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Impact Assessment of Farmer Producer Companies (FPCs) in Maharashtra - A Case Study

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Foreword

The growth in Indian agriculture sector has been impressive in the last three decades except few years of ups and downs. There is an increase in production of all agriculture and allied products over a period of time. Even during Pandemic situation, the growth in agriculture sector was positive. However, the per capita income of the farmers has been lowest among all the sectors over a period of time. The major constraint of Indian agriculture is diminishing size of land holding. As per the 2015 census, the proportion of small and marginal farmers is more than 85 per cent of total land holdings in the agricultural economy of India. Being smallholders, these farmers suffer from some inherent problems such as absence of economies of scale, access to information and their inability to participate in the price discovery mechanism. Thus, given the situation of the smallholders, their problems are of prime concern for the sector. Various institutional interventions started by government, private and civil society organizations, have tried to link smallholders to the input and/or output markets. In this direction, several attempts have been made to aggregate the farmers into different forms of groups. These include agricultural cooperatives, self-help groups, commodity interest groups, etc. However, the success achieved has been limited.

Recently, a new model of aggregation in the form of Farmer Producer Company (FPC) has evolved. The instrument of Farmer Producer Company (FPC), registered under Companies Act, 1956 is emerging as an effective tool to cater to the needs of the farmers at the grass root level. The main objective of mobilizing farmers into member-owned producer companies, or FPCs, is to enhance production, productivity and profitability of agriculturists, especially small farmers in the country. Aggregation of small holders will lead to reduction in transaction costs. It takes care of the entire supply chain and hence is a distinguished model compared to other aggregation models. FPCs offer a wide range of benefits compared to other formats of aggregation. It provides for sharing of profits/benefits among the members.

Over the last one decade, around 7000 FPCs have been promoted. However, due to lack of awareness on legal issues, most of the FPCs prompted are found to be not viable. Hence, there is a need to understand the factors limiting the success of these FPCs.

In the light of the above facts, an attempt has been made in this study initiated by MANAGE to assess the impact of Farmer producer Companies in the state of Maharashtra. The suggestions made based on outcome of this study may be helpful for policy makers to review the strategy for effective implementation of the new scheme of FPOs. I appreciate and congratulate Dr. K.C. Gummagolmath, Director (M&E), Dr. S.B. Ramya Lakshmi, Consultant (M&E) and Krushna Kulkarni, Consultant (M&E) for taking up the study.

Shekara

(P. Chandra Shekara)

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List of Acronyms

ASC	Authorised Share Capital
ATMA	Agricultural Technology Management Agency
BFPCL	Bhimashankar Farmer Producer Company Ltd.
BIRD	Bankers Institute of Rural Development
CAMPCO	The Central Arecanut and Cocoa Marketing and Processing Cooperative Limited
CBBO	Cluster Based Business Organizations
CEO	Chief Executive Officer
CGF	Credit Guarantee Fund
CIG	Common Interest Group
DAC&FW	Dept. of Agriculture and Cooperation, Farmers' Welfare
DAPCL	Deola Agro Producer Company Ltd.
DES	Directorate of Economics and Statistics
DFPCL	Dongaon Farmer Producer Company Ltd.
DPR	Detailed Project Report
DPIP	District Poverty Initiative Project
ELI	Eligible Lending Institutions
e-NAM	electronic-National Agriculture Market
FCI	Food Corporation of India
FIG	Farmer Interest Group
FPC	Farmer Producer Company
FPO	Farmer Producer Organization
GCA	Gross Cropped Area
GKFPCL	Godavari Krushi Farmer Producer Company Ltd.
GVA	Gross Value Added
GVFPCL	Green Veg Farmer Producer Company Ltd.
HOPCOMS	Horticultural Producers Cooperative Marketing and Processing Society
ICT	Information and Communication Technology
KAFPCL	Kansari Adivasi Farmers Producers Company Limited
KVK	Krishna Vigyana Kendra
LAPCL	Lokmauli Agro Producer Company Ltd.
MFPCL	Mandane Farmer Producer Company Ltd.
MNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MoA & FW	Ministry of Agriculture and Farmers Welfare
MoFP	Ministry of Food Processing Industries

NABARD	National Bank for Agriculture And Rural Development
NAFED	National Agricultural Cooperative Marketing Federation
NAFPCL	Nagraj Agri & Farmer Producer Company Ltd.
NCDC	National Cooperative Development Corporation
NFSM	National Food Security Mission
NGO	Non-Governmental Organization
NHM	National Horticulture Board
NPMA	National Project Management Agency
NRLM	National Rural Livelihood Mission
NTFP	Non Timber Forest Produce
PAPCL	Punyashlok Agro Producer Company Ltd.
PC	Producer Company
PDF	Project Development Facility
PFPCL	Phinix Farmer Producer Company Ltd.
PO	Producer Organization
PODF	Producer Organization Development Fund
POPIs	Producer Organization Promoting Institutions
RI	Resource Institutions
RKVY	Rashtriya Krishi Vikas Yojana
RPSUC	Rouka Parishad Shetkari Utpadak Company
SCTPFPCL	Sant Changdev Tapip Urna Farmers Producer Company Ltd.
SEBI	Stock Exchange Board of India
SFAC	Small Farmers Agribusiness Consortium
SFPC	Shivsana Farmer Producer Company
SFPCL	Shivtej Farmer Producer Company Ltd.
SGSFPCL	Shri Ganesh Strawberry Farmers Producer Company Limited
SWOT	Strengths Weakness Opportunities Threats
TAS	Technical Agencies
UT	Union Territory
VAFPC	Vaitarna Aadivasi Farmers Producer Company
VAFPC	Vitual Agro Farmer Producer Company
VCA	Venture Capital Assistance
VFPC	Villgro Farmer Producer Company
VFPCL	Vanashree Farmer Producer Company Ltd.
WA	Weighted Average

Chapter-I

Introduction

Since 1950, the share of agriculture in the country's Gross Domestic Product (GDP) declined substantially but there was only marginal decline in the number of persons dependent on agriculture. The Agriculture sector currently contributes nearly 13 per cent of total GDP, while still accounts for about 55 per cent of total employment. India had over 145 million farm holdings as per the Agricultural Census, 2015-16. Of this, about 99.85 million were marginal farm holdings *i.e.* having individual operational land holding of less than 1 hectare while another about 25.77 million were small farm holdings with individual operational land holding size less than 2 hectares. Therefore, the marginal and small farm holdings together accounted for a whopping 86.21 per cent of the total farm holdings in India in 2015-16 (Agricultural census, 2015).

The size of operational holdings in India is continuously declining with every successive generation. The situation has raised serious question on the survivability of these small holders (Pandey, *et. al.,* 2010). On the other hand, the rapid increase in population coupled with substantive increase in incomes and purchasing power has led to increased demand for quality food and agricultural products. According to the XII plan Working Group, "The small and marginal farmers are certainly going to stay for a long time in India-though they are going to face a number of challenges". Therefore, what happens to them has larger implication for the agrarian sector in particular and the entire economy in general which, has an implication on people's livelihood."

Being smallholders, these farmers suffer from some inherent problems such as absence of economies of scale, access to information and their inability to participate in the price discovery mechanism. The participation of farmers is observed to be restricted by limitations like poor vertical and horizontal linkages and limited access to market, training and to finance (Fernandez Stark Karina, *et al.,* 2012). Poor information flow along the chain, has also been identified as a vital constraint (Shearer, 2011). The problem of access to market is even more pronounced for small and marginal farmers.

The challenge now is to optimize benefits through effective and efficient means of aggregation models. An ideal model of aggregation assumes significance mainly due to transformation of Indian agriculture towards high-value commodities which is a result of agri-food market caused by liberalization, globalization, improved purchasing power, demand for safe and quality food, expansion for niche market, *etc.* It has become even more pertinent due to land fragmentation. The size of operational holdings in India is continuously declining further with every successive generation. The big challenge under these conditions would be to integrate these small holders with the agricultural markets so that benefits from transforming agriculture, trade environment and growing economy may be optimized and help in realizing higher income of small and marginal farmers and lead to more inclusive growth.

