



## RELATIONSHIP BETWEEN PROFILE OF FPO MEMBERS WITH PERFORMANCE OF FPO

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### ABSTRACT

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Assessing the relationship between profile of FPO members with performance of FPO would help to understand how the profile characteristics will influence the performance and socio-economic benefits of the FPO members after joining in the FPO. The present investigation was carried out in Anantapuramu and Chittoor districts of Rayalaseema region of Andhra Pradesh over a randomly drawn sample of 240 FPO members. The results revealed that education, annual income, extension contact, mass media exposure, innovativeness, training undergone, social participation, market orientation, economic orientation, achievement motivation, scientific orientation, risk orientation, cosmopolitaness and credit orientation had positive and significant relationship with the performance of FPO. Whereas, age, farm size and farming experience had non-significant relationship with the performance of FPO.

**KEYWORDS:** Andhra Pradesh, FPO, Profile, Members and Relationship

### INTRODUCTION

Agriculture is vital for the economy, as more than 52 per cent of the workforce is engaged in a sector contributing only 14 per cent towards GDP. In an environment, where majority of landholdings are small and marginal, the challenge would be to achieve an economic size of operation leading to income enhancement and reduction in transaction costs. The declining size of the operational holdings in India is, no doubt, a major deterrent for the viability and sustainability of farming, making it unattractive for the youth. Aggregation is held as a veritable instrument to address the phenomenon of smallholdings in the sector such as Farmer Producer Organizations (FPO). This will go a long way in achieving the economies of scale and integrating farmers into value chains ensuring them better returns. FPO also has the potential to help the small farmers overcome some of the traditional limitations like stagnant productivity, poor quality of produce, low level of competitiveness, poor access to market, etc. Aggregation is, of course, a hard nut to crack in Indian conditions, both in terms of engaging large number of dispersed farmers on a common platform on one hand and on the other, building their capacity to take advantage of the new organizational setup. So, it is necessary to study the relationship between profile of members how it will influence the performance and socio-economic benefits of members after joining in the FPO.

### MATERIAL AND METHODS

The study was conducted with an *Ex post facto* research design to assess the influence of profile of FPO members on the performance of FPO. The study was conducted in the year 2020 in Anantapuramu and Chittoor districts of Rayalaseema region of Andhra Pradesh, the districts were purposively selected based on highest number of FPOs. From each selected district three FPOs functioning from more than three years were purposively selected, thus making a total of 6 six FPOs. From each of the selected FPO, 40 members were selected by following simple random sampling procedure, thus making a total of 240 members as the sample of the study. After review of literature and consultation with experts as set of 17 personal, psychological and socio-economic variables were selected. The data was collected through a structured comprehensive interview schedule and analysed using correlation and Multiple Linear Regression statistical tools for drawing meaningful interpretations.

### RESULTS AND DISCUSSION

#### I. Correlation Analysis of Profile of the FPO members and the performance of FPO as perceived by the members

##### Age Vs Performance of FPO

From the Table 1 it is clearly indicate that the co-efficient of correlation value (-0.019) of FPO members

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**Table 1. Correlation analysis of profile of FPO members and performance of FPOs****(n = 240)**

<b>S. No.</b>	<b>Independent variable</b>	<b>Correlation co-efficient 'r' value</b>
X <sub>1</sub>	Age	-0.019 <sup>NS</sup>
X <sub>2</sub>	Education	0.482 <sup>**</sup>
X <sub>3</sub>	Farm size	0.052 <sup>NS</sup>
X <sub>4</sub>	Farming experience	0.036 <sup>NS</sup>
X <sub>5</sub>	Annual Income	0.285 <sup>**</sup>
X <sub>6</sub>	Extension contact	0.615 <sup>**</sup>
X <sub>7</sub>	Mass media exposure	0.536 <sup>**</sup>
X <sub>8</sub>	Innovativeness	0.575 <sup>**</sup>
X <sub>9</sub>	Training undergone	0.610 <sup>**</sup>
X <sub>10</sub>	Economic orientation	0.468 <sup>**</sup>
X <sub>11</sub>	Social participation	0.450 <sup>**</sup>
X <sub>12</sub>	Market orientation	0.336 <sup>**</sup>
X <sub>13</sub>	Achievement motivation	0.420 <sup>**</sup>
X <sub>14</sub>	Scientific orientation	0.569 <sup>**</sup>
X <sub>15</sub>	Risk orientation	0.339 <sup>**</sup>
X <sub>16</sub>	Cosmopolitaness	0.375 <sup>**</sup>
X <sub>17</sub>	Credit orientation	0.545 <sup>**</sup>

