



Constraints Perceived by the Shareholders of Livestock Based Farmer Producer Organizations in Kerala

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ABSTRACT

Farmer Producer Organizations (FPOs) is a collectivisation of small, marginal and landless farmers that provide support and services to the shareholders, including marketing services, technical assistance, processing, and inputs supplies. The concept of collectivisation through the local-level organisation is very important for the empowerment of small, marginal and landless farmers both in the agricultural and livestock sectors. An *ex post facto* research was conducted among the livestock-based FPOs in Kerala state to analyse the constraints faced by the selected FPOs. As per the National Bank for Agriculture and Rural Development (NABARD), Kerala Regional Office, region-wise, there were 11, 7 and 10 FPOs operating in the Northern, Central and Southern Kerala, respectively. A total of 12 FPOs were chosen based on the number of FPOs in each stratum. A multistage random sampling method was adopted to sample the entire sampling population, which included 120 respondents. A semi-structured interview schedule was utilised as a tool to collect the data from the shareholders of FPO. Undeveloped storage facilities, lack of timely, inexpensive and high-quality feed and fodder, lack of the accurate market information, low price of the produce, mobilisation of the farmers and lack of sufficient funds for recurring expenditure were the significant challenges faced by the FPOs under various domains such as technical, marketing, organisational, and economic constraints respectively.

Key Words: Constraints, Farmer Producer Organisations, Livestock, Shareholders.

INTRODUCTION

The agricultural sector currently constitutes almost 13.00 per cent of the nation's gross domestic product (GDP), additionally accounting for approximately 55.00 per cent of overall employment. According to the Agricultural Census 2021-22, 86.00 per cent of the operational land holdings in India were owned by small and marginal farmers. The situation of small and marginal farmers was further complicated by their inability to get credit facility and secure insurance, susceptibility to climate change, low bargaining power, non-remunerative prices for the farm output, challenges related to transportation of the commodities, unorganised conventional markets, exploitation by middlemen and other risks.

The situation in animal husbandry is also no exception to these pitfalls as the majority of them are marginal and small farmers (Shingate,

2018). In addition, high feed and labour cost, shortage of fodder and grazing facilities makes the livestock farming not profitable. Further, the marketing of the livestock produce involves special problems such as the output is mostly a raw resource that requires additional processing, bulkier and highly perishable, seasonal production, the quality and quantity of the livestock products are influenced by the breed, season, type of feeds, climate and management practices, due to the variations in quality and quantity there is an imbalance in supply and demand of the livestock products, fluctuation in prices and challenges in applying uniform standards of quality, and inelastic demand.

To collectivize farmers, a variety of strategies, including cooperatives have been tried. It was considered that greater flexibility was needed to allow farmers' organizations to function

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as commercial entities in a competitive market, considering previous experiences with the functioning of traditional cooperatives in India. As a result, producer companies were established when Section 581 of the Companies Act of 1956 was amended per the Y K Alagh Committee's suggestions. With the implementation of the Companies (Amendment) Act 2002 in February 2003, farmer producer companies (FPCs) became a viable catalyst for social progress and farmer empowerment (Alagh, 2007).

Farmer Producer Organisations (FPOs) is indeed an umbrella term used to denote various forms of farmer collectivization, including cooperatives, producer companies, trust, societies and Self-Help Groups (SHGs). The motive for creating FPOs is to establish and broaden organisations that are composed of producers, aiming for their development through economic benefits. In India, 7,374 registered FPOs have been established so far. In Kerala, 170 FPOs are operating in the state of which only 28 FPOs are engaged in livestock related activities as on 13th May 2022. Compared to FPOs in the agricultural sector, the functioning of livestock-based FPOs is meagre in the state. According to Khandave *et al* (2019), the FPOs successfully developed forward linkages with the marketing board for marketing, whereas, for storage, processing and value addition FPOs developed backward linkages with the private sector. The organisational structure of FPOs has a significant impact on the extent to which the organisation function. It facilitates division of labor and co-ordinate the efforts among the shareholders for achieving the objectives of an organisation (Singh *et al*, 2022). The structure of the FPOs includes the General Body (GB), Executive Body (EB), Board of Directors (BoD), General Manager (GM), FPO staff and local resource persons. The planning, implementation and monitoring done by the BoD, GM, staffs and local resource persons. Like various other farmer collectivization, FPOs shareholders have experiencing numerous constraints, studying those constraints and rectifying it would find a path for smooth functioning of FPOs. Therefore, this research work was designed and carried out to address the aforementioned research query as objectively; with the aim of identifying the

constraints experienced by shareholders of Livestock based Farmer Producer Organizations functioning in Kerala. Also, the findings of present study would be useful for policymakers and other stakeholders for critical evaluation of existing FPOs and also for establishing livestock based FPOs.

