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Do Supply Chain and Institutional Factors Impact Smallholders' Livelihoods? An SEM Perspective

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ABSTRACT: Being the second-largest producer of horticultural products, the sector in India is experiencing supply chain issues. Thus, the primary objective of this research is to use the resource curse and cluster theories to assess how the horticulture supply chain affects the smallholders' livelihoods. Independent (Horticulture Supply Chain Efficiency- HSCE), dependent (Smallholders' Livelihood Development- SLD), and moderating (Farmers Producer Organization Intervention- FPOI) variables are all included in the analysis. Using a combination of literature reviews, expert interviews, and focus groups, the researcher developed a preliminary research framework and measuring instruments for each latent construct. The instrument has been validated using face and language validation, followed by a pilot study and main study with 405 responses. Both SmartPLS 4.0 and SPSS 25.0 have been used for that purpose. This study found both HSCE and FPOI directly impacted SLD, explaining 65% of the variance, mostly by SC collaboration, followed by agricultural credit, SC infrastructure, and FPO. However, contrary to the theoretical part, the moderating effect was found to be negatively significant. This indicates the immaturity of FPOs to amplify these factors, which can draw the attention of policymakers to make necessary arrangements.

1. INTRODUCTION

India is predominantly agrarian, with 58% of rural households dependent on agriculture. Agriculture and its allied sectors contributed 20% to GDP in 2020-2021, rising in succeeding years (Kapil, 2021). Unlike the Indian horticulture industry, which contributes 33% of the total Gross Value Added to GDP (MoAFW, 2020). Data from the Directorate of Economics and Statistics' National Horticulture Database 2020-21 shows 331.048 million metric tons of horticultural produce produced on 27.586 MH (Government of India [GoI], 2021). India's diversified agroclimatic conditions allow for horticultural crop production and offer an alternative to diversifying Indian agriculture for economic, nutritional security, and poverty reduction (MoAFW, 2020; Karabari & Patil, 2015; Government of Tripura, 2021; Weinberger & Lumpkin, 2007). Horticulture, which is more labour-intensive than staple crop production, may provide more employment and markets at the producer level owing to higher market pricing (Weinberger & Lumpkin, 2007; Keatinge et al., 2018).

Similarly, Tripura, a Northeast Indian state, with 1.48962 MMT of horticulture production and 0.12681 MH of land (Government of India [GoI], 2021), produces 0.543775 MMT of fruits, 0.835183 MMT of vegetables, and 0.00058 MMT of flowers in 0.05416 MH, 0.047332 MH and 0.00029 MH of land, respectively (Government of Tripura, 2021; PNBIndia, 2015). This leads to a huge surplus of products. Based on government reports and official interviews, the state resides with 95% small and marginal farmers who produce their goods with little MSP, bargaining power, and with a focus only on production. The sector comes under three major schemes, i.e., MIDH (Mission for Integrated Development of Horticulture-Central, Pre and Post development), state plan, and RKVY (Rashtriya Krishi Vikash Yojana-Infrastructure development) (Government of Tripura, 2021; GoI MIDH, 2014; Mission for Integrated Development of Horticulture [MIDH], 2014; Reserve Bank of India [RBI], 2019) that solely focus on production and productivity only. This lowers farm-gate prices for smallholders and raises consumer costs due to a lack of cooperation and transparency among farmers and other stakeholders, which increases intermediaries, resulting in unduly lengthening and costing the SC (Jayalath et al., 2023; Islam et al., 2022). Further, it is evident from the Consumer Food Price Index (CFPI-combined) that even with 7.75% inflation of agricultural products, the producers' share of consumer pricing remains low (Dastagiri et al., 2012; PIB Delhi & NSO, 2022; RBI, 2019). This shows a significant SC gap between producers and consumers. Therefore, an efficient SC is required to reduce product loss, increase infrastructure, productivity, negotiating power, safety, quality, knowledge and skill sharing, transparency, tracking system, investments, risk sharing, productivity improvement, and customer satisfaction. These issues are very much relevant to smallholders as owing to limited resources and market access, they need additional study (Bhagat, 2012).

Horticultural crops include fruits, vegetables, ornamentals, aromatics, medicine, and herbs & spices. This doubles farmers' income compared to traditional agriculture, adding value to the sector and the country's economic growth (Kaldate et al., 2020; PIB MoAFW, 2021). India's F&V SC is inefficient and overlooked, resulting in large post-harvest losses. It is also evident that six to seven intermediaries in the SC make it more fragmented without adding value, even though they provide product transportation, ownership transfer, vendor payment, maintenance, and customer delivery (Halder & Pati, 2011; Kumar, 2020; Negi, 2018; Viswanadham, 2007).

The state of Tripura has started forming FPOs that combine private and cooperative principles to help farmers and improve their living standards by managing an efficient supply chain. Many implementing and promoting organizations use various schemes to form and operate FPOs to address common issues in agricultural services (agricultural training, advisory services, and technical support), input supply, procurement, processing, marketing, and distribution to increase farmers' bargaining power, and incomes (Government of Tripura, 2021; GoI MIDH, 2014; NAFPO, 2022).