The concern now is how to aggregate these smallholders and bring in economies of scale. It is equally important to link these increasing smallholders to the markets (input and output). Various institutional interventions, formal or informal, have tried to link smallholders to the input and/or output markets. These interventions were started either by government, or by private corporate and civil society organizations. These include agricultural cooperatives, self-help groups, commodity interest groups, contract farming, direct marketing, farmer producer organizations, producer companies, *etc.*

Several attempts have been made in the past to aggregate the farmers. One such pioneering attempt was promotion of cooperatives performing various activities in agriculture including input supply. By and large, the experiences of performance of cooperatives has been poor with an exception of co-operative sugar factories and dairy cooperatives in Maharashtra and Gujarat. Apart from these cooperatives, Amalsad cooperative Society for sapota and farming co-operative (Gambhira) in Gujarat, MAHAGRAPES in Maharashtra, HOPCOMS and CAMPCO in Karnataka, Mulkanoor women cooperative groups in combined Andhra Pradesh etc., have performed well. There are also a few successful women's farming groups in Andhra Pradesh. These successful models could not be emulated in other regions of the country.

The instrument of Farmer Producer Company (FPC), registered under Companies Act, is emerging as the most effective means of Farmer Producer Organization (FPO) to cater to the needs of farmers at the grass root level. FPCs offer a wide range of benefits compared to other formats of aggregation of the farmers. FPC members are able to leverage collective strength and bargaining power to access financial and non-financial inputs and services and appropriate technologies leading to reduction in transaction costs. Members can also collectively tap high value markets and enter into partnerships with private entities on equitable terms.

A producer company is basically a corporate body registered as a Producer Company under Companies Act, 1956 (As amended in 2002). The same provisions have been retained for FPC after the amendment of Companies Act in 2013. Its main activities consist of production, harvesting, processing, procurement, grading, pooling, handling, marketing, selling, export of primary produce of the members or import of goods or services for their benefit. It provides for sharing of profits/benefits among the members.

The Department of Agriculture and Cooperation, Ministry of Agriculture and Farmer Welfare, Govt. of India has identified farmer producer organization registered under the special provisions of the Companies Act, 1956 (As amended in 2002), now Companies Act, 2013, as the most appropriate institutional form of aggregation of farmers. The main objective of mobilizing farmers into member- owned producer organizations, or FPCs, is to enhance production, productivity and profitability of agriculturists, especially small farmers in the country.

1.1 Rationale for Formation of FPOs/FPCs

There is a need for aggregation of farmers in order to benefit from economies of scale. Producers' organizations help in reducing the transaction costs and provide a forum for members to share information, coordinate activities and make collective decisions (Singh, 2013). FPOs (cooperatives/ SHGs/FIGs/Producer Companies), no doubt, have the potential to bring about vertical integration in the traditional fragmented supply chains with need-based long term business plans. But they also create opportunities for producers to get involved in value all supply chain activities such as input supply, credit, processing, marketing and distribution. Now the question arises as to how to develop an appropriate design for formation of producer organization, the success of which can sustain and succeed under different limitations.

Government of India has issued guidelines to encourage states to directly support FPO promotion as a regular activity under various Schemes including RKVY during the XII Plan. These guidelines are meant to help the states follow a standard methodology for FPO promotion, as well as to provide indicative costs and a monitoring framework. States may directly engage promoters (such as NGOs, private companies, research bodies, cooperatives, farmers' groups) to mobilize the small farmers. Alternatively, SFAC is empanelling suitable Resource Institutions (RIs) on their behalf. Another option for the States would be to award the work directly to SFAC, to undertake FPO promotion by providing the necessary budget to SFAC from the RKVY head.

1.2 Why FPC is the Best Model ?

According to a report, "The prediction of western economists that small farms will eventually cease to exist as big farmers will buy their land," did not come true in Asia. We will have to live with the fact of small and marginal farming and try to make it more viable." Small farmers, do not get the advantage of scale. However, they can increase the productivity of their farm holdings if farm operations are carried out collectively. Therefore, India, a country of six lakh villages, needs at least one lakh FPCs to transform agriculture, he said. Other Asian countries have used solutions suitable to them for dealing with the problem of small farms. Japan has the concept of part-time farmers, while, Thailand has used the contract farming model and China has adopted collective farming. In India the concept of Cooperative is one of the options available for the producers to organize themselves to move up in the supply-chain by value addition and business ownership. However, the cooperative system in the country has been infected by several inadequacies (Sontakki, 2012).

Moreover, the model of cooperatives has worked only in the case of milk and sugarcane. Hence there is a need to reassess the necessity of FPC because no other models can deal with the problem of small farmers. As of now, the success of FPCs depends to a large extent on the leadership they get. It is equally important to create an environment to attract people with leadership skills.

The institution of FPC being relatively new, efforts are being made by the government and policy makers for making it as viable option of aggregation compared to other models of aggregation. It is pre-mature to talk about viability and sustainability of FPCs.

No doubt, the experience so far has shown a limited success, the model envisaged is comprehensive with professional management, provision for sharing of profit, reduction in transaction cost and can perform all the activities of supply chain in an organized manner.

Against this backdrop, an attempt has been made in this study to ascertain the impact of these FPCs on socio-economic conditions of farmers and other stakeholders, including employees of FPCs.

1.3 Objectives of the study

1. To study the status of the selected producer companies in Maharashtra in terms of different parameters such as objective, ownership, management structure, business performance *etc.*
2. To study the impact of Farmer Producer Companies (FPC) in terms of scale economy, integration of supply chain, access to market information, supply of inputs, adoption of technology, access to market, income and other parameters.

3. To study the problems faced by these PCs and mechanisms to address such constraints and recommend appropriate policy measures for sustainability of these PCs.

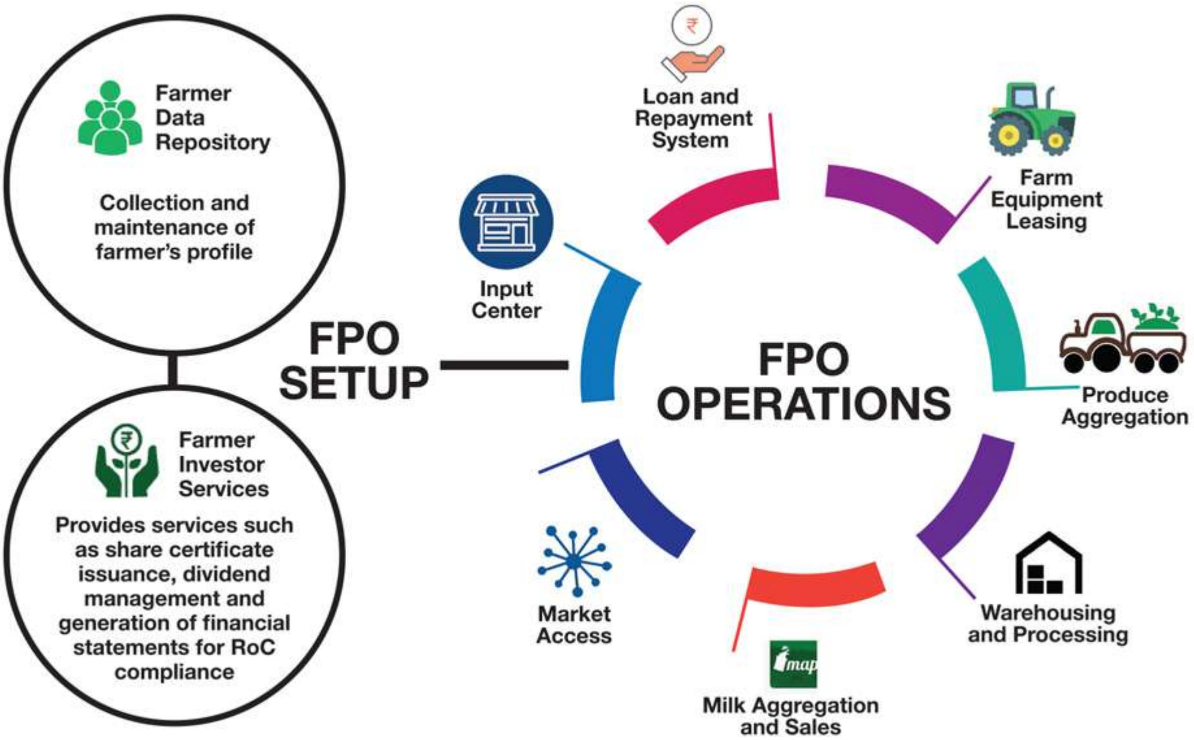

Fig. 1: Operations of Farmer Producer Organizations

1.4 Major challenges faced by the Farmer Producer Companies in India

In spite of success of the producer companies, still they face certain challenges like

- Many FPOs lack the capacity to manage the supply-chain operations and store the unsold produce, besides faltering in procurement, logistics and price negotiations.
- E-retailing and e-marketing are viable possibilities for FPOs.
- Finding the right markets bypassing the present maze of intermediaries is critical for the success of the FPOs.
- Implicitly, ICT tools and block-chain technology for agriculture are the need of the hour. Block-chain tech, using hyper ledger in the agri space, enables tracking inefficiencies and improving transparency in the value chain operations. This would also help identifying better markets for the produce, improve banker's comfort to finance such agri-supply chains managed by farmers.
- Currently, only a few FPOs have developed mobile phone based extension guidance to help reduce cost of cultivation and access information about market prices of commodities. This needs to be followed by all the FPOs.