**\*\*** : Significant at 0.01 level; **NS** : Non-significant

age had negative and non-significant relationship with the performance of FPO. The possible reason could be that irrespective of age of the FPO members, the person who had interest and belief about the concept of FPO could be joined as a member. As per the operational guidelines of FPO, no limit on age to become a member of the FPO. This finding was in line with the results of Fayaz (2015) and Siddeswari (2018).

### **Education Vs Performance of FPO**

The data presented in Table 1 clearly depicted that the co-efficient of correlation value ( $r = 0.482$ ) of education of the FPO members had positive and significant relationship with the performance of FPO. It could be justified that educated FPO members had more knowledge about functions of FPO and services provided

by FPO. They possess more power to govern and manage the FPO. Educated FPO members can easily understand the functions, roles and responsibilities in implementation at ground level. So education affects the performance of FPO. This finding was in tune with the results of Parthiban *et al.* (2015).

### **Farm size Vs Performance of FPO**

The findings from the table 1 conveyed that the co-efficient of correlation value ( $r = 0.052$ ) of farm size was not significant with performance of FPO members. The possible reason might be that even though the target group of FPO was small and marginal farmers but there was no restriction on entry of large farmers into the group. Irrespective of different farm sizes the promoting agencies were forming FPOs mainly based on the commodity (or) community based, where every farmer had a chance to

join the FPO. Similar finding was endorsed by the results of Venkattakumar *et al.* (2019).

### **Farming experience Vs Performance of FPO**

From the table 1 it was observed that the co-efficient of correlation value ( $r = 0.036$ ) of farming experience was non-significant with performance of FPO members. The possible reason might be due to the fact that as farm management is different from FPO management, in farm farmers deal with factors of production and allocation resources whereas in case of FPO, the members had to deal with group, understand the administration, promotion of services timely and development of business. This concept of FPO is new to them and all the members have just 3-4 years' of experience in the FPO in spite of their high level of experience in farming. Governance and management activities of FPO for initial three years tenure were taken up by facilitating agencies. So, it will take some more time to run the FPO by the members effectively. Hence this trend was noticed.

### **Annual income Vs Performance of FPO**

It is keenly observed from table 1 that the co-efficient of correlation value ( $r = 0.285$ ) of annual income of the FPO members had positive and significant relationship with the performance of FPO. The reasons for this might be that FPO members with high level income had a natural tendency towards taking risk and accepting new ideas, technologies and imparting knowledge when compared to that of the low level of income category. The basic motive of FPO members is increased income. Hence this trend was noticed. The finding was in tune with the results of Ahire *et al.* (2015) and Darshan (2019).

### **Extension Contact Vs Performance of FPO**

The table 1 projected that the co-efficient of correlation value ( $r = 0.615$ ) of extension contact had positive and significant relationship with the performance of FPO. The probable reason might be that FPO members were more enthusiast to participate in the activities related to extension like exposure visits to successful FPOs, field trips, kisan melas, training programs and exhibitions organized by facilitating agencies, promoting agencies, agriculture and allied departments and that might be the reason for increasing their extension contact and this could have exhibited a positive significant relationship with the performance of FPO. Similar finding was endorsed by the results of Gopi *et al.* (2017) and Naveenkumar and Rathakrishnan (2017).

### **Mass media exposure Vs Performance of FPO**

It is transparent from the table 1 found that the co-efficient of correlation value ( $r = 0.536$ ) of mass media exposure has significant relationship with the performance of FPO. This trend might be due to increase in the telecast of agricultural programs through different channels and number of newspapers publishing a full column on need and importance of FPO, different services rendered by FPOs, case studies on successful FPOs and successful members regularly. FPO members with good mass media exposure were in a position to pick up appropriate technologies at correct time and implement them, so better management and performance of FPO by members could be seen.

