singh, 2009; Pritchard & Connell, 2011) and have, in some cases, disproportionately benefited buyers at the expense of farmers (Hellin et al., 2009). Agricultural cooperatives, which have historically been a popular form of collective action since their establishment under the Cooperative Credit Societies Act of 1904, also face challenges. Their inefficiencies and structural weaknesses often hinder successful collective efforts.

**Farmer Producer Organizations (FPOs): A New Collective Model**

To mitigate the difficulties faced by small and marginal farmers, the Indian government has introduced a novel approach: Farmer Producer Organizations (FPOs). FPOs aim to enhance farmers' access to investments, technological advancements, efficient inputs, and reliable markets (Hellin et al., 2009; Department of Agriculture & Cooperation, 2013).

**Formation and Development of Producer Companies (PCs)**

The establishment and development of Producer Companies (PCs) are actively supported by government initiatives, with significant financial backing from institutions like the Small Farmers Agri-Business Consortium (SFAC) and the National Bank for Agriculture and Rural Development (NABARD). Technical guidance is provided by resource support agencies. By March 2019, a total of 7,381 PCs were registered across 33 states and union territories, with 2,749 actively operational by March 2018 (Shilpa, 2020). FPOs serve as a platform for small and marginal farmers, along with other small-scale producers, to collectively establish and manage their own business enterprises under professional guidance. The SFAC has been instrumental in promoting FPOs and supporting their formation. Farmer Producer Companies (FPCs) represent a specific form of FPO and are recognized as registered legal entities. They are formed by a group of primary producers who hold the majority share in the organization. FPOs engage in activities related to the production, processing, and marketing of agricultural produce. They aim to benefit their member producers by generating profits, which are partially distributed among members while the remainder is reinvested in share capital or reserves. At the time of registration, an FPO requires a minimum of 50 members, with the expectation that membership will increase to sustainable levels within three years (Krishna et al., 2018).

**METHODOLOGY**

The study was conducted during the year 2022-2024 in Kushi Nagar and Deoria districts of Uttar Pradesh. In Uttar Pradesh state comprised of seventy-five districts, out of this Kushi Nagar and Deoria district were selected purposely for the study to understand the ground reality of FPO members with respect to the issues in the FPO. Kushinagar district has 14 community development blcoks. Out of these two block was selected for the study which is Kasia & Padrauna. While, Deoria district has 16 community development blocks. Out of these blocks two blocks was selected for the study which is Desahi & Tarkulwa. A list of FPOs from selected blocks was prepared. From this list, three FPOs were selected for the study by random sampling method form each block. An equal number of FPO members was selected from each of the selected FPOs so as to make the sample size of 300. To select sample units, stratified random sampling method was adopted in each FPOs.

**RESULT AND DISCUSSION**

Here is a summary of the findings for each statement:

