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Prishila Kujur

Department of Agricultural
Economics, Indira Gandhi Krishi
Vishwavidyalaya, Raipur,
Chhattisgarh, India

AK Gauraha

Department of Agricultural
Economics, Indira Gandhi Krishi
Vishwavidyalaya, Raipur,
Chhattisgarh, India

Om Kumar Netam

Department of Agri-business and
Rural Management Indira
Gandhi Krishi Vishwavidyalaya,
Raipur, Chhattisgarh, India

The socio economic impact of farmer producer organizations in Chhattisgarh plains

Prishila Kujur, AK Gauraha and Om Kumar Netam

Abstract

Farmer Producer Organizations (FPOs) are one of the viable measure to address various problems facing Indian Agriculture. The paper examined the different socio-economic impacts on members of FPO in plains region of Chhattisgarh state with 240 farmers in study area for year 2017-18. The study has adopted multistage sampling procedure for the selection of district, and sampled FPOs. Due to improvement in participation in extension program, innovativeness, networking among farmers by themselves, increase in income, savings and employment opportunities producer-members of FPOs stable with better economic status in community on comparing with non-members. Poor professional management, shortage of working capital, inability to access loan from financial institutions, awareness of producer-members, insufficient directions and visions from Board of Directors and poor infrastructure facilities were major hurdles for better performance of Producer Organizations.

Keywords: Farmer producer organizations, small and marginal farmers, Indian agriculture, income

Introduction

All shareholders which are primary producers are directly evolved in core business with the company for selling their produce. The main objective of FPO ultimate objective is to better and stable income opportunity to farmer members via direct business operations. The GoI included collectivization as one the key strategies under the 12th Five Year Plan to boost agricultural growth and Directorate of Agricultural Corporation and Farmers Welfare (DAC&FW) had declared 2014 as the “Year of Farmer Producer Organizations”. In the union budget for 2018-19, the union finance minister announced two major announcement which are 100 percent tax deduction for the next five year for FPOs with annual turnover of upto Rs.100 crore and the launch of ‘Operations Greens’ for tomato, onion, potato, on the lines of “Operation Flood”, by promoting FPOs, agri-logistics, processing facilities and professional management. Establishment of FPO is the only beginning step. Strengthening them to deliver the purpose of their existence, enduring marketing sensibility and making them sustainable are the real challenges.

FPO empowerd the small producers by aggregation and protect them from exploitative private trade practices. The advantages after establishment as FPO’s in study area that per hectare production enhanced by 10 per cent similarly 20 per cent increase in net income of the among 100 households of flower fruits and vegetable growers in Karnataka state.

Methodology

The study has adopted multistage sampling procedure for the selection of district, and sampled FPOs. Chhattisgarh state having three agro-climatic zones namely Chhattisgarh plains, Northern hill regions and Bastar plateau by “Planning Commission of India”. Chhattisgarh plain was selected purposively due to highest numbers of registered Farmer Producer Organizations among three zones. There were total 130 FPOs supported by NABARD, SFAC, and Directorate of Horticulture and Farm Forestry, Chhattisgarh in state (Table 1). Out of them 37 FPOs registered in Chhattisgarh plains followed by 13 and 7 in Northern hill region and in Bastar plateau supported by NABARD. Out of 37 FPOs only 24 FPOs are in functional form. 50 percent of the functional FPOs were selected from Korba, Rajanandgaon, Dhamtari, Raigarh and Mahasamund districts of Chhattisgarh plain purposively on the basis of their response, communication, functional status and performance. Ten members and ten non-members from same village were selected from each of the sampled FPOs randomly, thus a total of 240 farmers’ were selected. The performance of ongoing business of sampled could be

Corresponding Author:

Prishila Kujur

Department of Agricultural
Economics, Indira Gandhi Krishi
Vishwavidyalaya, Raipur,
Chhattisgarh, India

understand by availability of primary and secondary data. The data were collected through survey method. The primary data were collected from the producer-member as well as from the executives of company on various aspects by personal interview method with the help of designed questionnaire was adopted. Year 2017-18 was the reference year for primary data. Secondary data were collected from published and Doctoral Dissertations, Annual reports of NABARD, and from reputed Journals, books, and articles. Multiple case studies in each category and major districts have been undertaken to find out the operation modalities of FPOs.

Results and Discussions

In Chhattisgarh state, there were two main legal provisions of Farmer Producers Organizations. Out of total, 75.67 percent FPOs were under Co-operative Society Act, rest 24.32 percent FPOs are registered under Company Act. The highest number of FPOs were formed in Rajnandgaon district, followed by Korba, Balod, Mahasamund, Janjgir-Champa, Raigarh, Dhamtari and Kawardha districts. Till 31st March 2017, total 15517 small and marginal farmers were registered as member of a FPO supported by NABARD in Chhattisgarh plains. District-wise position of FPOs supported by different institutions in Chhattisgarh Plains is presented in table 1.