Linking the farmers with the markets with quality products is a challenge. Nevertheless, some of the FPCs have proven to be successful in many parts of the country in value addition, establishing market linkages, tapping export markets and so on. Out of 7374 registered FPCS in India in various sectors (agriculture & allied sectors) around 3 per cent are women owned FPCs (Richa *et al.,* 2019). Few of such successful FPCs in India promoted by various agencies are listed below:

1. Sahyadri Farmers Producer Co Ltd, Nashik, Maharashtra
2. Raithamitra Farmers Producer Company Ltd, Mysuru, Karnataka
3. Shreeja Mahila Milk Producer Company, Tirupathi, Andhra Pradesh
4. Chetna Organic Farmers Association, Hyderabad, Telangana
5. Indian Organic Farmers Producer Company, Kerala
6. Madhya Pradesh Women Poultry Producer Company, Bhopal, Madhya Pradesh
7. Paayas Milk Producer Company, Jaipur
8. Savitribai Phule Goat Farming FPC, Maharashtra
9. Vasundhara Agri-Horti Producer Co. Ltd, Pune, Maharashtra
10. Maahi Milk Producer Company, Gujarat

Chapter-II

Implementing Agencies in the Formation of Farmer Producer Organizations

Presently, more than 7300 FPOs (including FPCs) are in existence in the country, which were formed under various initiatives of the Govt. of India (including SFAC), State Governments, NABARD and other organizations over the last 8-10 years. Of these, around 3200 FPOs are registered as Producer Companies and the remaining as Cooperatives/ Societies, *etc.* Majority of these FPOs are in the nascent stage of their operations with shareholder membership ranging from 100 to over 1000 farmers and require not only technical handholding support but also adequate capital and infrastructure facilities including market linkages for sustaining their business operations.

Against this backdrop and having realized the significance of FPOs the Government of India has formulated a central sector scheme namely "Formation and Promotion of 10,000 Farmer Producer Organizations (FPOs)" by 2023-24.

The guidelines framed by the Government of India in promotion of new FPOs are as follows (source: Report on Operational guidelines, DAC&FW, GoI 2020).

In order to form and promote FPOs in uniform and effective manner so as to achieve the target of formation of 10,000 new FPOs in 5 years and to make the FPOs economically sustainable, three Implementing Agencies, namely, SFAC, NCDC and NABARD, shall be responsible to form and promote FPOs.

i. SFAC will form and promote those FPOs to be incorporated under Part IX A of Companies Act.

ii. NCDC will form and promote those FPOs to be registered under any Cooperative Societies Act of the States.

iii. NABARD will form and promote those FPOs which are registered either under Part IX A of Companies Act or registered under any Co-operative Societies Act of States.

In addition to afore-stated three implementing agencies, if any State/Union Territory is desirous to have its own implementing agency, State/UT may 8 approach DAC & FW with details about the State/UT, its agency, activities and experience of the agency *etc.,* and DAC & FW will consider the proposal on experiences and existing manpower required for formation and promotion of FPOs in the region. DAC&FW may, in due course, identify and assign other additional Implementing Agencies to cover various sectors and geographical locations to form 10,000 FPOs as per the need of the programme. The Initial Implementing Agencies as well as the State level or any other Implementing Agencies approved by DAC&FW shall also be supported. Year-wise indicative target for Implementing Agencies- Considering the Implementing Agencies' existence in the States/Regions/Districts/Produce Clusters, their human resource and also their area of specialization, targets are to be tentatively allocated by Project Management Advisory and Fund Sanctioning Committee (N-PMAFSC) in consultation with the Implementing Agencies. In such case, the targets may be interchangeable on requirement basis.

2.1. Duties and Responsibilities of Implementing Agencies

(i) Implementing Agencies will closely and cohesively work with Cluster Based Business Organizations (CBBOs) to ensure that CBBOs perform their activities to make FPOs economically sustainable.

(ii) Implementing Agencies will also monitor CBBOs to ensure regular data entry on integrated portal with respect to details of respective FPOs.

(iii) Implementing Agencies can operate through their MIS portal till Integrated Portal is put in place to ensure uniformity of database on FPO. Once national level Integrated Portal managed through National Project Management Agency (NPMA) is put in place, Implementing Agencies will have to ensure interoperability with Integrated Portal to ensure smooth data transfer and operate in coordination with Integrated Portal design and requirement.

(iv) NABARD and NCDC will maintain and manage Credit Guarantee Fund (CGF) as per the established procedure.

(v) Implementing Agencies in consultation with DAC&FW will formulate rating 9 tools for FPOs to assess them in terms of level of activity, economic viability and sustainability, *etc.* The rating of the FPOs can be used as an instrument to promote FPOs.

(vi) Implementing Agencies will prepare Annual Action Plan and submit to DAC&FW in advance for consideration of Project Management Advisory and Fund Sanctioning Committee (N-PMAFSC) along with prescribed Utilization Certificate.

(vii) As assigned by DAC&FW/N-PMAFSC, Implementing Agency will coordinate with concerned Value-Chain Organization(s) regarding stages of formation and promotion of FPOs by those organizations along with FPO management cost & utilization of previous amount along with documentary proof from time to time as well as requirement of Equity Grant for channelizing their claim to N-PMAFSC for payment.

(viii) Other Implementing agencies may create with prior approval of DAC&FW, if and when required, their monitoring and data management units for FPOs to manage the growing volume of FPOs and their activities but will coordinate with NPMA to provide all requisite input, as national level data repository.

2.2. Payment to Implementing Agencies:

DAC&FW will make the advance release to the Implementing Agencies (IAs) on six monthly basis based on recommendation of N-PMAFSC, Annual Action Plan (AAP) of IAs and the due utilization certificate submitted to meet out the expenses for engaging NPMA, FPO formation & incubation cost to CBBO and also meeting out the cost of FPO management cost direct to concerned FPOs account on recommendation of concerned CBBO and Equity Grant *etc.,* for effective and timely implementation of the programme. The Implementing Agencies will develop the payment schedule based on their various stages and component of payment involved. The Implementing Agencies will raise the demand to DAC&FW for release of payment and will submit utilization certificate of last payment released as per GFR for releasing the next payment to them. In case of training, NABARD and NCDC will submit to NPMAFSC the training schedule for a year with tentative expenditure for training through specialised training institutes organised through their respective nodal training Institute. DAC&FW will make due payment to NABARD and NCDC for training through specialised Institutions based on the demand raised by NABARD and NCDC respectively and utilisation certificate will be submitted to DAC&FW by both as due. Further, as regards DAC&FW's share towards Credit Guarantee Fund (CGF) to be maintained and managed by NABARD and NCDC, the DAC&FW will provide its matching share to NABARD and NCDC, as the case may be, which in turn will submit detailed status of utilization to DAC&FW before raising the further demand for next installment of CGF.

2.3. Payment of supervision charges to Implementing Agency (IA):

Implementing Agencies (viz. SFAC and NCDC) will be given upfront amount computed @ 3% of estimated annual expenditure in the form of supervision charges to meet the expenses incurred in discharge of their duties and responsibilities; while additional amount computed @ 2% will be given to them based on their performance assessment. The supervision amount will be released in two installment and second installment may be released after assessment of performance. This amount shall not include expenditure towards Credit Guarantee Scheme & Equity Grant. However, NABARD, as consented, will not charge any supervision charges for activities undertaken towards formation and promotion of FPOs under the Scheme. The expenditure on this account of supervision charges will be met from the budget of this Scheme.

The performance assessment will be done on quarterly or half yearly basis by N-PMAFSC, as deems fit. The N-PMAFSC will recommend to DAC&FW for consideration of release of additional amount @ up to 2%. The performance assessment criteria may be as under-

i. During the first four quarter , number of FPOs registered will be basis for assessment of performance.

ii. For the remaining period after one year, there may be criteria like (a) activeness of FPO exhibited by their activities; (b) adoption and execution of business development plan; and such other criteria as decided by NPMAFSC.

iii. Sustainability of FPOs formed.

