



Research Article

ORGANIZATIONAL STRUCTURE AND CONSTRAINTS OF FARMERS IN FARMER PRODUCER ORGANIZATION IN CHITTOOR DISTRICT OF ANDHRA PRADESH

GOUD S.D.^{1*}, BHATT J.D.¹ AND SANGAPPA²

¹Post Graduate Institute of Agribusiness Management, Junagadh Agricultural University, Junagadh, 362001, Gujarat, India

²CAR-Indian Institute of Millets Research, Rajendranagar mandal, Hyderabad, 500030, Telangana, India

*Corresponding Author: Email - srujangoud202@gmail.com

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Abstract: Farmers producer organisations are groups of rural producers coming together to form organizations, in order to pursue specific common interests of their members developing technical and economic activities. The present study was conducted in Chittoor district in which four FPO were selected randomly run under APMASS organization to study the organizational structure and farmers constraints in the organization. The sample size is 80 i.e., 20 farmers from each FPO were selected for interview. The primary data was collected through the questionnaire and secondary data collected from the organization. The data is analysed through simple tabular method, graphs and figures. Garret ranking technique is used to rank the constraints faced by the farmers given by Savitha et al., in 2011. The results revealed that the three tier system of the organization giving it full strength in flow of information and services to the farmers. In case of constraints irregularity of farmers members attendance for group meetings and delay in payments of group members are the major problems at Rythu Sangam level. Lack of storage area for implements and inputs and lack of GRS offices for effective meeting services are the major problems at gram Rythu Samakya level. Delay in payments of FPO members and lack of storage area for implements and inputs at FPO level are the major problems perceived by the farmers at FPO level.

Keywords: Farmer Producer Organisation, Organisation Structure, Constraints

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Introduction

The Companies (Amendment) Act 2002 came into effect on 6th February 2003. With this, Producer Companies (PCs) can be registered under the provisions of part IX-A (section 581A to 581ZT)³, chapter one of the Companies Act, 1956. The objective of the said company can be production, harvesting, procurement, grading, pooling, handling, marketing, selling and/or export of primary produce of the members or import of goods or services for their benefit. It is deemed to be a private limited company but there is no limit on membership, which is voluntary and open. It is a limited liability company by share and not a public limited company. A "Producers Organization Development Fund" (PODF) has been set up with an initial corpus of Rs 50 crores for this purpose. Any registered Producers Organization viz, Producers Company (as defined under Sec 581 A in part IXA of Company's Act 1956), Producers Cooperatives, registered Farmer Federations, MACS (Mutually aided cooperative society), Industrial cooperative societies, other registered federations, PACS, etc. set up by producers were eligible under the fund. In fact, NABARD has set a target to set up about 2000 FPOs in India by the year 2015-16.

Material and Methods

Selection of Samples

There were four FPO's running in Chittoor district under APMAS. For the study of organizational structure and constraints of farmer producer organization all the four FPO's were selected. For the selection of members, simple random sampling technique was used. Out of them 20 farmers members were selected from each producer company. The sample farmers were interviewed with structured questionnaire to study the organizational structure and constraints faced by the farmers in the producer organization.

Simple tabular method

To analyse the organization structure of the farmer producer organization simple tabular method (Dewangan, 2018) was used. To analyse the organisation structure, following parameters were used

Basic profile of selected FPO's

Number of members

Number of directors

Number of professional managers

Total number of employees

Main business

Input sources

Market sources

Garret's ranking

The major constraints that the farmers were facing at three different levels i.e., Rythu Sangam level, Gram Rythu Sangam level and FPO level in the three tier system FPO in the organisation were identified under the guidance of project manager and coordinator of APMASS staff; chief executive officer of FPO's. Then the farmer members were allowed to give them ranking and then they were prioritised by using Garret ranking technique given by Savitha et al., in 2011. Rank assigned to each problem faced by individual were converted into per cent position using the following formula.

$$\text{Percent position} = 100(R_{ij} - 0.5)/N_j$$

Where R_{ij} stands for rank given for the i^{th} factor ($i=1,2,...,10$) by the j^{th} individual ($j=1,2,...,40$) N_j stands for number of factors ranked by j^{th} individual.