### **Innovativeness Vs Performance of FPO**

It is obvious from the table 1 that the co-efficient of correlation value ( $r = 0.575$ ) of Innovativeness had positive and significant relationship with performance of FPO members. It could be justified that The FPO had fostered innovations, latest technologies and provided knowledge on advanced practices through exposure visits, training programs with the help resource institutes. This will improve the confidence of the farmers and motivate them to adopt new technologies. Thus FPO ultimately increases the socio – economic conditions of the members by adopting inventions in modern management practices other than non-members.

### **Training undergone Vs Performance of FPO**

It is evident from the table 1 that that the co-efficient of correlation value ( $r = 0.610$ ) of training undergone had positive and significant relationship between training undergone and performance of FPO. The reason might be that the training programs organized by facilitating agencies might have exposed the FPO members about administration, maintenance of records and books, regular selection of board members, services, production, marketing and finance related issues of FPO. Further the training also might give the opportunity to visit to successful FPOs and to interact with members, which in turn developed their behavior, facilitated to understand the need and importance of FPO and resulted improvement in the performance of FPO. Hence, the above trend was noticed. Similar results were reported by Mukherjee *et al.* (2019).

**Table 2. Multiple linear regression analysis of the profile of the FPO members with the performance of FPO (n = 240)**

S. No.	Variable	Std. error	'b' values	't' values	'p' values
X <sub>1</sub>	Age	0.275	-0.329	-1.196 <sup>NS</sup>	0.233
X <sub>2</sub>	Education	0.384	0.940	2.980**	0.004
X <sub>3</sub>	Farm size	0.335	-0.018	-0.053 <sup>NS</sup>	0.958
X <sub>4</sub>	Farming experience	0.212	0.190	0.895 <sup>NS</sup>	0.372
X <sub>5</sub>	Annual income	0.003	-1.312	-0.462 <sup>NS</sup>	0.644
X <sub>6</sub>	Extension contact	0.393	0.097	3.516**	0.001
X <sub>7</sub>	Mass media exposure	0.440	0.750	1.705 <sup>NS</sup>	0.090
X <sub>8</sub>	Innovativeness	0.150	-0.203	-1.356 <sup>NS</sup>	0.177
X <sub>9</sub>	Training undergone	0.523	1.307	2.688**	0.000
X <sub>10</sub>	Economic orientation	0.182	-0.295	-1.625 <sup>NS</sup>	0.106
X <sub>11</sub>	Social participation	0.381	-0.044	-1.168 <sup>NS</sup>	0.244
X <sub>12</sub>	Market orientation	0.202	0.179	0.887 <sup>NS</sup>	0.376
X <sub>13</sub>	Achievement motivation	0.180	0.247	1.369 <sup>NS</sup>	0.172
X <sub>14</sub>	Scientific orientation	0.208	0.297	1.426 <sup>NS</sup>	0.155
X <sub>15</sub>	Risk orientation	0.207	-0.073	-0.350 <sup>NS</sup>	0.726
X <sub>16</sub>	Cosmopolitaness	0.652	0.155	2.381**	0.000
X <sub>17</sub>	Credit orientation	0.345	0.707	1.536**	0.000

R<sup>2</sup> = 0.870

\* : Significant at 0.05 level; \*\* : Significant at 0.01 level; NS : Non-significant

**Economic orientation Vs Performance of FPO**

It is apparent from table 1 that the co-efficient of correlation ( $r = 0.468$ ) of economic orientation had positive and significant relationship between economic orientation and performance of FPO members. The possible reason for this trend might be that Economic orientation is that the fundamental trait around which other motives, drives and other attributes were built. It psychologically conditions the individual to motivate himself to achieve higher income. FPO is the critical intervention at present situation for economic empowerment of the farmers which provides better inputs, credit, marketing and other facilities that enhance their yield, income and reduces cost of production of members

and ultimately improves the performance of FPO. Hence economic orientation had positive and significant relationship with performance of FPO. This findings was in conformity with the results of Naidu (2012).