Table 1: District-wise position of FPOs supported by different institutions in Chhattisgarh Plains

S.N.	Name of District	No. of FPOs				
		Govt.	NGO	NABARD	SFAC	Total
1	Baloda Bazar	2	0	0	0	2
2	Dhamtari	5	1	1	2	9
3	Gariyaband	1	0	0	0	1
4	Bilaspur	2	0	0	3	5
5	Mungeli	2	0	0	0	2
6	Janjgir	3	0	0	0	3
7	Raigarh	3	0	2	2	7
8	Kabirdham	1	0	1	0	2
9	Rajnandgaon	2	3	13	6	24
10	Balod	2	0	1	0	3
11	Bemetara	1	0	0	0	1
12	Mahasamund	1	2	4	2	9
13	Raipur	0	2	3	2	7
14	Durg	0	3	1	7	11
15	Korba	0	0	11	0	11
	Total	25	11	37	24	97

Sources: Regional Office NABARD, Directorate of Horticulture and Farm Forestry, Chhattisgarh State, Official web site of SFAC.

Table 3: Economic Empowerment through FPOs

S.N.	Particulars	Members	Non-Members
1	Income	82 (68.33)	60 (50.00)
2	Employment	85 (70.83)	52 (43.33)
3	Savings	75 (62.50)	45 (37.50)
4	Land holding	21 (17.50)	8 (6.67)
5	Market linkage	80 (66.67)	58 (48.33)
6	Market access	78 (65.00)	60 (50.00)
7	Access to market information	95 (79.17)	58 (48.33)
8	Reduction in cost of cultivation	92 (76.67)	72 (60.00)
9	Access to quality inputs and services	102 (85.00)	65 (54.17)
10	Commercialization and diversification of agricultural activities	100 (83.33)	68 (56.67)

Major constraints faced by FPOs in Chhattisgarh plains

- Poor professional management:** Due to higher cost to hire better professionals the Producer Organizations were not able to afford them, which results as poor management of accounts and functioning of FPOs.
- Insufficient working capital:** The low share values and

Social empowerment by farmer producer organizations

It was found that membership in Producer Organization have direct and positive impact as social and economic empowerment of producer-members. After interviewed with 120 producer-members and 120 non-members of same village on various variables of social empowerment, it was observed that improvement in participation in extension program followed by innovativeness and networking among farmers by themselves over non-members with 85.00 percent, 81.67 percent and 80.33 percent respectively. The social empowerment of members after joined the Producer Organization was analyzed by following variables presented in table 2.

Table 2: Social empowerment through Farmer Producer Organizations

S.N.	Particulars	Members	Non-members
1	Participation in social program	93 (77.50)	89 (74.17)
2	Innovativeness	98 (81.67)	64 (53.33)
3	Tendency for adopting new technology	83 (69.17)	65 (54.17)
4	Leadership skill	72 (60.00)	58 (48.33)
5	Decision making	77 (64.17)	65 (54.17)
6	Participation in extension program	102 (85.00)	85 (70.83)
7	Awareness for social responsibilities	85 (70.83)	73 (60.83)
8	Assurance for children's education	96 (80.00)	88 (73.33)
9	Women's participation and empowerment	88 (73.33)	55 (45.83)
10	Networking among farmers	97 (80.33)	75 (62.50)

Economic empowerment by farmer producer Organizations

In perspective of economic characteristics, it was analyzed that economic growth of producer-members was enhanced after joining the Producer Organization. Due to increase in income, savings and employment opportunities they stable with better economic status in community on comparing with non-members. The commercialization and diversification of agricultural practices followed by access and availability of quality inputs and services and easily and better access to market information are some variables which show that farmers become more economically empowered with 85.00 percent followed by 83.33 percent and 79.18 percent respectively. The economic empowerment through FPOs shown in table 3.

the low equity resulted many problems in smooth operations of FPOs. The organizations were also failed to attract credit and capital from outside.

- Inability to access loan from financial institutions:** Producer organizations were unable to access finance from banks due to inadequacy of government and state

guarantee.

4. **Unawareness of producer-members:** It was observed that most of the producer-members were not actively participating in operations of Producer Organization, which directly affected the returns of overall business of FPO.
5. **Inadequacy of directions and visions from Board of Directors:** The poor leadership quality, skills and poor business planning of BoDs were another hurdles for better performance of Producer Organizations.
6. **Poor infrastructure facility:** God Owns, cold storage for perishable commodities, chilling plants for milk and processing units were also required for viable performance of FPOs.

Conclusion

Farmer Producer Organizations are collective platform to marginal and small farmers. The backward linkage for timely availability and access for quality inputs at reasonable cost, and forward linkage to effective marketing and the sources of credit facilities, positive contribution of aggregation to enhancing income, the issues faced by farmers are key factors that impacting performance of FPOs. It is found that there was increase in participation in extension program followed by innovativeness and networking among farmers by themselves over non-members with 85.00 percent, 81.67 percent and 80.33 percent respectively. Due to increase in income, savings and employment opportunities producer-members of FPOs stable with better economic status in community on comparing with non-members. The commercialization and diversification of agricultural practices followed by availability of quality inputs and services and easily and better access to market information were some variables which show that farmers become more economically empowered with 85.00 percent followed by 83.33 percent and 79.18 percent respectively after joining the Producer Organizations. Poor professional management, shortage of working capital, inability to access loan from financial institutions, awareness of producer-members, insufficient directions and visions from Board of Directors and poor infrastructure facilities were major hurdles for better performance of Producer Organizations.

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