MATERIALS AND METHODS

A sample size of 120 respondents were selected using the stratified multi-stage sampling method comprising of 60 office bearers and 60 members from the FPOs identified from the state. The 14 districts of the state were divided into three strata, *viz.* Southern Kerala, Central Kerala and Northern Kerala. In the first stage of sampling, the districts were selected purposively based on the highest number of FPOs operating in that particular stratum. As per the NABARD, there were 28 livestock based FPOs registered in Kerala. Region-wise there were 11, 7 and 10 FPOs operating in the Northern, Central and Southern Kerala, respectively. Malappuram and Wayanad districts from Northern Kerala, Palakkad district from Central Kerala and Thiruvananthapuram and Kollam districts from Southern Kerala were selected. In the second stage of sampling, a total of 12 FPOs were selected from the districts identified in the first stage, proportionate to the number of FPOs in each stratum. Accordingly, five FPOs from Northern Kerala (Malappuram and Wayanad), three FPOs from Central Kerala (Palakkad) and four FPOs from Southern Kerala (Thiruvananthapuram and Kollam) were selected. In the third stage of sampling, from each FPO, five office bearers and five members were selected as final respondents using simple random sampling method.

To achieve the objectives of the research work, a structured interview schedule was developed in consultation with subject matter specialists from the relevant field, reviewing available literatures, reports, journals and reputed online sources. A pilot study was conducted to pre-test the structured schedule among a non-sampling population in the study area. Suitable modifications were made based on the inputs obtained from the pilot study before actual data collection.

For the purpose of the current study, the constraints were operationalised as those factors which inhibited the successful operation of FPOs as perceived by the respondents from the selected FPOs. The constraints experienced by the shareholders were noted and categorised under four major domains *viz.*, technical, marketing,

organisational and economical constraints. Constraints that were apparently relevant to the present study were listed and respondents were asked to assign ranks for each constraint. By using Garret ranking technique (1969) the perception of the respondents about various constraints were identified.

RESULTS AND DISCUSSION

Table 1. Constraints perceived by the shareholders of FPOs. (n=120).

Sr. No	Constraint	Farmers		Office bearers	
		Score	Rank	Score	Rank
1	Technical constraints	48.56	IV	39.43	IV
2	Marketing constraints	49.17	III	41.71	III
3	Organizational constraints	50.04	I	43.08	II
4	Economic constraints	49.91	II	47.55	I

The constraints were grouped into four domains such as technical, marketing, organisational and economic constraints (Table 1). Among the respondents, the farmers perceived the organisational constraints as the most challenging problem (score- 50.04), followed by economic constraints, marketing constraints and technical

constraints. Instead, the office bearers were given first rank for economic constraints (score-47.55), followed by organizational, marketing and technical constraints. Similar findings were reported by Tiwari and Upadhyay (2021), who reported that the economic and operational constraints were the significant constraints faced by the FPOs.

Table 2. Technical constraints perceived by the shareholders of FPOs (n=120)

Sr. No	Constraint	Farmers		Office bearers	
		Score	Rank	Score	Rank
1	Lack of timely, inexpensive and high-quality feed and fodder	60.78	I	46.48	III
2	Undeveloped storage facilities	55.28	II	49.93	I
3	Undeveloped processing facilities	55.02	III	47.05	II
4	Lack of skilled labourers	44.73	V	33.54	V
5	Unawareness of scientific animal husbandry practices	44.38	VII	39.91	IV
6	Lack of availability of training	40.56	VI	29.63	VI
7	Lack of Computer literacy (which makes them unable to derive benefits of the available ICT resources)	39.16	VII	29.50	VII

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In the case of technical constraints (Table 2), the farmers perceived the lack of timely, inexpensive and high-quality feed and fodder as their main problem. The other most significant constraints perceived by the farmers were undeveloped storage facilities, followed by undeveloped processing facilities. The challenges faced by the office bearers were inadequate storage facilities in the first place, followed by

undeveloped processing facilities, and then lack of timely, inexpensive and high-quality feed and fodder. Lastly, the farmers and office bearers ranked lack of computer literacy. The findings of Patel *et al* (2023) partly supported this result, who reported that undeveloped storage facilities and inadequate processing facilities were the primary technical constraints faced by the FPOs.