Table-1 Comparative analysis of FPO

Name particulars	Madanapalle(MPL)	Nimannapalli(NPL)	Ramasamudram(RSM)	Koundinya (PLN)
Date of registration	5.1.2018	06.03.2018	21.04.2018	10.01.2018
Corporate Id	U01820AP2018 PTC107411	U01100AP201 8PTC107759	U01820AP2018P TC107856	U01100AP201 8PTC107442
Authorised capital(lakh)	15	15	20	15
Equity Share capital (lakh)	3	5	6	4
No of Shareholders	1029	1056	4000	755
GRS Associated	6	5	15	7
Number of RS	96	70	105	90
Number of BoD	10	10	15	10
BoD meeting	11 th every month	25 th of every month	20 th of every month	15 th of every month
AGB meeting	May	April	March	April
Land (in ac)	1029	2915	4500	3000
Bank	Syndicate bank	Indian bank	Saptagiri gramina bank	Canara bank

Table-2 Constraints faced by the farmers in Rythu Sangam

SN	Constraints	Mean values	Ranks
1	Lack of Awareness about group formation	49.4625	5
2	Irregularity in conducting of meetings	58.425	3
3	Irregularity of Farmers members attendance for group meetings	66.3125	1
4	Delay in payments of group members	63.5125	2
5	Lack of awareness of the rules and conditions of group	50.4125	4
6	Lack of Maintenance book keeping at group level	40.0875	8
7	Lack of group harmony in group meetings	39.0125	9
8	Difficulty in Selecting group leaders	46.9125	7
9	Problem of farmers leaving the group	47.20	6
10	Lack of auditing of the group records	36.6625	10

Table-3 Constraints faced by the farmers in Gram Rythu Sangam

SN	Constraints	Mean values	Ranks
1	Group leader's attendance for the GRS meetings	48.4625	5
2	Delay in payments of GRS members	57.9875	3
3	unknowingness of the rules and conditions of GRS for farmer members	49.0875	4
4	Lack of GRS offices for effective meeting services	61.35	2
5	Lack of storage area for implements and inputs	61.7625	1
6	Lack of book keeping at GRS level	43.7875	8
7	Lack of auditing of GRS finance	47.2375	7
8	Lack of group harmony in GRS meetings	48.0625	6
9	Difficulty in Selecting of directors	43.1875	9
10	Problem of groups leaving from GRS	37.075	10

Table-4 Constraints faced by the farmers in FPO

SN	Constraints	Mean value	Ranks
1	Leader and Directors attendance for the FPOs meetings	42.125	8
2	Delay in payments of FPO members	60.70	1
3	Lack of Maintenance of book keeping at FPO level	45.4125	7
4	Lack of auditing of FPO records	40.80	9
5	Lack of promoter's funds for effective management of FPOs	47.7625	6
6	Lack of group harmony in FPO meetings	48.475	5
7	Lack of storage area for implements and inputs at FPO level	58.775	2
8	Lack of expertise of professional manager for managing of FPOs	56.45	4
9	Lack of pesticides and seeds in FPO business	56.8625	3
10	Problem of GRS leaving from FPOs	40.6375	10

The Garrett's table, the per cent positions were converted into scores. Thus, for each factor the scores of the various respondents were added and then mean values were estimated. The attributes with the highest value was considered as the most important one and the other follow in order.

Result and discussion

For the organisation structure of FPO three tier system was followed. In which groups were formed at three levels they were habitat/village level, panchayat level and mandal level. The farmers at the lowest level were grouped to form Rythu Sangam (RS) or already existing Rythu Sangam groups were selected at habitat/village level. These RS groups were connected to one another at panchayat level to form Gram Rythu Samakya (GRS) at panchayat level. At mandal level all these GRS were pooled to form an FPO. The organisational structure of FPO mainly consists of Board of Directors (BoDs'), Rythu Mitra (RM) leaders, GRS, RS and farmer shareholders. The farmer shareholders were at the lower level and BoDs' at the upper level in the organisation. The middle level group consists of RM

leaders, GRS and RS. The major decisions were taken by the BoDs' of the company and the information is communicated to RM leaders who in turn communicate to GRS groups and then finally to farmer shareholders.

Comparative analysis of four FPCs in detail

It is inferred from the [Table-1] that authorized capital of MPL, NPL, RSM and PLN was 15, 15, 20 and 15 lakhs respectively. The equity share capital of the four FPCs was 3, 5, 6 and 4 lakhs respectively. Among which RSM has the highest equity share capital and lowest being PLN with an amount of 4 lakh. The number of shareholders of the four FPO's were 1029, 1056, 4020 and 755 respectively. RSM has the highest number of shareholders being 1023 and PLN has the lowest number of shareholders. The GRS associated with four FPCs was 6, 5, 15 and 7 respectively. RSM has the highest number of GRS and NPL has the lowest number of GRS. The BoDs' of all the FPO's were conducting the monthly meetings on different dates and annual general body meetings in the month of May by MPL, April by NPL, march by RSM and in April by PLN.