2.4. FPO Formation & Incubation Cost including CBBOs Cost and Cost of Monitoring & Data Management/MIS Portal including Cost of NPMA

The Formation and Incubation cost of CBBO, limited to maximum of Rs. 25 lakh / FPO of support or actual which is lesser, is to be provided for five years from the year of formation. It includes cost towards undertaking baseline survey, mobilization of farmers, organizing awareness programmes and conducting exposure visits, professional hand holdings, incubation, cost of engaging CBBOs and other overheads etc. There is also a provision for cost of NPMA towards manpower, establishment, travel and advisory and maintaining MIS portal. This also includes a provision towards cost for development of appropriate overall ICT based MIS web portal for the Scheme

2.4.1. FPO Management Cost

1. Under the scheme, financial support to Farmer Producer Organization (FPO) @ up to maximum of Rs. 18 lakh / FPO or actual, whichever is lesser is to be provided during three years from the year of formation. The financial support is not meant for reimbursing the entire administrative and management cost of FPO but it is to provide the financial support to the FPOs to the extent provided to make them sustainable and economically viable. Hence, the fourth year onwards of formation, the FPO has to manage their financial support from their own business activities. The indicative financial support broadly covers (i) the support for salary of its CEO/Manager (maximum up to Rs.25000/month) and Accountant (maximum up to Rs. 10000/month); (ii) one time registration cost(one time up to maximum Rs. 40000 or actual whichever is lower); (iii) office rent (maximum up to Rs. 48,000/year); (iv) utility charges (electricity and telephone charges of office of

FPO maximum up to Rs. 12000/year); (v) one-time cost for minor equipment (including furniture and fixture maximum up to Rs. 20,000); (vi) travel and meeting cost (maximum up to Rs. 18,000/year); and (vii) misc. (cleaning, stationery *etc.,* maximum up to Rs. 12,000/year). Any expenditure of operations, management, working capital requirement and infrastructure development etc., over and above this, will be met by the FPOs from their financial resources.

2. FPO being organization of farmers, it does not become feasible for FPO itself to professionally administer its activities and day to day business, therefore, FPO requires some professionally equipped Manager/CEO to administer its activities and day to day business with a sole objective to make FPO economically sustainable and farmers' benefiting agri-enterprise. Not only for business development but the value of professional is immense in democratizing the FPOs and strengthening its governing system. To substantiate the fact, the most successful example is of dairy co-operative in India where professional managers have contributed immensely to make it a success. There are other so many examples which prove the absolute requirement of professional managers. The number of professional staff could depend on geographical spread of business operation, diversity of activities and volume of business. However, an FPO should have minimum a CEO/Manager and an Accountant. Accountant is required in FPO to look after its day to day accounting work. Based on requirement, FPO can engage other staff also.

3. The CEO/Manager is to be appointed by the executive body of the FPO who should be either graduate in agriculture / agriculture marketing / agri-business management or BBA or equivalent. Locally available professionals with 10+2 and 17 preferably diploma in agriculture / agriculture marketing / agri-business management or in such other related areas may be preferable. The accountant should have educational qualification of 10+2 with Mathematics as a compulsory subject or alternatively with Commerce or Accountancy background. If any members of the FPO meet the above criteria, they may be considered preferably in the selection process.

4. Under the scheme, financial support towards salary of CEO/Manager up to @ Rs. 25,000/- per month and of Accountant up to @ Rs. 10,000/- per month with annual increment up to 5% is to be provided from the earmarked financial support for first 3 years only. Thereafter, FPOs will manage from their own resources to pay the salary of CEO/Manager and Accountant. In order to create interest of good professional activities of CEO/Accountant, the FPO may also offer higher payment with their own sources of funds on above of Govt. support. One CEO will provide full time services to one FPO at a time only. It will be duty and responsibility of respective Board of Directors (BoDs) and CBBO that quality of services is rendered by CEO for developing the business for sustainability of the FPO.

5. **One time registration cost:** Under the scheme, the registration cost of incorporating FPOs under Companies Act. or registering under Co-operative Societies Act. will be reimbursable up to a limit of Rs. 40,000/- or actual, whichever is less; and remaining, if any, will be borne by respective FPO.

6. FPO will forward the periodic utilization certificate for FPO management cost received and utilized as may be necessary to Implementing Agency through concerned CBBO.

2.5. Provision for Equity Grant

1. Producer members' own equity supplemented by a matching Equity Grant from Government, which is required to strengthen financial base of FPOs and help them to get credit from financial institutions for their projects and working capital requirements for business development. Equity Grant shall be in the form of matching grant upto Rs. 2,000 per farmer member of FPO subject to maximum limit of Rs. 15.00 lakh fixed per FPO. This Equity Grant is not in the form of government participation in equity, but only as a matching grant to the FPOs as farmer members' equity. Therefore, Rs. 1,500 crore with DAC&FW is proposed in the scheme to cover all the 10,000 FPOs, if maximum permissible equity is contributed to all 10,000 FPOs.
2. **Objectives of Equity Grant:** The objectives of Equity Grant are to (i) enhance viability and sustainability of FPOs; (ii) increase credit worthiness of FPOs; and (iii) enhance shareholding of members to increase their ownership and participation in their FPO.
3. **Eligibility Criteria for FPOs:** An FPO fulfilling following criteria shall be eligible to apply for Equity Grant under the Scheme-
   - (i) It shall be a legal entity as per para 2 of this guidelines.
   - (ii) It has raised equity from its Members as laid down in its Articles of Association/ Bye laws, as the case may be.
   - (iii) The number of its Individual Shareholders is in accordance with the terms hereto read together with the Scheme.
   - (iv) Minimum 50% of its shareholders are small, marginal and landless tenant farmers as defined by the Agriculture Census carried out periodically by the Ministry of Agriculture, GoI. Women farmers' participation as its shareholders is to be preferred.
   - (v) Maximum shareholding by any one member shall not be more than 10% of total equity of the FPO.
   - (vi) A farmer can be member in more than one FPO with different produce clusters but he/she will be eligible only once (for any one FPO that he/she is a member) for the matching equity grant up to his/her share.
   - (vii) In the Board of Directors (BoD) and Governing Body (GB), as the case may be, there shall be adequate representation of women farmer member(s) and there should be minimum one woman member.
   - (viii) It has a duly constituted Management Committee responsible for the business of the FPO.
   - (ix) It has a business plan and budget for next 18 months that is based on a sustainable, revenue model as may be determined by the Implementing Agency.

2.5.1. Procedure for release of Equity Grant:

i. The Equity Grant will be made available to the eligible FPOs to receive a grant equivalent in amount to the equity contribution of their shareholder members in the FPO subject to its cap of Rs. 15 lakh per FPO. Equity Grant sanctioned shall be released to respective Implementing

Agency for transferring to the bank account of the FPO. The FPO shall, within 45 days of the receipt of the Equity Grant, issue additional shares to its shareholder members, equivalent in value to the amount of the Grant received by it, provided that the maximum grant per category of shareholder irrespective of 19 their share as aforesaid is as follows:

ii. Individual Shareholder – up to Rs. 2,000/- per member.

a) The criteria for calculation of Equity Grant (rounded off to the Share Unit Value (subject to point a) to each shareholder member of the FPO (as per authenticated copy of the Shareholders' Register maintained by the Producers Company/ Co-operative Society as per the applicable provisions of the relevant Act) is as follows:

(i) Allocation of shares shall be on matching/ pro-rata basis of the shareholders' current shareholding, subject to the maximum specified above and ensuring that each shareholder member receives minimum one equity share.