Therefore, the study objective covers Tripura's horticultural sector, which includes fruits and vegetables, to construct a research model and instrument based on an existing literature review, focus group discussion, interviews with different stakeholders, and expert advice. Identifying these elements and how they affect smallholder livelihoods with the existing government policies and schemes. The independent variable, "Horticulture Supply Chain Efficiency", affects the dependent variable, "Smallholders' Livelihood Development". The moderating variable, "FPO Intervention," helps the SC to develop smallholders' economic and non-economic livelihoods.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1. Theoretical Background

The resource curse theory posits that resource-rich countries are less likely to use their natural resources, which increases the likelihood of conflicts, authoritarianism, economic instability, and slow economic progress (Auty, 1993). Traditionally, natural resources promote economic growth, but corruption, poor governance, institutional or government policy, poor investment, lack of information, poor infrastructure, and poor collaboration have caused negative effects in a few countries (Auty, 1990; Busse & Gröning, 2013; Cappelen et al., 2021; Iimi, 2007; Kelley, 2012; Konijn, 2014; McPhail, 2008; Poncian, 2019; Wenar, 2008). Likewise, underutilized natural resources like horticulture and human resources in India could strengthen the nation's and state's economies (Shah, 2014). While cluster theory is essential for local and regional development because institutional actors work together to strengthen clusters' competitive advantage by fostering innovation (Alimov et al., 2020; Ayele et al., 2010; Porter, 1998; Swords, 2013). Unorganized markets, opportunistic middlemen, increased SC transaction costs, decreasing quality and quantity, farm gate pricing, and higher consumer purchasing prices motivate smallholders to join clusters. This

cluster has solid administration, making the resource (horticulture) curse a blessing for smallholders and the country's economic development by sharing cost and profit (Lan & Zhangliu, 2012) (Figure 1).

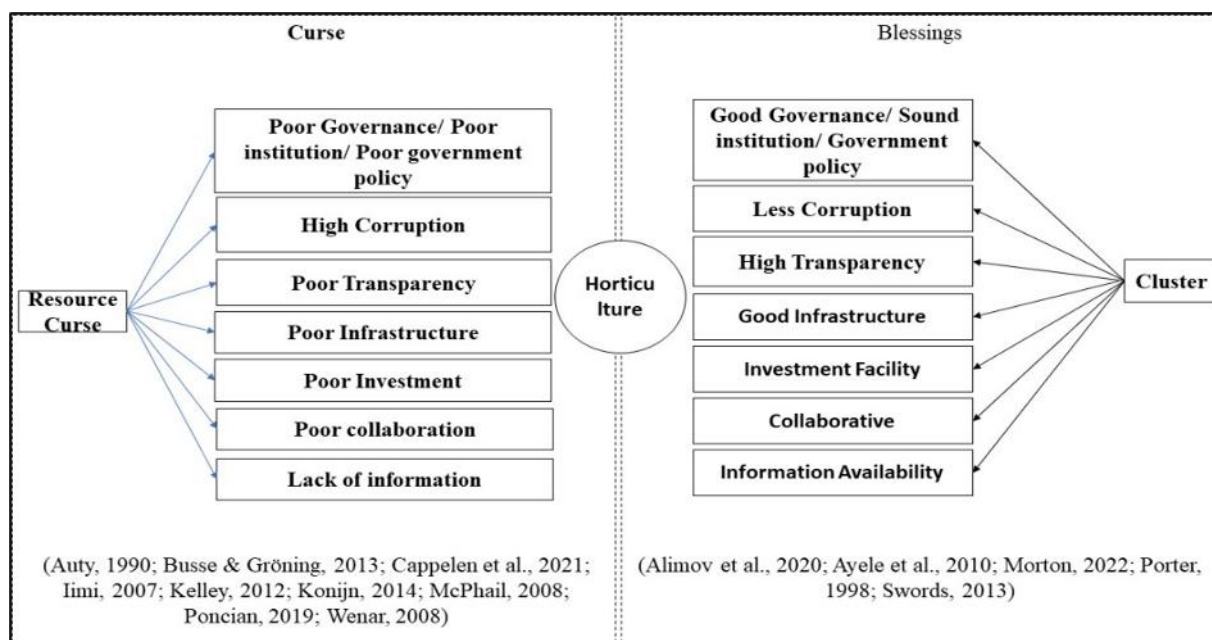


Figure 1. Resource Curse & Clustering Interpretation, Source; Self

2.2. Identification of Research Variables and Hypotheses Development

Multiple layers of interaction (Interviews, FGD & Expert advice) with Govt. officials (BDOs, ADOs, & Directorate of Agriculture), Farmers, BoD & CEOs of FPOs have been initiated to finalize the research model (see Figure 2) and its standard instrument specific to the Tripura horticultural sector. At the same time, FGD (Chambers, 2007; Merton, 1987) was conducted with farmers to understand the schemes at the ground level.

2.2.1. Horticultural Supply Chain Efficiency, Smallholders' Livelihood Development and Farmer Producer Organization Intervention

Horticultural product SC includes production, post-harvest, and distribution from farm to table. Low shelf-life, significant demand, price changes, food safety and quality issues make perishable food SC more complicated (Van der Vorst & Beulens, 2002). The complicated, fragmented, and intermediary-dependent F&V SC causes farmers and buyers to lose economic and non-economic benefits after harvest (Kumar, 2019). Several middlemen, a lack of policy, unorganized sectors, and a lack of cold storage are among the factors that contribute to Indian fruit SC post-harvest losses, making the SC inefficient (Dastagiri et al., 2012; Islam et al., 2022; Rais & Sheoran, 2015). HSCE can enhance smallholders' livelihoods via infrastructure, collaboration, and agricultural loans. SC infrastructure systems may help the horticulture SC save time, cost, and waste and boost production and market reach. In contrast, collaboration across horticulture SC players increases negotiating power for better pricing, shares knowledge and resources, provides training, and increases market access, maximizing efficiency. Smallholders also require accessible and timely agricultural loans to invest in their fields, buy inputs, and adopt the latest technologies to become more efficient (Fan & Gao, 2014; Johnson & Hofman, 2004; Negi, 2021; Reiner & Hofmann, 2006). SC Infrastructure (HSCE1), Agri-cultural Credit (HSCE2), and SC Collaboration (HSCE3) are important factors in HSCE that have been identified based on theory and literature review.