**Social participation Vs Performance of FPO**

An overview of table 1 indicated that the co-efficient of correlation ( $r = 0.450$ ) of social participation had positive and significant relationship with performance of FPO members. The reason behind this might be that FPO as a social and rural organization at grass root level had given scope for members to improve their abilities to interact with different type of people, actively participate in the social organization to express their own views,

exchange ideas, solutions for problems. So, farmers gain more knowledge about administration and managerial skills and try to implement them in their organization. Hence, the above trend was observed.

#### **Market orientation Vs Performance of FPO**

It is indicated from the table 1 that the co-efficient of correlation ( $r = 0.336$ ) of market orientation had positive and significant relationship with performance of FPO. Market orientation is an important factor which enables the farmers to take appropriate market decisions. FPO provided time to time market related information from different resources and taking initiatives of marketing facilitates. Members with knowledge about market information and facilities provided by FPO, they realize more profit compared to non-members. Thus, ultimately improves performance of FPO. Hence, positively significant relationship was observed. This finding had drawn support from the findings of Sreeram (2013).

#### **Achievement motivation Vs Performance of FPO**

The data pertaining to table 1 revealed that the co-efficient of correlation ( $r = 0.420$ ) of achievement motivation had positive and significant relationship with performance of FPO. The probable reason might be that FPO would act as catalyst for accomplishment of the needs and goals of members through capacity building activities and members might be motivated through their fellow members in the group and learn the ways and means to achieve their goals with continuous efforts. In this process members knew the importance of FPO and their role to achieve in the group which let to effective performance of FPO. Hence this trend was observed.

#### **Scientific orientation Vs Performance of FPO**

It is evident from the table 1 that the co-efficient of correlation ( $r = 0.569$ ) of scientific orientation was positively significant with the performance of FPO. The probable reason might be that FPO organizes training programs on latest technologies, production, storage and processing and value addition in scientific way with the help of resource agencies. This will provide ample scope for the FPO members to adopt and implement latest technologies logically and scientifically in their farm. In this process, performance of FPO will be increased in providing latest technologies, storage, processing and value addition facilities to its members. Hence, the above

trend was observed with similar findings of Siddeswari (2018).

#### **Risk orientation Vs Performance of FPO**

The data in table 1 depicted that the co-efficient of correlation value ( $r = 0.303$ ) of risk orientation had positive and significant relationship with performance of FPO. It could be conclude that FPO stimulates the members to bring the positive change in their lives by inculcating habit of risk bearing. Members with risk bearing ability are ready to accept innovations and with stand any uncertainty. FPO members with high risk bearing ability strive hard to take right innovations and interventions to meet success in their lives. Thus, risk orientation improves the profit of members as well as performance of FPO by providing appropriate innovations and interventions. This result was in accordance with the findings of Chopade *et al.* (2019).

#### **Cosmopoliteness Vs Performance of FPO**

It could be noticed from the table 1 that the co-efficient of correlation value ( $r = 0.493$ ) of cosmopoliteness had positive and significant relationship with performance of FPO. It might be fact that due to cosmopolite FPO members were having broader outlooks where there is a better scope for exchange of new ideas and facts. Further, the members who interact with members of other FPO outside their systems are likely to get information about how their FPO is functioning and providing services. Members with higher cosmopoliteness were in persistent contact with their relatives, friends and others at distant locations can be useful to improve the performance of the FPO. The result derived support from the findings of Chopade *et al.* (2019) and Madhuri (2020).

#### **Credit orientation Vs Performance of FPO**

A glance at the table 1 showed that the co-efficient of correlation value ( $r = 0.548$ ) of credit orientation was positively significant with performance of FPO. The reason might be that high profile thinking and telescopic vision might be the two important factors for the FPO members to view the credit as one of the critical source for achievement. The FPO members with high credit orientation were eager to utilize the credit as a hand holding support to realize their dreams. They also might have felt the need for institutional credit to have more credibility in operating the business. This attitude might have developed a favourable entrepreneurial behaviour.