**Table 1 Distribution of respondents according to statement wise Attitude level towards the FPOs**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Sr. No.** | **Statements** | **SA** | | **A** | | **UD** | | **DA** | | **SDA** | |
| ***f*** | **%** | ***f*** | **%** | ***f*** | **%** | ***f*** | **%** | ***f*** | **%** |
| **1.** | Small and marginal farmers are motivated to pursue farming as a professional business through the establishment of farmers’ producer organizations (FPOs). (+) | 78 | 26.00 | 69 | 23.00 | 115 | 38.30 | 23 | 07.66 | 15 | 05.00 |
| **2.** | FPOs enable farmers to conveniently acquire agricultural inputs. (+) | 54 | 18.00 | 89 | 29.70 | 98 | 32.70 | 32 | 10.66 | 27 | 09.00 |
| **3.** | The Board of Directors within FPOs does not treat all farmer members equally. (-) | 61 | 20.33 | 69 | 23.00 | 105 | 35.00 | 25 | 08.33 | 40 | 13.33 |
| **4.** | The coordination between farmers and the Agricultural Department has improved due to the presence of FPOs. (+) | 83 | 27.66 | 107 | 35.70 | 65 | 34.30 | 30 | 10.00 | 15 | 05.00 |
| **5.** | The scientific information provided by FPOs is not always up to date. (-) | 56 | 18.66 | 85 | 28.30 | 56 | 18.70 | 58 | 19.33 | 45 | 15.00 |
| **6.** | FPOs efficiently handle the processing and storage of agricultural produce from their farmer members. (+) | 91 | 30.33 | 73 | 24.30 | 63 | 21.00 | 50 | 16.66 | 23 | 07.66 |
| **7.** | Farmers encounter difficulties in adopting improved scientific technology. (-) | 49 | 16.33 | 79 | 26.30 | 63 | 21.00 | 63 | 21.00 | 46 | 15.33 |
| **8.** | FPOs have enhanced the capacity of farmers to sell their agricultural produce. (+) | 94 | 31.30 | 102 | 34.00 | 59 | 33.00 | 29 | 09.66 | 16 | 05.33 |
| **9.** | The government does not provide FPOs with adequate loans and subsidies. (-) | 81 | 27.00 | 91 | 30.30 | 69 | 23.00 | 36 | 12.00 | 23 | 07.66 |
| **10.** | FPOs enable farmers to achieve good profits through the collective sale of their produce. (+) | 83 | 27.70 | 81 | 27.00 | 69 | 23.00 | 40 | 13.33 | 27 | 09.00 |
| **11.** | The financial transactions of FPOs lack transparency. (-) | 29 | 09.66 | 40 | 13.33 | 56 | 18.66 | 80 | 26.70 | 95 | 31.70 |
| **12.** | Participation in FPOs saves farmers labor, time, and money. (+) | 97 | 32.70 | 80 | 26.70 | 68 | 22.70 | 25 | 08.33 | 30 | 10.00 |
| **13.** | Some farmers within FPOs are excluded from the decision-making process. (-) | 92 | 30.70 | 102 | 34.00 | 63 | 21.00 | 23 | 07.66 | 20 | 06.66 |
| **14.** | FPOs play a beneficial role in agricultural disaster management. (+) | 94 | 31.30 | 59 | 19.70 | 86 | 28.70 | 35 | 11.66 | 26 | 08.66 |
| **15.** | The government's FPO scheme is merely nominal and lacks substantial impact. (-) | 83 | 27.00 | 103 | 34.30 | 59 | 33.00 | 41 | 13.66 | 14 | 04.66 |
| **16.** | Farmers’ producer organizations are a promising concept for the development of small and marginal farmers. (+) | 80 | 26.70 | 110 | 36.70 | 69 | 23.00 | 24 | 08.00 | 17 | 05.66 |

Table 1 shows thata significant percentage of respondents (26.00% strongly agree and 23.00% agree) believe that FPOs motivate small and marginal farmers to pursue farming as a professional business. Similarly, 29.70% agree, and 18.00% strongly agree that FPOs enable farmers to conveniently acquire agricultural inputs. However, 35.00% remain undecided about the equitable treatment of farmer members by the Board of Directors within FPOs, suggesting a lack of confidence in internal management practices. The majority of respondents (35.70% agree and 27.66% strongly agree) feel that coordination between farmers and the Agricultural Department has improved due to FPOs, indicating a positive impact on collaboration. However, concerns exist regarding the timeliness of scientific information provided by FPOs, with 28.30% agreeing that it is not always up to date. Regarding the processing and storage of agricultural produce, 30.33% strongly agree that FPOs manage these efficiently, though 21.00% are undecided, reflecting mixed views. The challenges faced by farmers in adopting improved scientific technologies were highlighted, with 26.30% agreeing, and a similar percentage remaining undecided. FPOs are perceived positively for enhancing farmers' capacity to sell their produce, as 34.00% agree and 31.30% strongly agree with this statement. However, financial support to FPOs remains a concern, with 30.30% agreeing that loans and subsidies provided by the government are inadequate. While 27.70% strongly agree and 27.00% agree that FPOs help farmers achieve good profits through collective sales, a significant percentage (31.70%) strongly disagree that the financial transactions of FPOs are transparent. Additionally, 32.70% strongly agree that participation in FPOs saves labor, time, and money, indicating operational benefits. Some respondents raised concerns about decision-making processes within FPOs, with 34.00% agreeing that some farmers are excluded. Similarly, while 31.30% strongly agree that FPOs play a beneficial role in agricultural disaster management, 28.70% remain undecided. Finally, 36.70% of respondents agree that FPOs are a promising concept for the development of small and marginal farmers, reinforcing their potential, though certain gaps in implementation and support were evident. Overall, the data reflects a generally positive attitude of FPOs among respondents, with specific areas of concern, such as transparency, inclusiveness, and government support, requiring attention for improved outcomes.