Similarly, livelihood security is seen as a precondition for livelihood development (Nath & Behera, 2011; Pani & Mishra, 2022). Though studies confirm horticulture's ability to strengthen farmer livelihoods (Galhena et al., 2013; Rai et al., 2019; Ulrich, 2014; Yasmin et al., 2014; Zhang et al., 2014). Low farm gate prices and limited market access (Alam & Khatun, 2021; Middendorf et al., 2022; Sibomana et al., 2016) hinder livelihood security (Nath & Behera, 2011; Pani & Mishra, 2022), which need to be addressed. Food and nutritional security (SLD1), economic security (SLD2), ecological security (SLD3), social

security (SLD4), psychological security (SLD5), and physical security (SLD6) have been identified and used to measure the outcome variable. Further, market risk mitigation (FPO1) and economies of scale (FPO2) have been used to measure FPO intervention, as a moderating variable. FPO uses efficient and effective use of common resources through technology and extension services help attain economies of scale in production, which enhances their revenue (MoAFW, 2021; Möhring, 2006). This not only empowers smallholders but also boost rural development with sustainably. Further, FPOs provide training, quality control, and marketing assistance for an effective market share, customer service, and farmer returns (Bikkina et al., 2018; Gummagolmath et al., 2022; Khushbu, 2023). FPOs reduce market risk through re-tail marketing, spot markets, futures trading, cooperative and exporter col-laboration, and direct marketing (Birthal et al., 2007; Singh, 2002; Singh & Vatta, 2019). Authorities like the World Bank and UNDP encourage FPO establishment and empowerment via policy and financial tools, acknowledging their importance. Thus, FPOs improve SC efficiency and empower farmers (Das, 2020; Gummagolmath et al., 2022; Krishnan et al., 2021).

2.2.2. SC Infrastructure and Smallholders' Livelihood Development

HSCE needs infrastructure to create livelihoods and ensure the smooth operation of the supply chain. Input, resources, and physical infrastructure increase farmers' production, productivity, and services and decrease environmental uncertainty, resulting in higher income, lower costs, and better livelihoods (Ayele et al., 2010; Minten, 1999; Satish, 2007). Thus, we can hypothesize:

H1. There is a significant relationship between HSCE1 in HSCE and SLD.

2.2.3. Agricultural Credit and Smallholders' Livelihood Development

Credit is the most significant element in all agricultural development programs. Seeds, fertilizers, pesticides, animal feed, marketing, production, and investment need financing (short, medium, and long-term). Smallholders borrowing from moneylenders or relatives at high-interest rates and with collateral may make agricultural activities unprofitable (FAO, 2022; NABARD Capital Market, 2018). Providing easy and affordable agricultural credit to is a critical factor in improving farmer livelihoods (Chandio et al., 2018; Kumar et al., 2018). Thus, we posit that:

H2. There is a significant relationship between HSCE2 in HSCE and SLD.

2.2.4. Supply Chain Collaboration and Smallholders' Livelihood Development

HSCE through SC collaboration is generally recognized in high-value food SCs, assures food quality and safety compliance, and enhances smallholder returns. Weak collaboration in the agri-food SC leads to high SC costs in developing countries. Collaboration helps in product development, planning, forecasting, procurement, information sharing, and capital expenditures (Ahoa et al., 2021; Alemu et al., 2016; Arshinder & Balaji, 2019; Arshinder et al., 2007; Dorward et al., 2009; Weaver, 2011; Widadie et al., 2022). Thus, we posit that:

H3. There is a significant relationship between HSCE3 in HSCE and SLD.

2.2.5. FPOI Moderation Effect

The efficiency of SC may be enhanced by the efforts of FPO by improving infrastructure, market intelligence, collaboration, smooth execution of government policy and procedure, credit facility, and decreasing intermediaries to boost smallholder livelihoods (Bunte, 2019; Singh & Vatta, 2019; Ton & Bijman, 2006). Thus, we can hypothesize:

H4. There is a significant relationship between FPOI and SLD.

Infrastructure development is crucial for boosting production, reducing post-harvest losses, and accessing markets (PNBIndia, 2021). FPO may help provide the infrastructure that improves their members and the agricultural community's livelihoods (IRMA-NABARD, 2022). Thus, we posit that:

H5. There is a significant moderation effect of FPOI between HSCE1 in HSCE and SLD.

Cluster-Based Business Organizations (CBBOs) promote FPOs, whereas SFAC, NAFED, NCDC, NERAMAC, NABARD, and state governments implement them. Implementing agencies help agricultural communities affiliated with FPOs to access institutional financing. Agriculture credit aids pre- and post-harvest operations, storage, processing, ripening chambers, logistics,

and marketing. The ultimate objective of these endeavours is to ensure that the agricultural communities receive satisfactory remuneration for their products, thereby leading to an enhancement in their overall livelihood (IRMA-NABARD, 2022; NABARD, 2015; NAFPO, 2022; SFAC, 2019). Thus, we can hypothesize:

H6. There is a significant moderation effect of FPOI between HSCE2 in HSCE and SLD.

The FPOs foster a sustainable and conducive environment for the farmers with strong collaborative culture with different stakeholders. This helps overcome SC challenges related to pre- and post-harvest operations. This ensures that smallholders receive equitable and holistic livelihoods (IRMA-NABARD, 2022; Krishnan et al., 2021; NABARD, 2015; NAFPO, 2022). Thus, we can hypothesize:

H7. There is a significant moderation effect of FPOI between HSCE3 in HSCE and SLD.