(ii) If the Grant sanctioned to the FPO is not sufficient to ensure a minimum one share to all its shareholder members, allocation of grant shall be based on the shareholders' current landholding, starting with shareholder with the least land holding / the smallest producer in case of allied activities/ or by transparent draw of lots where such identification is not possible.

b) The FPO shall be allowed to draw the Equity Grant in a maximum of three (3) tranches (within a period of 4 years of the first application and within the handholding period of CBBO) subject to the cap of Rs. 15 lakh per FPO, provided and to the extent that it is able to raise additional Member Equity to qualify for an additional matching grant within the overall ceiling of Rs. 15 lakh. The request for the second tranche shall be treated as a fresh application and the full process of due diligence shall be repeated.

c) In the event that a shareholder, who receives additional shares issued by the FPO against Equity Grant sanctioned by the Implementing Agency, exits the FPO at any point after receiving the shares, the additional shares received by him/her in lieu of the Equity Grant and standing in his/her name must be transferred to another shareholder or new shareholder within 90 days of his/her exiting the FPO, through an open and transparent draw of lots. In such cases, the original shareholder cannot receive the value of the additional shares transferred to other/ new members.

d) DAC&FW may ask Implementing Agencies or Implementing Agencies on its own motion shall have right to recall the Equity Grant amount from the FPO, which shall be legally liable to comply with the same in the case of a) failure to issue additional shares to members against the Equity Grant received by the FPO within 45 days of its receipt; b) closure / dissolution of FPO within five years of the receipt of the Equity Grant; and c) instances of misuse / misappropriation of the Equity Grant (*viz.,* use of funds for activity other than mentioned in Memorandum of Association/Articles of Association/ Business plan of the FPO).

2.6. Credit Guarantee Facility

In order to ensure access of FPOs to credit from mainstream Banks and Financial Institutions, there is a need to create a dedicated fund. The dedicated Credit Guarantee Fund (CGF) will provide suitable credit guarantee cover to accelerate flow of institutional credit to FPOs by minimizing the risk of financial institutions for granting loan to FPOs so as to improve their financial ability to execute better business plans leading increased profits.

2.6.1. Objective of CGF: The primary objective of CGF is providing a Credit Guarantee Cover to Eligible Lending Institution (ELI) to enable them to provide collateral free credit to FPOs by minimising their lending risks in respect of loans. 12.3 Corpus of CGF:-

(i) A dedicated Fund of up to Rs. 1,500.00 crore will be created as CGF. Out of up to Rs. 1,500.00 crore CGF, up to Rs. 1,000.00 crore will be created, maintained and managed by NABARD and the rest of up to Rs. 500.00 crore by NCDC. DAC&FW will annually contribute on matching share basis to CGF created, maintained and managed by NABARD and NCDC each contributing equal amount to respective CGF without paying any other management cost both NABARD & NCDC for managing the Fund.

(ii) The FPOs promoted and registered under Co-operative Societies Act will have option to avail CGF maintained and managed either by NBARD or NCDC. The FPOs promoted and registered under Companies Act can avail CGF maintained and managed by NABARD.

2.6.2. Eligibility Criteria for FPO:

(i) An ELI can avail Credit Guarantee for the FPO/Federation of FPOs, which are covered under the Scheme.

(ii) Further, it should be ensured that the ELI has extended / sanctioned within six months of the date of application for the Guarantee or /in-principle agreed in writing / has expressed willingness in writing to sanction Term Loan/ Working Capital/ Composite Credit Facility without any collateral security or third party guarantee including personal guarantee of Board of Directors/Governing Body Members.

2.6.3. Credit Facilities Eligible under the Scheme: Under CGF, NABARD and NCDC, as the case may be, shall cover:

i. Fund based Credit facilities already sanctioned / extended within six months from the date of the application for the Guarantee Cover or intended to be extended singly or jointly by one or more than one Eligible Lending Institution (ELI) to a single eligible FPO borrower by way of term loan and/or working capital/composite credit facilities without any collateral security and/or third party guarantees.

ii. The ELI can extend credit without any limit; however, the Guarantee Cover shall be limited to the maximum guarantee cover specified under the Scheme.

iii. Non-Banking Financial Companies (NBFCs) and such other Financial Institutions (FIs) with required net worth, track record and rating of AAA may also be accommodated as Eligible Lending Institutions (ELIs), such NBFC should on-ward lend to FPOs with a moderate spread between their cost of capital and lending rate.

2.6.4. Non-Eligibility of Credit Facilities from Credit Guarantee Fund: The following credit facilities shall not be eligible for Guarantee Cover under the Scheme:

iv. Any credit facility which has been sanctioned by the ELI against collateral security and/ or third party guarantee.

v. Any credit facility in respect of which risks are additionally covered under any scheme operated/administered by Reserve Bank of India/or by the Government/or by any general insurer or any other person or association of persons carrying on the business of insurance, guarantee or indemnity.

vi. Any credit facility, which does not conform to, or is in any way inconsistent with, the provisions of any law, or with any directives or instructions issued by the Central Government or the Reserve Bank of India, which is, for the time being, in force.

vii. Any credit facility granted to any borrower, who has himself availed of any other credit facility covered under this scheme or under the schemes mentioned in clause (i), (ii) and (iii) above at any point in time.

viii. Any credit facility that is overdue for repayment/ NPA taken over by the ELI from any other lender or any other default converted into a credit facility. vi. Any credit facility which is overdue for repayment.

ix. Any credit facility which has been rescheduled or restructured on becoming overdue for repayment.

2.6.5. Eligible project loan amount for Credit Guarantee Cover and its period:

i. The credit guarantee cover per FPO will be limited to the project loan of Rs. 2 crore. In case of project loan up to Rs. 1 crore, credit guarantee cover will be 85% of bankable project loan with ceiling of Rs. 85 lakh; while in case of project loan above Rs. 1 crore and up to Rs. 2 crore, credit guarantee cover will be 75% of bankable project loan with a maximum ceiling of Rs. 150 lakh. However, for project loan over Rs. 2 crore of bankable project loan, credit guarantee cover will be limited maximum upto Rs. 2.0 crore only.

ii. ELI shall be eligible to seek Credit Guarantee Cover for a credit facility sanctioned in respect of a single FPO borrower for a maximum of 2 times over a period of 5 years.

iii. In case of default, claims shall be settled up to 85% or 75% of the amount in default subject to maximum cover as specified above.

iv. Other charges such as penal interest, commitment charge, service charge, or any other levies/ expenses, or any costs whatsoever debited to the account of FPO by the ELI other than the contracted interest shall not qualify for Credit Guarantee Cover.

v. The Cover shall only be granted after the ELI enters into an agreement with NABARD or NCDC, as the case may be and shall be granted or delivered in accordance with the Terms and Conditions decided upon by NABARD or NCDC, as the case may be, from time to time.

2.6.6. Procedure to avail Guarantee Cover:

The ELI shall be required to apply to NABARD or NCDC, as the case may be, for Guarantee Cover in the specified form only provided at Annexure-II for credit proposals sanctioned by them during any quarter prior to expiry of the following quarter *viz.,* application w.r.t. credit facility sanctioned in April-June Quarter must be submitted by the ensuing quarter, *i.e.* July-September to qualify for consideration under the Scheme.

NABARD or NCDC, as the case may be, shall

i. Scrutinize the proposal before sanctioning the Guarantee Cover to the ELI under the Scheme in accordance with its Terms and Conditions of respective Implementing Agencies.

ii. Insofar as it may be considered necessary, for the purposes of the Scheme, inspect or call for copies of the Books of Account and other records (including any Book of Instructions or Manual or Circulars covering general instructions regarding Conduct of Advances) of the Lending Institution or of the Borrower from the Lending Institution.

iii. Such Inspection shall be carried out either through the officers of NABARD or NCDC, as the case may be, or any other officer of DAC&FW specifically appointed for the purpose of Inspection.

iv. The Investment and Claims Settlement Committee (I&CSC) of NABARD or NCDC, as the case may be, shall sanction the Guarantee Cover to the concerned Bank based on the findings of the above.

v. The ELI shall enter into an Agreement with NABARD or NCDC, as the case may be, at the level of the Bank Branch as per the format of Agreement decided by NABARD or NCDC, as the case may be.

2.6.7. Guarantee Fee (GF):

vi. The one time Guarantee Fee if chargeable by NABARD or NCDC, as the case may be, will be payable by the ELI for Credit Guarantee Cover (CGC) under the Scheme, which will be maximum up to @ 0.75% of the credit facility up to and including Rs. 1.00 crore project loan and up to @ 0.85% of credit facility above Rs. 1.00 crore and up to Rs. 2.00 crore project loan sanctioned by the ELIs. The ELI shall pay the Guarantee Fee upfront to NABARD or NCDC, as the case may be, within 30 days from the date of issue of sanction letter for CGC, failing which the Guarantee will be liable to become void unless and until its continuance is specifically approved by NABARD or NCDC, as the case may be.

vii. The Guarantee Fee once paid by the lending institution to NABARD or NCDC, as the case may be, is non-refundable except where Guarantee Cover for which Guarantee Fee is paid has not been approved.

Chapter-III

Profile of the Study Area

This chapter deals with the socio-economic conditions and agricultural situation in the state of Maharashtra.