Table 3. Marketing constraints perceived by the shareholders of FPOs (n=120)

Sr. No	Constraint	Farmers		Office bearers	
		Score	Rank	Score	Rank
1	Lack of accurate market information	57.95	I	48.18	II
2	Low price of produce	55.33	II	48.22	I
3	High cost of transportation	53.38	III	47.20	III
4	Lack of proper advertisement	46.89	IV	36.10	VI
5	Lack of value addition of the produce	46.54	V	38.44	V
6	Irregular procurement	43.39	VI	39.18	IV
7	Delayed payment	40.72	VII	34.61	VII

The farmers believed their primary issue, considering marketing limitations (Table 3), was the lack of proper marketing information. The farmers identified the low price of the produce, high cost of transportation, and a lack of proper advertisement as the other main obstacles. The first three challenges encountered by the office bearers

include the low price of the produce, inadequate market information, and the high cost of transportation. Similar findings were reported by Jose and Meena (2019), who concluded that the low price of milk was the main problem faced by dairy based FPOs.

Table 4. Organizational constraints perceived by the shareholders of FPOs (n=120)

Sr. No	Constraint	Farmers		Office bearers	
		Score	Rank	Score	Rank
1	Lack of proper decision -making ability	52.61	I	42.16	VII
2	Poor professional management	51.65	II	43.25	IV
3	Ineffective co-ordination of different group activities	51.53	III	43.00	VI
4	Bias between members	51.31	IV	43.34	III
5	Lack of connection with financial organizations	49.32	V	40.84	VIII
6	Inefficient monitoring by the implementing agency	48.48	VI	43.21	V
7	Political interventions	48.38	VII	43.43	II
8	Mobilization of farmers	47.04	VIII	45.38	I

The data (table 4) showed that the farmers perceived that the biggest issue faced by the FPOs was lack of proper decision-making ability, followed by poor professional management, ineffective co-ordination of different group activities and inefficient monitoring by the implementing agencies. Whereas, the challenges faced by the office bearers were the mobilisation of the farmers, political interventions, bias between the members and poor professional management.

Venkattakumar *et al* (2017) observed similar findings that mobilising the member was the primary limitation for the FPOs. Kujur *et al* (2019) reported poor professional management as one of the constraints of the FPOs. The poor professional management might be attributed to the inability of the FPOs to hire the professionals. Gorai (2020) reported that political intervention and middlemen were the major problems faced by the FPOs.

Table 5. Economic constraints perceived by the shareholders of FPOs (n=120)

Sr. No	Constraint	Farmers		Office bearers	
		Score	Rank	Score	Rank
1	Lack of sufficient fund for recurring expenditure	59.32	I	53.95	I
2	High cost of labour	52.64	II	50.15	II
3	Lack of proper government price policy	50.20	III	49.02	III
4	Lack of proper animal insurance facilities	48.55	IV	46.81	IV
5	Unavailability of credit/ subsidiary facilities from government institution.	45.38	V	39.73	VI
6	Lack of awareness of credit facilities	43.39	VI	45.63	V

The data (Table 5) revealed the economic constraints faced by the respondents. Both the farmers and the office bearers perceived the most critical challenges faced by the FPOs were lack of sufficient funds for the recurring expenditure, followed by poor professional management and lack of proper government price policy. The farmers and office bearers ranked the unawareness of the credit facilities and lack of proper animal insurance facilities as the least severe problems. Similar results were observed by Venkatesan *et al* (2020) and Navaneetham *et al* (2019), who explained that the inability to mobilise funds was a constraint faced by the FPOs.

FPOs could implement various strategies to address these constraints, including capacity-building programmes to enhance farmers' skills and knowledge in technical, marketing and organizational management. Economic constraints could be overcome by implementing effective financial management practices that can help FPOs better manage their funds, allocate resources efficiently and seek alternative funding

sources such as grants or loans. In addition, investing in infrastructure improvements, such as upgrading storage and processing facilities, can enhance productivity and value-addition capabilities, addressing technical and marketing constraints. Besides, FPOs can advocate for supportive policies at the government level to address economic challenges, such as access to credit facilities, subsidies and price stabilization mechanisms. Collaborating with government agencies, NGOs and other stakeholders can help FPOs to overcome organizational challenges by leveraging resources, expertise and networks.

CONCLUSION

This study highlights the challenges experienced by the shareholders of livestock-based farmer producer organizations (FPOs) in Kerala. The findings highlight the multifaceted problems encountered by FPOs in the region, such as Undeveloped storage facilities, lack of timely, inexpensive, and high-quality feed and fodder, lack of accurate market information, low price of

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the produce, mobilization of the farmers, and lack of sufficient funds for recurring expenditure were the significant challenges faced by the FPOs under various domains such as technical, marketing, organizational, and economic constraints, respectively.

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