The date of registration of MPL is on 5.1.2018 and its corporate ID is U01820AP2018PTC107411. The date of registration of NPL is on 6.3.2018 and its corporate ID is U01100AP2018PTC107759. The date of registration of RSM is on 21.4.2018 and its corporate ID is U01820AP2018PTC107856. The date of registration of PLN is on 10.1.2018 and its corporate ID is U01100AP2018PTC107442. The organizational structure of farmer producer company is well built with three tier system. Predefined rules and responsibilities have made the structure heading towards the glaring position. It is obvious that the only communication channel between the farmer shareholders and BoD is RM leaders, apart from the annual general meetings held annually. The minutes book act as check list and integrates the individual farmer shareholders views. The awareness about the features, functions and benefits from the producer companies among primary producers has been internalised by organising the meetings at each and every level. As the professional's managers were lacking, they have appointed the technical background managers for different tasks.

Constraints faced by all the Farmers of Four FPOs.

Constraints in Rythu Sangam group

The constraints perceived by the farmer of four FPO in their Rythu Sangam groups are summarized in [Table-2]. It revealed that irregularity of farmers members attendance for group meetings was the most important constraint with a mean score of 66.31 ranks first and delay in payment of group members with a mean score 63.51 ranks second followed by irregularity in conducting meeting with a mean score 58.42 ranks third. They also perceived problems like lack of group harmony in group meetings with a mean score 39.01 ranks ninth and lack of auditing of the group records with a mean score 36.66 ranks tenth

Constraints faced by farmers in GRS group

The constraints perceived by the farmers of four FPO's in their gram Rythu Sangam groups are summarized in [Table-3]. It revealed that lack of storage area for implements and inputs was the most important constraint with a mean score of 61.76 ranks first and lack of GRS offices for effective meeting services with a mean score 61.35 ranks second followed by delay in payments of GRS members with a mean score 157.98 ranks third. They also perceived problems like difficulty in selecting of directors with a mean score 43.18 ranks ninth and problem of groups leaving from GRS with a mean score 37.07 ranks tenth.

Constraints faced by farmers in FPO group

The constraints perceived by the farmers four FPO's in their FPO groups are summarized in [Table-4]. It revealed that delay in payments of FPO members was the most important constraint with a mean score of 60.70 ranks first and lack of storage area for implements and inputs at FPO level with a mean score 58.77 ranks second followed by lack of pesticides and seeds in FPO business with a mean score 56.86 ranks third. They also perceived problems like lack of auditing of FPO records with a mean score 40.08 ranks ninth and leader and Problem of GRS leaving from FPO's with a mean score 40.63 ranks tenth.

Conclusion

It can be concluded from the study that the three tier system of FPO is giving its full strength to spread the technology, inputs and machinery at accessible range for the rural farmers. Powers and duties of directors, leaders and farmer shareholders giving responsibilities to every individual to play their role for the overall development of the organisational objectives along with individual shareholders development. Rolling of the Directors every three years is also good initiative to encourage every farmer to participate and involve in growth of organisation. The study also shows that the major problems encountered in the organisation of four FPO at Rythu Sangam level were delay in payment of members, irregularities of conducting meetings and farmers attendance to the meetings to the meetings. At gram Rythu Sangam level, they face majorly lack of storage facilities for implements and inputs, lack of GRS office for effective meeting service and delay in payments of GRS members. At FPO level, farmers face delay in payments of FPO members constraints. Specifically, Madanapalle FPO is facing lack of auditing of records. Nimmanpalle faces lack of expertise of

professional managers. Ramasamudram faces storage were for implements and inputs. Palamneru faces problems of GRS leaving the FPO

Application of research: Study of organisational structure of FPOs and compares the functioning of four FPOs in Chittoor district of Andhra Pradesh.

Research Category: Agricultural Business Management.

Abbreviations: FPO- Farmer Producer Organisation, RS- Rythu Samakya
GRS- Gram Rythu Samakya, BOD- Board of Directors
APMASS- Andhra Pradesh Mahila Abhivruddhi Society
MPL- Madanapalle, RSM- Ramasamudram
NPL- Nimmanpalle, PLN- Palamneru

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**** Research Guide or Chairperson of research:** Dr J. D. Bhatt

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Study area / Sample Collection: Madanapalle, Chittoor district of Andhra Pradesh

Cultivar / Variety / Breed name: Nil

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