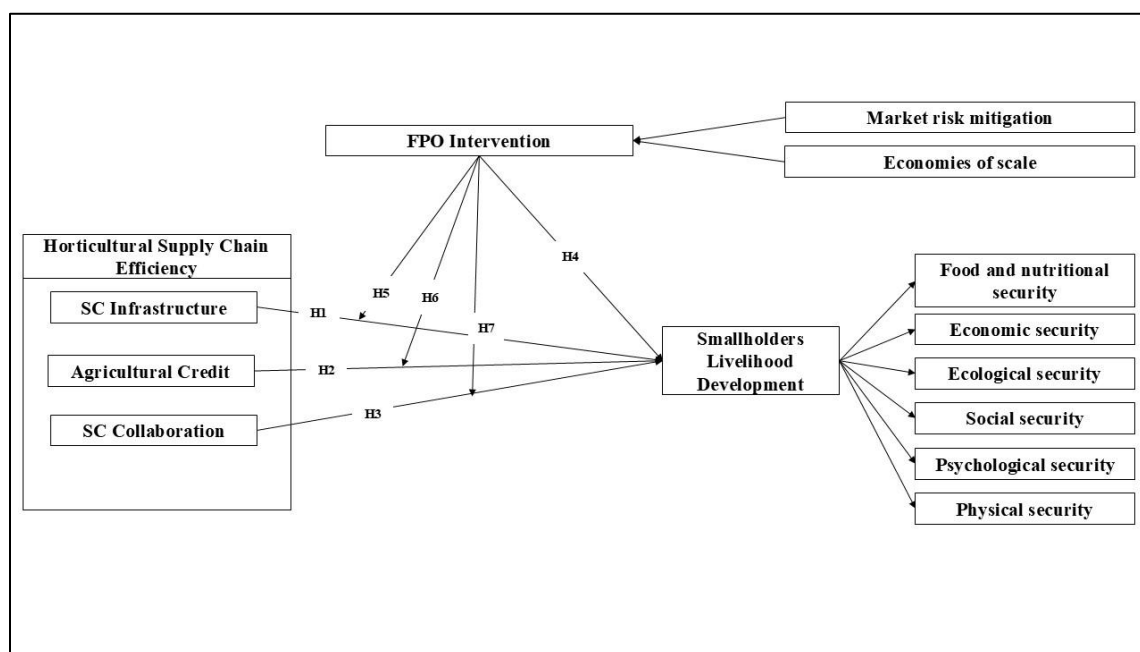


Figure 2. Proposed Research Model, Source; Self

3. RESEARCH METHODOLOGY

This cross-sectional mixed-method research collects, analyses, and interprets quantitative and qualitative data (Bougie & Sekaran, 2019; Johnson & Onwuegbuzie, 2004) from both primary and secondary sources.

Responses were collected using a 7-point Likert scale from four of Tripura's eight districts (West-Tripura, Dhalai, Gomati, and Sipahijala) from smallholders affiliated with FPOs registered with the "Promotion of 10000 FPOs scheme" and the "MOVCDNER (Mission Organic Value Chain Development for Northeast Region) scheme" under various implementing and promotional agencies. This study used purposive sampling in a non-probability sampling design to include people with the necessary information or meeting the researchers' criteria (Johnson & Onwuegbuzie, 2004). The minimum sample size of 405 for SEM has been calculated using a confidence interval (Daniel, 1999; Naing et al., 2006), which is considered adequate for multi-variate analysis, including regression.

3.1. Measurement Scale and Validation

The present study pertains to the development and validation of the measurement tool (see Appendix A- Table I). Developing and validating an instrument for specific contexts is a prevalent research practice, particularly when the original scale was formulated for a distinct population or environment. The constructs and measurement items were developed through an iterative process involving an extensive literature review, field interactions, expert consultation, face and language validation, pilot testing, and subsequent refinement before the final survey. Initially, the face and linguistic validation have been duly considered to address this purpose. Face validity is a researcher's subjective assessment of whether an instrument's items are

pertinent, practicable, reasonable, unambiguous, and clear (Ayodele, 2012; Field, 2005; Taherdoost & Lumpur, 2016). In contrast, Linguistic validation ensures that the instrument is conceptually and semantically identical to the source language following translation and cross-cultural adaptation (Rask et al., 2017; Wild et al., 2005). Since Bengali and Hindi speakers make up most of the state's population, English is translated into those languages. Two experts' suggestions and feedback were used at each stage to refine and develop the instrument further.

4. DATA ANALYSIS AND FINDINGS

The study uses Microsoft Excel & Word 2016, SPSS 25.0, and SmartPLS 4.0 for its tabulation, analysis, and presentation of data for both the Pilot and Main study. The pilot study used Factor Analysis, a combination of EFA (SPSS 25) and CFA (SmartPLS, PLS-SEM) for instrument development and reliability. The pilot study found all significant results within the threshold preceding the instrument's reliability, understandability, and internal consistency after removing below threshold items, i.e., HSCE2.2, HSCE2.4, HSCE3.2 and HSCE3.5 based on the rotated component matrix. However, the study didn't find any moderating effect of the FPO intervention in the model. This doesn't align with the final study, which has shown a moderation effect. This may be limited statistical power and restricted variation in the institutional context in the pilot study, which has been eliminated in the main study with a more heterogeneous study.

4.1. Final Study

4.1.1. Measurement Model

The Cronbach's alpha, factor loadings, and AVE are all above the threshold to evaluate the constructs' validity (Chin, 1998; Hair et al., 2013; Hair et al., 2010; Nunnally & Bernstein, 1994). Whereas CR and rho_A values are above the acceptable level (Hair et al., 2017a, 2017b) (See Table 1 and Figure 3).

Table 1. Construct validity, Reliability, Convergent Validity

Constructs	Items	Outer loadings	Cronbach's Alpha	rho_A	CR	AVE
SC Infrastructure	HSCE 1.1	0.683	0.665	0.710	0.798	0.505
	HSCE 1.2	0.505				
	HSCE 1.3	0.802				
	HSCE 1.4	0.811				
Agricultural Credit	HSCE 2.1	0.792	0.687	0.690	0.827	0.615
	HSCE 2.3	0.806				
	HSCE 2.5	0.753				
SC Collaboration	HSCE 3.1	0.737	0.798	0.801	0.860	0.552
	HSCE 3.3	0.756				
	HSCE 3.4	0.742				
	HSCE 3.6	0.766				
	HSCE 3.7	0.712				
FPO Intervention	FPOI1_Mean	0.920	0.733	0.775	0.880	0.786
	FPOI2_Mean	0.852				
SLD	SLD1_Mean	0.766	0.807	0.809	0.861	0.510
	SLD2_Mean	0.716				