Hence, the above trend was noticed with similar findings of Siddeswari (2018).

## II. Combined effect of all Independent Variables on the performance of FPO

To determine the combined effect of all the selected independent variables in explaining variation in performance of FPO, Multiple Linear Regression analysis was carried out. The computed co-efficient of determination ( $R^2$ ) value and partial regression co-efficient (b) values with their corresponding 't' values were presented in table 2. The  $R^2$  and 'b' values were tested statistically for their significance.

As observed in the table 2. the ' $R^2$ ' value was 0.870 depicted that all the selected seventeen independent variables put together explained about 87.00 per cent variation in the performance of FPO.

The partial regression coefficients presented in table 2. Further revealed that the independent variables viz., education, extension contact, training undergone, cosmopoliteness and credit orientation were found positively significant as evident from their significant 't' values. This implied that education, extension contact, training undergone, cosmopoliteness and credit orientation are the most important variables that contributed to most of the variation in the performance of FPO.

From the table 2. It was evident that all the selected 17 independent variables put together explained about 87.00 per cent variation in performance of FPO, as indicated by ' $R^2$ ' value. Thus, it could be concluded that the variables selected, explained the variation to a large extent over the in performance of FPO. In other words, the variables selected for the study were relevant to the problem selected.

When partial regression coefficients were tested it was noted that education, extension contact, training undergone, cosmopoliteness and credit orientation were showed positively significant as indicated from their significant values. It depicted that education, extension contact, training undergone, cosmopoliteness and credit orientation had positively and significantly contributed for most of the variation in the Performance of FPO.

The FPO member with more education can easily understand the ideology of FPO and have more decision making ability in the activities related to FPO. Which

improves the capacity to improve the performance of FPO through development of business, extending membership, increase share capita and grab the funds from external agencies. Thus the more number of educated members in the group then more will be the performance of FPO. Hence, education had positively and significantly contributed to the variation in the performance of FPO.

Facilitating agency provides opportunity to the FPO members to interact with various resource institutes such as agricultural and allied departments, financial and social institutes, which improves their knowledge and promotes to adoption of modalities of latest technologies. Thus extension contact improved the performance of FPO. So extension contact had positively and significantly contributed to the most of the variation in the performance of FPO.

FPO organized various training programs which imparts knowledge, brings change in attitude and improves the skills. It helped the FPO members to acquire knowledge on latest technologies, to improve their skills in office, books and records maintenance, leadership development and organization management. So training undergone improved the performance of FPO. Hence, training undergone had positively and significantly contributed to the most of the variation in the performance of FPO.

The members with high cosmopoliteness have more idea about the latest developments in farming, progress and status of FPO activities in outside of their social system, that information is very helpful to adopt and implement in their social system/ FPO. Thus improves the performance of FPO. Hence, cosmopoliteness had positively and significantly contributed to the most of the variation in the performance of FPO. The results derives support from the results of Madhuri (2020)

Credit orientation gives the opportunity to carry out farming activities timely and provides scope to quick adoption and implementation of latest technologies. Thus credit orientation had positively and significantly contributed to the most of the variation in the performance of FPO.

## CONCLUSION

The results showed that the seventeen independent variables viz., education, annual income, extension contact, mass media exposure, innovativeness, training undergone, economic orientation, scientific orientation ,

market orientation, achievement motivation, social participation, risk orientation, cosmopolitaness and credit orientation had positive and highly significant relationship with the performance of FPO. The age with performance was observed negative and non-significant relationship, whereas two variables viz., farm size and farming experience had non-significant relationship with the performance of FPO. All the selected seventeen independent variables put together explained about 87 per cent variation in the performance of FPO. Education, extension contact, training undergone, cosmopolitaness and credit orientation were the most important variables that contributed to most of the variation in the performance of FPO. Therefore, there is immediate need to promote ideology of FPO among members and promoting agencies, facilitating agencies, extension agencies and NGOs should focus more in manipulating the significant variables for further improvement of performance of in terms of functioning and services provided to its members.

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