3.1. Geographical Features of Maharashtra

Maharashtra, state of India, occupying a substantial portion of the Deccan plateau in the western peninsular part of the subcontinent is the third largest state in the nation and stands second in population among all Indian states. Surrounded by the Arabian Sea to its west, Gujarat to its northwest, Madhya Pradesh to its north, Karnataka to its south and Chhattisgarh and Telangana to its East, this state of India is having an area of 3,07,713 sq km. It lies between 19.7515 °N latitude and 75.7139 °E longitude. Mumbai is the capital of Maharashtra as well as the financial capital of the entire country. Nagpur is known as the auxiliary capital of the state. Also known as the wealthiest state, Maharashtra contributes around 15% of the industrial output of the country and around 14% of its Gross Domestic Product of the nation. The state of Maharashtra has six revenue divisions; they are Mumbai (Konkan), Pune (Western Maharashtra), Nashik (Khandesh), Aurangabad (Marathwada), Amravati (Vidarbha) and Nagpur (Vidarbha). These are further divided into 36 districts. These districts further divided into 109 sub-divisions and 357 Talukas.

3.2. Socio-Economic Indicators of Maharashtra

According to 2011 census (Table-1), total population of Maharashtra is 11.23 crore and registered a decadal growth rate of 15.99 per cent which is lower than Indian decadal growth rate i.e., 17.69. The population density is around 365 person per sq. km with urban to rural population of 45.22 per cent. The recorded sex ratio is 929 females per 1000 male with highest literacy rate of 82.34 per cent which is 10 per cent higher than literacy rate (72.99) at national level.

Table-1: Socio-Economic Indicators of Maharashtra (2018-19)

Sl. No	Indicators	Unit	Maharashtra	India
1.	Geograhical Area	L. Sq. Km	3.08	32.87
2.	Population	Crore	11.23	121.08
3.	Decadal Growth Rate	%	15.99	17.69
4.	Population Density	Person/Sq.Km	365	382
5.	Urban to Total Population	%	45.22	31.14
6.	Sex Ratio (Female to 1000 Male)	Female to 1000 Male	929	943
7.	Literacy Rate	%	82.34	72.99

Source: Directorate of Economics and Statistics, Maharashtra

3.3. Agriculture in Maharashtra

Maharashtra is one of the leading States in the agriculture sector. From 2011-12 to 2017-18, the average share of 'Agriculture & allied activities' sector in GVA is 17.9 per cent and it is growing at an average annual rate of 2.6 per cent and is a major producer of sugarcane and oilseeds. However, Jowar, millet, and pulses dominate the cropped area. Groundnut, sunflower, soybean are the major oil seed crops and the important cash crops grown are cotton, sugarcane, turmeric and vegetables. The state has become a pioneer in onion production in the country. Moreover, today it is emerging as an important horticultural State in the country as different types of soil, diverse agro-climatic conditions, adequate technical manpower, well developed communication facilities, increasing trend in drip irrigation, green house, use of cool chain facilities and vibrant farmer organisation offer wide opportunities to grow different horticultural crops in the State. Best quality grapes produced in the State are now finding place in International market and are exported to several countries. Mangoes, cashew nuts, bananas, and oranges are popular orchard crops. In spite of leading producer in many crops, insufficient rainfall in the semi-arid regions of Maharashtra is one of the main obstacles to the growth of agriculture in the state.

3.4. Agro and sub agro-climatic zone

The state has been divided into 9 agro-climatic zones (Fig-2) based on rainfall, soil type and the vegetation as mentioned below:

1) South Konkan coastal zone	2) North Konkan coastal zone	3) Western Ghat zone
4) Transition zone - 1	5) Transition zone - 2	6) Scarcity zone
7) Assured rainfall zone	8) Moderate rainfall zone	9) Eastern Vidarbha zone

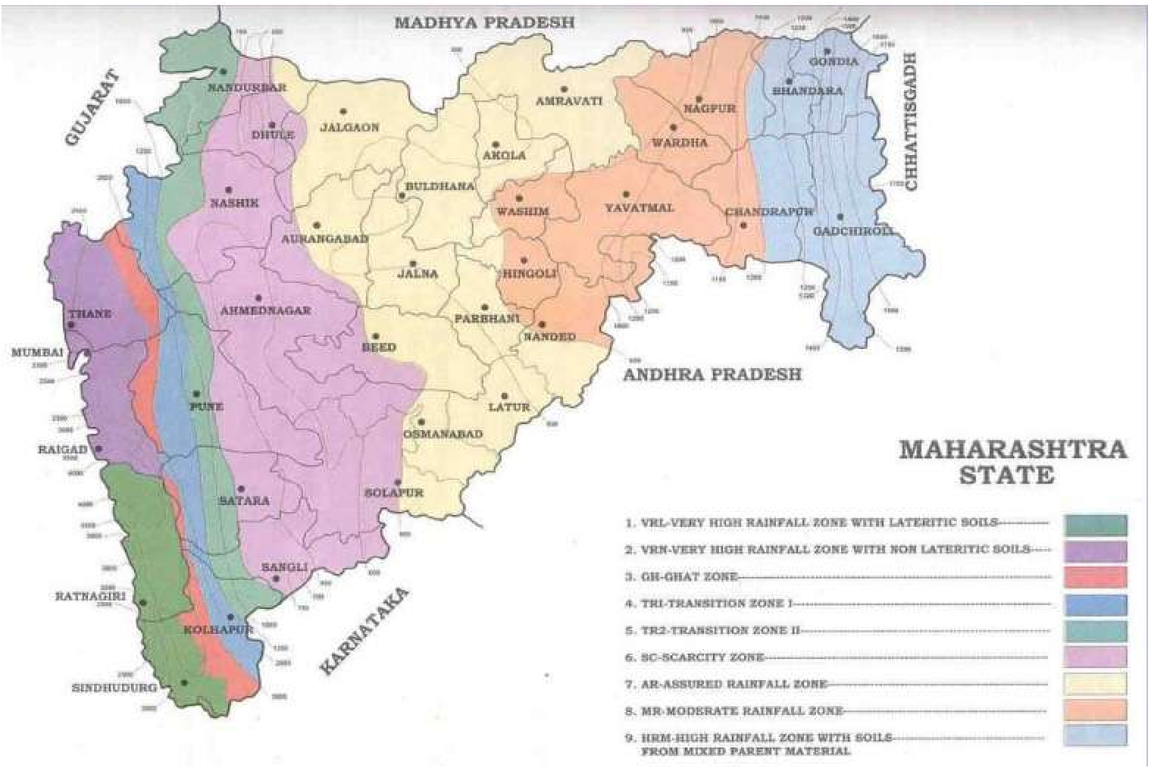

Fig. 2: Agro and Sub Agro Climatic Zones of Maharashtra

3.5. Land utilization pattern

Out of total geographical area of 307.42 lakh ha (Table-2), major share was occupied by net area sown *i.e* 55.11 per cent followed by area under forests (16.98 per cent), Current & other fallows (8.55 per cent), Barren and uncultivable land (5.97 per cent) and land under non-agriculture uses (5.37 per cent) *etc*.

Table - 2: Land utilization pattern in Maharashtra (2017-18)

Sl. No.	Land use classification	Area (Lakh ha)	Per cent (%)
1.	Forests	52.20	16.98
2.	Barren and uncultivable land	18.35	5.97
3.	Land under non-agriculture uses	16.50	5.37
4.	Cultivable waste land	9.24	3.01
5.	Pasture and land under tree crops and groves	12.87	4.19
6.	Current & other fallows	26.28	8.55
7.	Net own area	169.43	55.11
	Total Geographical area	307.42	

Source: www.krishimaharashtra.gov.in

3.6. Cropping Pattern

Out of total cultivable land in Maharashtra about 40 per cent of is under food grain crops (Table -3) followed by 18.09 per cent occupied by pulses and 17.77 per cent under oilseeds. Spices constitutes only 1.69 per cent of the total area. The per cent share of fruits and vegetables in total area is 3.24 and 3.12 respectively. However, a major share of 27.23 per cent was occupied by other crops like commercial and fibre crops *etc.*

Table - 3: Cropping Pattern in Maharashtra (2018-19)

Sl. No.	Crops	Area in lakh ha	Production in Lakh MT	% share in total area
1.	Cereals	67.17	98.99	28.87
2.	Pulses	42.09	33.48	18.09
3.	Oilseeds	41.34	42.06	17.77
4.	Spices	3.93	3.71	1.69
5.	Vegetables	7.26	123.07	3.12
6.	Fruits	7.53	117.29	3.24
7.	Other crops	63.36	-	27.23
Total		232.689		

Source: Directorate of Economics and Statistics, Maharashtra

Chapter-IV

Methodology

This chapter explains in detail about the objectives of the study, sample size and statistical techniques used for analysing the collected data.