SLD3_Mean	0.752
SLD4_Mean	0.660
SLD5_Mean	0.716
SLD6_Mean	0.667

(Note: For FPO1_Mean, FPO2_Mean, SLD1_Mean, SLD2_Mean, SLD3_Mean, SLD4_Mean, SLD5_Mean, and SLD6_Mean are taken as the mean of the item scores present under the sub-constructs FPO1, FPO2, SLD1, SLD2, SLD3, SLD4, SLD5, and SLD6, respectively)

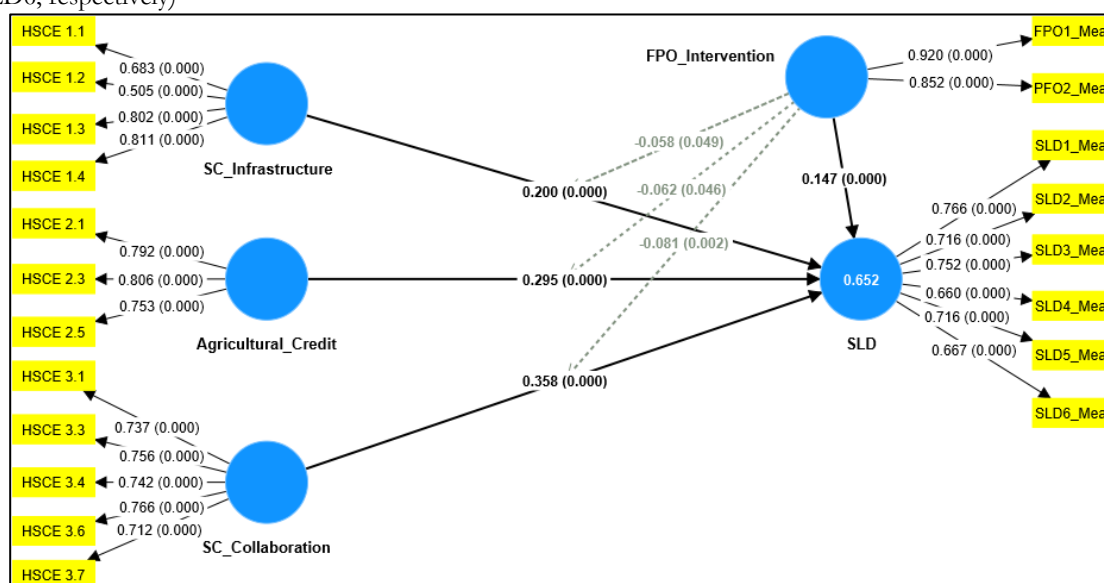


Figure 3. Measurement Model

4.1.2. Discriminate validity

To evaluate the distinctiveness of each factor, researchers may apply a standardized method called the heterotrait-monotrait ratio of correlations (HTMT) (Henseler et al., 2014, 2015). All the constructs in the current investigation had HTMT values below the cutoff of 0.85 (Kline, 2011), thereby establishing discriminant validity among the constructs (see Table 2).

Table 2. HTMT-based discriminant validity

Constructs	HSCE				
	HSCE1	2	HSCE3	FPOI	SLD
HSCE1					
HSCE2	0.564				
HSCE3	0.429	0.384			
FPOI	0.548	0.493	0.438		
SLD	0.757	0.762	0.751	0.646	
FPO Intervention x SC Infrastructure	0.609	0.279	0.217	0.352	0.456
FPO Intervention x Agricultural Credit	0.351	0.310	0.078	0.317	0.331
FPO Intervention x SC Collaboration	0.261	0.092	0.414	0.173	0.368

Found Discriminant Validity (correlation), i.e., <0.85.

4.1.3. Structural model

Each construct's VIF threshold below 5.0 shows no multi-collinearity and also used bootstrapping with 5,000 resampling iterations with a significance level of 0.05 (Hair et al., 2013; Hair et al., 2017a). The findings of the direct and moderating relationships are presented in Table 3. All direct relationships (H1–H4) were positive and significant. In contrast, the moderating effects of FPO intervention on the relationships between SC infrastructure, agricultural credit, SC collaboration, and SLD (H5–H7) were negative and significant.

Table 3. Result of the structural model assessment for direct and moderating relations

H	Relationships.	Beta	Std.	T Value	P Value	BCI LL	BCI UL	Decision	F ²	VIF
H1	SCInfrastructure -> SLD	0.20	0.04	4.665	0.001	0.114	0.283	S	0.07	1.62
		0	3						1	5
H2	AgriculturalCredit -> SLD	0.29	0.03	8.043	0.000	0.222	0.366	S	0.18	1.32
		5	7						9	7
H3	SCCollaboration -> SLD	0.35	0.03	10.436	0.000	0.291	0.424	S	0.26	1.37
		8	4						7	9
H4	FPOIntervention -> SLD	0.14	0.03	4.379	0.000	0.078	0.209	S	0.04	1.36
		7	4						5	5
H5	FPOIntervention x SCInfrastructure -> SLD	-0.05	0.02	1.969	0.049	-0.114	0.000	S	0.00	1.64
		8	9						9	4
H6	FPOIntervention x AgriculturalCredit -> SLD	-0.06	0.03	1.995	0.046	-0.123	-0.001	S	0.00	1.32
		2	1						9	4
H7	FPOIntervention x SCCollaboration -> SLD	-0.08	0.02	3.055	0.002	-0.134	-0.030	S	0.01	1.28
		1	6						8	1

(Note: S-Supported, BCI LL - Confidence Intervals Bias-Corrected at Lower Limit; &BCI UL - Confidence Intervals Bias-Corrected at Upper Limit)

4.1.4. Coefficient Determination (R²) & Predictive Relevance (Q²) Analysis

The coefficient of determination (R²), with a value of 0.652, indicates that the in-dependent variables explain approximately 65% of the variance in SLD (Table 5). To ensure the construct's predictive accuracy, the values of Q² must exceed zero, as evident in the analysis (Table 4).