**Table 2 Distribution of respondents according to their attitude towards the FPOs**

|  |  |  |  |
| --- | --- | --- | --- |
| **S. No.** | **Categories (Score value)** | **Respondents** | |
| ***f*** | **%** |
| **1.** | Low (up to 52) | 74 | 26.67 |
| **2.** | Medium (16 to 20) | 168 | 56.00 |
| **3.** | High (67 and above) | 58 | 19.33 |
|  | **Total** | **300** | **100.00** |

**Mean- 58.72, S.D.- 5.95, Min.- 40, Max.- 74**

**Fig 1 Distribution of respondents according to their attitude towards the FPOs**

Table 2 reveals that out of 300 respondents 19.33 per cent respondents have high level of attitude towards FPOs followed by 56.00 per cent medium and 19.33 per cent have low level of attitude. The average mean of scores of attitude observed to be 58.72 with a range of minimum 40 and maximum 74.

**Table 3 Distribution of respondents according to their correlation coefficient between different variables and attitude level of towards FPOs.**

|  |  |  |
| --- | --- | --- |
| **S. No.** | **Variables** | **Correlation coefficient** |
| **1.** | Age | 0.051910365\* |
| **2.** | Caste | 0.014668714 |
| **3.** | Education | -0.185143688 |
| **4.** | Annual income | -0.081396391\*\* |
| **5.** | Marital status | -0.105268954 |
| **6.** | Land holding | 0.10409389 |
| **7.** | Type of family | -0.068446604\* |
| **8.** | Size of family | 0.094867386\*\* |
| **9.** | Social participation | -0.143116187 |
| **10.** | Risk orientation | 0.095576726\* |
| **11.** | Scientific orientation | 0.112920827 |
| **12.** | Extension contact | 0.061210365\* |

**\*Significant at 0.05% probability level**

Table 3 shows that correlation coefficients between different variables and the attitude level of respondents toward Farmer Producer Organizations (FPOs) reveal varied relationships. Among the variables, **age** (0.0519), **risk orientation** (0.0956), and **extension contact** (0.0612) show a positive and significant correlation with attitude at a lower significance level, indicating that these factors contribute positively to shaping attitudes toward FPOs. Similarly, **size of family** (0.0949) also demonstrates a significant positive relationship, suggesting that larger family sizes may foster a better perception of FPOs. On the other hand, **education** (-0.1851), **annual income** (-0.0814), and **marital status** (-0.1053) exhibit negative correlations, with annual income showing significance, implying that higher education and income levels might be linked to a more critical attitude toward FPOs. Variables such as **landholding** (0.1041) and **scientific orientation** (0.1129) show a positive but non-significant relationship with attitude, while **social participation** (-0.1431) and **type of family** (-0.0684) display a negative correlation, with the latter being significant. This indicates that factors such as the type of family structure and lower social participation might negatively influence the attitude toward FPOs.

**CONCLUSION**

The study conducted in the Kushi Nagar and Deoria districts of Uttar Pradesh provides valuable insights into the functioning and impact of Farmer Producer Organizations (FPOs) on the lives of their members. The findings highlight that the majority of respondents hold a moderate attitude towards FPOs, indicating a recognition of their potential benefits but also reflecting certain challenges and limitations. Key variables such as age, size of family, risk orientation, and extension contact showed significant positive correlations with the attitude of respondents, suggesting that demographic and socio-psychological factors play a critical role in shaping perceptions about FPOs. Despite the promising concept of FPOs as a tool for empowering small and marginal farmers, challenges such as inadequate support, exclusion from decision-making processes, and lack of transparency in financial transactions were reported. These findings underscore the need for strengthening the operational efficiency of FPOs, improving the dissemination of up-to-date scientific information, and enhancing coordination between FPOs and government departments. The study concludes that while FPOs have the potential to transform agriculture into a profitable and professional enterprise, targeted interventions are required to address existing constraints and maximize their benefits. Strengthening FPOs through increased financial support, capacity building, and inclusivity in decision-making will play a pivotal role in fostering sustainable agricultural development and improving the socio-economic conditions of farmers in the region.

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