4.1. Selection of Study Area

The study was conducted in Maharashtra state as it is one of the leading states in setting up FPCs and number of successful FPCs. The main objective of the study is to analyse the impact of the producer company on socio-economic conditions of small holders and their participation in emerging markets.

4.2. Sampling Procedure and Sample Size

For the purpose of the study, stratified random sampling technique was adopted to draw the sample size w.r.t. different categories. A detailed list of FPCs registered in the State of Maharashtra was prepared and from this list, twenty (20) companies were selected randomly for the final study. The selected FPCs were post classified based on the amount of authorized share capital. From each of these selected companies, twenty farmer members representing small, marginal and large categories, two directors and one employee working with the company were selected for the study. The detailed sample size selected is presented in Table - 4.

Table - 4: Details of the Sample size Selected for the Study

Sl. No.	Authorised Share Capital (Rs. in Lakh)	No. of FPCS Selected	No. of Directors (one from each PC)	No. of Employees (one from each PC)	No. of Farmer Members (20 from each PC)
1.	0 to 5	03	03	03	60
2.	6 to 10	11	11	11	220
3.	> 10	06	06	06	120
Total Sample Size = 440					

4.3. Sources of Data

In accordance with the objectives of the study both primary and secondary data were collected.

Primary Data:

The primary data was collected with the help of a well-structured interview schedules from farmer members, directors, Chief Executive Officers (CEO) and employees of each producer company selected for the study.

The primary data was collected from the selected respondents on the following aspects

- Overall profile, business activities, financial aspects of each producer company.
- Areas of operation of the FPC, services provided, major benefits attained by the member farmers, business assessment of the company, challenges faced, role of directors, capacity building programs *etc.*

- Socio-Economic conditions of the farmer members, their cropping pattern, business linkage with FPC, marketing activities, problems encountered, benefits w.r.t. various aspects after being a part of FPCs *etc.*
- Opinion of members, directors and employees working in FPC, their job passion and self-evaluation *etc.*

Secondary Data:

Secondary data was collected from various sources with regard to

- No. of registered FPOs in Maharashtra.
- Geographical features, socio-economic conditions and demographic features *etc.,* of Maharashtra.

4.4. Analytical tools used in the study

Quantitative techniques were employed for the analysis of primary data collected from the selected respondents. The data collected was statistically analysed by using suitable simple descriptive statistics like frequencies and percentages. In order to analyse the strengths, weakness, opportunity, threats of FPCs, SWOT analysis was carried out using weighted averages.

Weighted Average: This analytical technique takes into account the varying degrees of importance of the numbers in a data set. In calculating a weighted average, each number in the data set is multiplied by a predetermined weight before the final calculation is made.

A weighted average can be more accurate than a simple average in which all numbers in a data set are assigned an identical weight.

Weighted average = sum of (Number x weighing factor) / Sum of all weights.

4.5. Synthesis of the Report

Based on the objectives of the study, with the help of statistical analysis, tabular forms and graphs, results were interpreted to develop a report on the present study.

Chapter-V

Results and Discussion

5.1. Classification of Farmer Producer Companies

The Farmer Producer Companies selected for the study were classified under three categories based on the authorised share capital *viz.,* ₹ 0 to 5 lakh, ₹ 6 to 10 Lakh and more than ₹ 10 Lakh (Table-5). The rationale behind this is to know the role of share capital in sustaining their business without depending on the borrowings from traditional sources and also to assess how far the company can offer additional compensation to its stake holders, employees *etc.*

Table - 5: Classification of FPCs based on Authorized Share Capital

Category	Authorized Share Capital	Farmer Producer Company
I	Rs. 0 to 5 Lakh	1. Dongaon Farmer Producer Company Ltd.
		2. Nagraj Agri & Farmer Producer Company Ltd.
		3. Lokmauli Agro Producer Company Ltd.
II	Rs. 6-10 Lakh	1. Godavari Krushi Farmer Producer Company Ltd.
		2. Sant Changdev Tapi Purna Farmers Producer Company Ltd.
		3. Mandane Farmer Producer Company Ltd.
		4. Phinix Farmer Producer Company Ltd.
		5. Vaitarna Aadivasi Farmers Producer Company
		6. Shri Ganesh Strawberry Farmers Producer Company Limited
		7. Punyashlok Agro Producer Company Ltd.
		8. Bhimashankar Farmer Producer Company Ltd.
		9. Rouka Parishad Shetkari Utpadak Company
		10. Kansari Adivasi Farmers Producers Company Limited
		11. Shivsana Farmer Producer Company
III	Rs. > 10 Lakh	1. Deola Agro Producer Company Ltd.
		2. Vanashree Farmer Producer Company Ltd.,
		3. Green Veg Farmer Producer Company Ltd.
		4. Shivtej Farmer Producer Company Ltd.
		5. Vitual Agro FPC
		6. Villgro Farmer Producer Company

The above table indicates that out of the twenty (20) selected FPCs, a majority of 11 FPCs come under the authorised share capital of ₹ 6 to 10 Lakh, followed by six FPCs in more than ₹ 10 lakh category and three FPCs under ₹ 0 to 5 lakh category.

5.2. Basic profile of FPCs with an authorized share capital of ₹ 0 to 5 lakh

The basic profile of the Farmer Producer Companies that comes under the category of ₹ 0 to 5 lakh authorized share capital are presented in the Table-6.

Table - 6: Basic profile of FPCs with an authorized share capital of Rs. 0 to 5 lakh

Sl. No.	Particulars	Farmer Producer Company		
		DFPCL	NAFPCL	LAPCL
1.	Year of Establishment	19/12/2014	27/08/2013	2/12/2015
2.	Promoter	SHG	NGO	Govt
3.	Authorised Share Capital (Rs. in Lakh)	5	5	5
4.	Total Users (-Members)	259	577	516
	- Non-Members	0	0	0
5.	Directors (-Male)	10	05	04
	- Female	01	0	01
	- Total	11	5	5
6.	No. of Employees	1	1	1
	- CEO	1	4	5
	- Managerial Staff	0	2	0
	- Technical Staff	0	0	2
	- Marketing Staff	1	0	0
	- Others	3	7	8
	- Total			

From the above information w.r.t the profile of each FPC, it can be observed that, the total users are only the members of the company and company had no dealing with non-members. As far as the number of directors are concerned, each FPC constitutes directors who play a key role in formulating objectives and strategies of the company and are also responsible for overall performance of the company. It is revealed from the table that two FPCs have five directors and one FPC (DFPCL) has 11 directors. As per the companies Act 2013, each FPC in general should appoint a minimum of five and maximum of 15 directors. Under overall supervision of directors, FPCs have appointed CEO who is accountable for the overall performance of PC (Paty & Gummagolmath, 2018).

However, none of the FPCs in this category have business dealing with the non-members. This might be due to small scale of operation and limited activities performed by them. These, FPCs, however, have to resort to expansion of their business either by expanding membership or by working with non-members. It is also noticed that FPCs in this category are yet to achieve the collection of share capital at the threshold level of authorised share capital. Higher the share capital, higher will be the scale of business.

5.3. Basic profile of FPCs with an authorized share capital of ₹ 6 to 10 lakh

The basic profile of the Farmer Producer Companies that comes under the category of ₹ 6 to 10 lakh authorized share capital is described in the Table-7. It can be observed that unlike the FPCs in category-I, the total users in producer companies under category II includes both members and non- members. With regard to the number of employees, almost all the FPCs except MFPC and PFPCL maintained a minimum of one staff in each department.

5.4. Basic Profile of FPCs with an Authorized Share Capital of ₹ >10 Lakh

The FPCs under the category-III (Table-8), has business dealings with both the members and non-members except VAFPCL and VFPC. However, similar to the FPCs under category-II, these FPCs have appointed staff in each department so as to ensure efficiency in running the business.