Table 4. Results of Coefficient of Determination (R²) and Predictive Relevance (Q²)

Construct	R ²	Adjusted R ²	Q ²
SLD	0.652	0.646	0.321

4.2. Common Method Variance (CMV)/ Common Method Bias (CMB)

Common Method Variance (CMV) is a potential threat to internal validity in research, particularly when using self-reported data like surveys. Addressing CMV is crucial to studying reliability and accuracy. Hence, “Haarman Single-Factor” test has been used for this concern, which explains variance in the data in a single underlying factor. 22.86% variance (see Appendix A- Table II) has been explained below the threshold of 50% that suggests minimum CMV (Chang et al., 2020; Cooper et al., 2020).

5. DISCUSSION

The statistical results reveal that SC Infrastructure, Agricultural Credit, SC Collaboration, and FPO intervention have direct impact on SLD, which aligns with the existing theory. SC collaboration has been found important factor in the model followed by agricultural credit and SC infrastructure. The variables stated above play a significant role in supporting the well-being of small-scale farmers by enabling them to achieve numerous forms of security, such as food and nutrition, economic, ecological, social, psychological, and physical security. These factors contribute to HSCE through product development, innovation, planning, forecasting, pre-and post-harvest activities, market access, sourcing, information sharing, and investment decisions, ensuring compliance with food quality and safety standards, and promoting increased returns and livelihoods for smallholder farmers.

Statistical analysis also demonstrates that FPO intervention has a positive and significant direct impact on SLD. However, contrary to the expected strengthening role of FPO intervention, its moderating effects on the relationships between SC infrastructure, agricultural credit, SC collaboration, and SLD were negative and significant. This lies in the fact that when FPOs are immature, they fail to pool, coordinate and leverage the infrastructure, credit and collaboration optimally. As a result, FPOs fail to amplify but rather reduce the livelihood benefits with weak financial intermediation, limited governance and coordination. The following factors, identified through literature review, expert inputs, and field interactions, may help explain why FPO intervention did not strengthen these relationships:

1. FPOs face challenges in obtaining financial resources, market access, infrastructure support, autonomy, information, training, and extension services due to their infancy, ranging from one to three years. It requires time for farmers to register with FPOs to receive equity for routine operations. Due to the low or no equity grants, financing, and credit extended by institutions, the majority of FPOs function exclusively on shareholding price money. The majority of producers obtain financing through the Kishan Credit Card (KCC).
2. Through a variety of schemes, machinery, conservatories, and polyhouses are made available to specific producers. Farmers frequently remit exorbitant charges to local leasing agencies for the basic infrastructure. Although FPOs refer to a geographical or regional aggregation, farmers and land are not more closely located in the region, which increases the cost for farmers to utilize the readily available common infrastructure. In areas with fragmented landholdings, uniting farmers into a cohesive FPO presents a hurdle. This fragmentation can hinder economies of scale, hamper collective farming practices, and weaken their bargaining power for both input costs and output prices. Although FPOs rely on various initiatives or subsidies to gain access to critical infrastructure, the majority of them possess transportation facilities but do not have cold chain facilities. Further, not all farmers have access to irrigation facilities; rather, they depend on reservoirs, rivers, or ponds.
3. Limited institutional support poses a significant challenge to FPOs to navigate complexities and achieve long-term success.
4. The limited technical acumen of FPO members concerning modern farming methods hinders the maximization of productivity.
5. The hilly terrains and locations of FPOs creates problems to access markets with increased cost.
6. Building strong, reliable market linkages and a lack of collective bargaining power in securing fair pricing for their produce remain key challenges for FPOs.
7. Mostly, FPOs don't find local organized sectors profitable, hence they sell their products at higher prices in the local unorganized market, which increases the wastage and reduces quality.
8. Most of the FPOs in Tripura operate in a supply-driven market at a lower farm gate price, instead of a demand-driven market. However, in a few instances, FPOs sell their products sometimes in foreign markets like Singapore and Dubai at twice or thrice the value of the local market.
9. FPOs have immense potential to empower farmers, but with limited governance, leadership and technical skills, it makes it vulnerable to internal conflicts. This leads to dysfunction and missing opportunities for collective growth.
10. Caste divisions can further create ingrained hierarchy with trust issues among members, leading to ineffectiveness of FPOs. Scepticism and reluctance to new technology create another level of obstacle compared to Traditional farming practices that have passed down through generations as a sign of cultural norms (Elamon, 2020; Hadley, 2023; Qureshi et al., 2023).

According to the existing literature, the FPOs moderate SC infrastructure, Agri-cultural Credit, and SC collaboration to ensure smallholders' livelihoods. In contrast, the moderating effect is optimal but rather dampening in the context. This may be due to the infancy of operational excellence in the state. The FPOs may moderate the domain in the future for SLD through inexpensive input procurement, reduced intermediary costs, equitable collective market access, and training and extension services that boost output, productivity, and economies of scale. To considerably alter the smallholder's way of life and means of subsistence, they must substantially increase their contributions. Further, there is a much-needed robust governance structure that includes transparency and good leadership, which will empower members and address conflicts constructively to unlock the true potential of FPOs.

5.1. Theoretical Implications

The data demonstrates that efficient SC helps smallholders improve their standard of living. However, the research did not discover the expected moderate effect of FPO on applying Porter's Cluster Theory, which might help smallholders overcome the resource curse. There is still confusion among FPOs about fundamental roles and responsibilities under both schemes. Important to the success of FPOs is timely and sufficient government or agency assistance. For smallholders to reap the benefits of the clusters, FPOs must exert additional effort to be seen in meaningful action. As a result, productivity and living standards among rural smallholders will improve. FPOs need institutional backing through internal capacity development and increased authority to effectively execute Cluster-based techniques. FPO intervention in the SC can enhance infrastructure, market intelligence, collaboration, government policy implementation, and credit facilities and reduce intermediaries, resulting in increased efficiency in agriculture and boosting smallholder livelihoods (Bunte, 2019; Singh & Vatta, 2019; Ton & Bijman, 2006). FPO uses efficient, cost-effective, and sustainable resource use through training and extension services to maximize income-generative production and productivity. FPOs offer members real-time demand, supply, price, location, spot markets, futures trading, and direct marketing options to reduce market risks (Birthal et al., 2007; INAFI India, 2013; MoAFW, 2021; Möhring, 2006; Singh, 2002; Singh & Vatta, 2019).

5.2. Policy Implications

FPOs are crucial for building inclusive and sustainable supply chains by connecting smallholder farmers to markets. Model selection should fit local needs, while FPOs must secure profitable market linkages and access to credit guarantee funds. The RKVY (Rashtriya Krishi Vikas Yojana) scheme's institutional reforms highlight the importance of FPOs for empowering small and marginal farmers. Government agencies SFAC and NABARD offer support alongside state-level grants, licenses, subsidies, and farm-gate sale policies. Along with the existing schemes and policies, policymakers should establish a multi-tier FPO institutional architecture that may comprise regional and central organizations for FPOs. The regional institutions would coordinate production planning, logistics, cold chain management and local market linkage, while the center would generate market intelligence, integrated demand from urban, institutional buyers, processing units and export markets. This will form a network of FPOs across regions to meet the demand-supply gaps, enhance price realization, and minimize post-harvest losses through logistics coordination. This framework at the national level will shift FPOs from isolated operational units to interconnected nodes within a demand-driven SC. This will transform the supply-driven FPOs to demand-driven institutions, which will strengthen the sustainable livelihood of smallholders. Further, an adaptive AI-based agricultural supply chain may be developed to fully automate the process efficiently and effectively. These policy measures can strengthen the institutional capacity and coordination of FPOs, improve access to shared infrastructure and logistics, and facilitate a transition towards a more market- and demand-oriented horticultural supply chain.

6. CONCLUSIONS AND FUTURE SCOPE

Three independent variables (HSCE1, HSCE2, and HSCE3), one dependent variable (SLD), and one moderating variable (FPOI) make up the conceptual framework for this study. According to the study's findings, HSCE and FPOI account for around 65% of SLD's explanatory power variance. Collaboration across SC has significantly influenced SLD, followed by providing agricultural credit, developing SC infrastructure, and the FPO intervention. Therefore, FPOs' smooth functioning is crucial to the continued well-being of smallholders. It may take some time for these variables to have a moderating role in further developing FPOs. Significant insights into the overall progress across various dimensions can be gained from the success stories of numerous FPOs, including Sahyadri Farmer Producer Company (FPC) in Maharashtra and DHARANI in Telangana, as well as those from Odisha, Rajasthan, Chhattisgarh, Madhya Pradesh, and other states. Leadership, farmer loyalty, efficient

internal governance, professionalism, participatory approach, vertical and horizontal integration, non-bureaucratic mode of operation, local culture of farmers, technological and infrastructure advancements, market access, branding, compliances, employee dedication, and capacity building, all these areas must be given priority in overall FPO development (Bikkina et al., 2018; Nayak, 2019; Singh, 2019). The moderating impact of FPO intervention on the association between HSCE and SLD may be further understood in future studies with broader scope utilizing a similar research approach. The horticulture SC needs a complete restructuring with the intervention of FPO for efficiency to boost profits, employment, and rural commercialization (Keatinge et al., 2018; Islam et al., 2022; von Braun et al., 2004). Policymakers may find the study useful in promoting sustainability, efficiency in SC, and equitable agricultural growth for smallholders.

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AUTHOR CONTRIBUTIONS

Lokesh Kumar Jena and Debarshi Mukherjee: Conceptualization, Methodology, Validation.

Lokesh Kumar Jena, Subhayan Chakraborty, Pintu Majhi, and Seemarani Meher: Investigation, Data Curation.

Lokesh Kumar Jena, Pintu Majhi, and Seemarani Meher: Formal Analysis.

Lokesh Kumar Jena: Visualization, Writing—Original Draft.

Debarshi Mukherjee and Subhayan Chakraborty: Supervision.

Lokesh Kumar Jena, Debarshi Mukherjee, Maidul Islam: Writing—Review & Editing.

CONFLICT OF INTEREST

The authors declare that there is no conflict of interest.

ETHICS STATEMENT

Ethical approval was not required for this study, as the data was collected through proper channel.

DATA AVAILABILITY STATEMENT

Data supporting the findings of this study are available from the corresponding author upon reasonable request.

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Appendix A- Instrument items

Appendix A.1

Table A1. Items of the Instrument and its sources

Variables	Item No	Items	Source (s)
Independent Variable (Horticultural Supply Chain Efficiency-HSCE)			
SC Infrastructure (HSCE1)	HSCE1.1	I have required access to input-based infrastructure (Seed, Fertilizer, pesticides, Farm Equipment, and machinery).	(Banumathi & Kaliraj, 2013)
	HSCE1.2	I am satisfied with the access to resource-based infrastructure (Irrigation, electricity).	
	HSCE1.3	I feel satisfied with my access to Physical infrastructure (Road connectivity, Transport, Storage, Processing, and Preservative).	
	HSCE1.4	My access to training and skill development centers makes me feel satisfied.	
Agricultural Credit (HSCE2)	HSCE2.1	I prefer to take a loan from institutional sources for agricultural credit.	(Sahoo & Dash, 2022)
	HSCE2.2	Getting a loan is easier from non-institutional sources than from an institutional source as agricultural credit.	
	HSCE2.3	I feel the rate of interest in Agri-finance is minimal and affordable.	
	HSCE2.4	Banks disburse the credit whenever I require it (pre and post-harvest operations).	
	HSCE2.5	I feel government policies and procedures towards agricultural credit are satisfactory.	
SC Collaboration (HSCE3)	HSCE3.1	I receive relevant information on demand, price, and place of sale through supply chain collaboration.	(Arshinder et al., 2005)
	HSCE3.2	I receive information regarding promotion events through supply chain collaboration.	
	HSCE3.3	Collaboration gives me the opportunity for a new variety of horticultural product development.	
	HSCE3.4	Collaboration helps me to access the latest agricultural technology.	(Arshinder et al., 2005)
	HSCE3.5	Collaboration gives me delivery status and tracking of goods in transit.	
	HSCE3.6	I keep myself updated with weather information.	
	HSCE3.7	I avoid crop loss using necessary technical information (latest farming equipment and other Agri-related information on time).	
Moderating Variable (FPOIntervention)			
Market risk mitigation (FPOI1)	FPOI1.1	FPO helps me increase equitable access to established markets for a fair price for my produce.	(Pandian & Ganesan, 2021)
	FPOI1.2	FPO helps me increase the bargaining power for my products in the market.	

	FPOI1.3	I am satisfied with FPO for Protecting me from the exploitation of intermediaries.	(Chandran & Francis, 2018)
	FPOI1.4	I am satisfied with FPO for Protecting me from seasonal and non-seasonal price fluctuations.	(Chandran & Francis, 2018)
	FPOI1.5	I feel satisfied when the government purchases my produce as an intermediary.	(Amrutlal & Sharma, 2010)
Economies of scale (FPOI2)	FPOI2.1	FPO helps me in attaining increased productivity in my field through training, development & extension service.	(Pandian & Ganesan, 2021)
	FPOI2.2	I am satisfied with the increased return for my product through FPO.	
	FPOI2.3	I am satisfied with FPO for lowering transportation costs.	(Chandran & Francis, 2018)
	FPOI2.4	FPO helps me in saving time.	
	FPOI2.5	FPO helps me in lowering input & production costs.	
Dependent Variable (Smallholders Livelihood Development)			
Food and nutritional security (SLD1)	SLD1.1	I feel satisfied that horticulture provides food for my family and me throughout the year.	(Shwetha & Shivalingaiah, 2019)
	SLD1.2	The quality of food available to my family and me makes me feel secure.	
	SLD1.3	I am getting an affordable, balanced diet for my family members and me.	
Economic security (SLD2)	SLD2.1	I get maximum and stabilized income through farming.	(Shwetha & Shivalingaiah, 2019)
	SLD2.2	I am able to diversify my income through horticultural production.	
	SLD2.3	I am able to save money for my family's future.	
	SLD2.4	E- The horticultural production ensures my family's employment.	
Ecological security (SLD3)	SLD3.1	I am able to use water efficiently.	(Shwetha & Shivalingaiah, 2019)
	SLD3.2	I reuse the horticultural wastage for farming.	
	SLD3.3	I use a minimum amount of chemical fertilizer and pesticides for horticultural production.	
	SLD3.4	I am able to maintain soil fertility and soil health through diversified farming.	
Social security (SLD4)	SLD4.1	Practicing horticulture production gives me good recognition in the society.	(Shwetha & Shivalingaiah, 2019)
	SLD4.2	I am able to coordinate with government or extension agencies through horticulture.	
	SLD4.3	I am satisfied with the increased coordination with other stakeholders.	
Psychological security (SLD5)	SLD5.1	I find myself improving my knowledge and skills in horticulture production.	(Shwetha & Shivalingaiah, 2019)
	SLD5.2	Experience in Horticultural production improves my confidence to try new ideas on my farm and interact with others.	
	SLD5.3	Horticulture has created demand among farmers to visit my farm and seek my advice.	
	SLD5.4	I am able to overcome my stress condition through horticultural produce with an increased return.	
Physical security (SLD6)	SLD6.1	My piece of land for horticulture practice makes me feel secure.	(Shwetha & Shivalingaiah, 2019)
	SLD6.2	My pieces of farm machinery for horticulture practice are a means of security for me.	
	SLD6.3	The availability of an irrigation facility for my land makes me feel secure.	
	SLD6.4	I feel secure in having a logistic infrastructure for marketing my horticultural produce.	

Table A2. Harman single-factor test

Component	Total Variance Explained					
	Total	Initial Eigenvalues		Extraction Total	Sums of Squared Loadings	
		% of Variance	Cumulative %		% of Variance	Cumulative %
1	20.531	22.951	22.951	20.531	22.951	22.951
2	4.861	5.434	28.385			
3	4.242	4.742	33.126			
4	3.767	4.211	37.338			
5	3.678	4.112	41.450			
6	3.407	3.808	45.258			
7	3.029	3.386	48.644			
8	2.803	3.133	51.777			
9	2.656	2.969	54.746			
10	2.327	2.602	57.348			
11	2.167	2.423	59.770			
12	2.022	2.260	62.030			
13	1.970	2.202	64.232			
14	1.857	2.076	66.308			
15	1.787	1.998	68.306			
16	1.737	1.942	70.248			
17	1.622	1.813	72.061			
18	1.580	1.766	73.827			
19	1.545	1.727	75.555			
20	1.472	1.645	77.200			
21	1.394	1.559	78.759			
22	1.356	1.516	80.275			
23	1.230	1.375	81.650			
24	1.185	1.325	82.975			
25	1.145	1.279	84.254			
26	1.096	1.225	85.480			
27	1.029	1.150	86.630			
28	1.013	1.133	87.763			
29	.996	1.113	88.876			
30	.933	1.043	89.919			
31	.878	.982	90.900			
32	.855	.956	91.856			
33	.850	.950	92.807			
34	.776	.867	93.674			
35	.739	.827	94.501			
36	.683	.763	95.264			
37	.665	.744	96.008			
38	.612	.684	96.692			
39	.574	.641	97.333			
40	.535	.598	97.931			
41	.509	.569	98.500			
42	.460	.515	99.015			
43	.448	.501	99.515			
44	.434	.485	100.000			

Extraction Method: Principal Component Analysis.