Table - 7: Basic profile of FPCs with an authorized share capital of Rs. 6 to 10 lakh

Sl. No.	FPC	Promoter	Authorized Share Capital (Rs. in Lakh)	Year of Establishment	Total Users		Directors	No. of Employees					
					Members	Non-Members		CEO	Managerial Staff	Technical staff	Marketing staff	Others	Total
1	GKFPCL		10	29/09/2017	564	10000	12	1	2	0	2	1	6
2	SCTPFPC	-	10	31/03/2015	536	500	11	2	2	2	3	2	11
3	MFPC	NGO	10	23/11/2015	248	360	10	1	1	0	0	0	2
4	PFPCL	-	10	27/08/2013	580	0	5	1	4	2	0	0	7
5	VAFPC	ATMA	10	10/18/2016	505	60	10	1	2	1	4	3	11
6	SASYFPC	-	10	23/06/2016	505	0	10	1	1	1	1	-	4
7	PAFPC	SFAC	10	04/25/2017	530	0	6	1	1	1	2	-	5
8	BFPC		10	07/29/2016	800	35	5	1	1	2	3	4	11
9	RPFPC		10	03/27/2017	361	33	10	1	1	2	3	-	7
10	KAFPC		10	08/12/2016	500	45	5	1	1	5	1	2	10
11	SFPC		10	05/10/2016	541	33	5	1	1	2	3	-	7

Table - 8: Basic profile of FPCs with an authorized share capital of Rs. > 10 lakhs

Sl. No.	FPC	Promoter	Authorized Share Capital (in Lakh Rs.	Year of Establishment	Total Users		Directors	No. of Employees					
					Members	Non-Members		CEO	Managerial Staff	Technical staff	Marketing staff	Others	Total
1.	DAPCL	Self	20	15/03/2014	564	10000	12	1	4	0	2	5	12
2.	VFPCL		50	03/02/2016	987	509	10	1	0	1	7	4	13
3.	GVFPCL	FIG	15	24/01/2014	170	60	5	1	1	0	1	0	3
4.	SFPCL	-	25	7/12/2017	51	2449	15	1	1	5	-	2	9
5.	VAFPCL	-	11	22/11/2016	310	0	6	1	2	2	2	-	7
6.	VFPC		20	11/3/2015	511	0	6	1	1	0	1	5	8

5.5 Business activities of Farmer Producer Companies

The main business activities of Farmer Producer companies under first category (Table-9) includes seed production, supply of farm inputs like seeds and fertilizers to the farmer members, procurement of red gram etc. In addition to these activities, the companies are also involved in contract farming of quinoa, soybean and gram. These collective activities are keeping the members to reduce the transaction costs. Besides, activities like seed production and supply of seeds are helping the farmers to adopt modern technology and thereby helping in realizing the higher output per unit area. However, there is a conspicuous absence of marketing activity which is performed by only one FPC (LAPCL). These companies can leverage this collective operation for primary processing, value addition and marketing.

Table - 9: Business activities of FPCs with an authorized share capital of Rs. 0 to 5 lakh

Sl. No.	FPC	Main Activities	Other activities
1.	DFPCL	Procurement of redgram, Contract farming of quinova (14 acres), Soyabean and Gram, Krushi Seva Kendra	-
2.	NAFPCL	Seed production, and supply of seeds to farmers	-
3.	LAPCL	Seed Production, Trading, supply of agricultural Inputs	Marketing Linkage

The producer companies under second category are mainly involved in wide range of activities (Table -10) like seed production of paddy, wheat and bajra, supply of farm inputs like seeds and fertilizers to the farmer members, procurement of cereals like paddy and maize, pulses, strawberries and onion. They also performed marketing of soybean, strawberries and vegetables. Agro-processing units for processing of pulses were also well maintained in addition to agro-service centres, maize drier units and provision of storage facilities through ware houses. Some of the producer companies were also engaged in post-harvest management activities like cleaning, sorting, grading of pulses and onion. Farm machineries were made available to the farmers through custom hiring centres.

Table - 10: Business activities of FPCs with an authorized share capital of Rs. 6 to 10 lakh

Sl. No.	FPC	Main Activities	Other Activities
1.	GKFPCL	• Trading of maize • Maintenance of hardware shop	-
2.	SCTPFPC	• Maize drier Unit • Warehouse for farmer to store the produce • Field visit & guidance to the farmers	-
3.	MFPC	• Post-harvest management like processing, cleaning and grading of gram and red gram	Provides technical information through KVK & ATMA
4.	PFPCL	• Seed production • Supply of seeds and fertilizer to farmers	-
5.	VAFPC	• Procurement of Paddy from farmers • Maintenance of custom hiring centre	Technical guidance, crop seminars, Registration of PGS certificate
6.	SASYFPC	• Procurement & marketing of Strawberry	Technical support, Providing quality service for grading
7.	PAFPC	• Agri service centre • Procurement and supply of maize and onion	Provides technical services
8.	BFPC	• Production of wheat, bajra, paddy • Production and sale of animal feed • Involved in Cleaning and grading activities of the produce	Procurement of seeds

Sl. No.	FPC	Main Activities	Other Activities
9.	RPFPC	• Cleaning and Grading Unit • Agro service Center	Technical support and guidance in seed selection and production
10.	KAFPC	• Procurement of cereals and pulses	Technical guidance and conducting seminars for farmers, provides good marketing facilities
11.	SFPC	• Grading and sorting unit of onion, marketing of soybean, vegetables	Marketing support to farmer

Also the companies were involved in selling of animal feed. In addition to these, the producer companies were also involved in other activities like providing technical guidance through Krishi Vigyan Kendras, organizing capacity building programs to improve their technical skills and provision of market facilities to the farmers. Under this category, most of the activities in the supply chain were performed as compared to the first category. The enabling environment for performing such activities has been possible mainly due to collective operation, adequate share capital and knowledge sharing among the members. Further, as a part of their business expansion, these companies can resort to retailing, branding and processing for increasing the income of the farmers.

As mentioned in Table –11, the main business activities of FPCs under category III includes procurement, supply, marketing and processing of different commodities like pulses, fruits and vegetables, maintenance of soil and water testing laboratories, provision of agro input services etc. Apart from these activities, some of the producer companies organized seminars and also provided technical support and guidance to the farmers. The third category of FPCs are found to be more professional by engaging themselves into all the activities of supply chain. This approach made them to shorten supply chain, reduce the transaction cost and at the same time were able to provide quality produce at a reasonable price to the consumers. Such approach will also help in long term sustainability of FPCs. During survey for data collection, it was observed that, management bodies and employees of FPCs exhibited more professionalism and commitment towards their activities.

Table - 11: Business activities of FPCs with an authorized share capital of Rs. >10 lakh

Sl. No.	FPC	Main Activities	Other activities
1	DAPCL	Agri Mole, Purchase and marketing of vegetables to the another city, seed processing and selling of Pulses	-
2	VFPCL	Agro centre and fertilizer centre, soil and water testing laboratory, Provides new technologies and inputs	-
3	GVFPCL	Supply and Marketing of Fruits & vegetables	-
4	SFPCL	Agro input service and providing technical support	Technical support and conducting seminars to farmers
5	VAFPCL	Procurement of onion by nont-rade NAFED	Technical guidance for onion production
6	VFPC	Supply, marketing and procurement of agricultural produce from the members, Facilitating input supply and collective marketing of surplus agri-produce	-

On the whole, it is very interesting to observe that, the companies under category I *i.e.* with low authorised share capital of ₹ 0 to 5 lakh performed few activities limited to seed production, procurement and supply of agri-inputs. Whereas the producer companies under category II and III performed a wide range of activities like supply of Agri inputs, seed production, processing, marketing, post-harvest management, maintenance of agro service and custom hiring centres, provision of technical support to the farmer members etc. Apart from these capacity building programs to the farmer members, FPCs are helping in enhancing the efficiency among members of the group for effective functioning. FPCs in these categories are moving towards total supply chain management and almost meeting the objectives envisaged in the concept of FPCs.

5.6 Status of Farmer Members in Selected Farmer Producer Companies

A Producer company is a collective of farmers (and non-farmers) who are the primary producers of a product either an agricultural produce or a manufactured product. All primary producers residing in the relevant geography, and producing the same or similar produce, for which the PC has been formed, can become member of the PC. Membership is voluntary. It, therefore, can work as a platform to facilitate better access to government services, like public distribution system, MNREGA, Scholarships and Pensions, *etc.*

5.6.1. Land Holdings of Farmer members

The member farmers were grouped into three categories i.e. small, medium and large farmers in order to identify the proportion of each category in total no. of farmer members. The category-wise land holding details of the farmer members are clearly mentioned in Table - 12 and Fig. 3.

Table - 12: Land holdings of farmer members of Selected FPCs

Sl. No.	FPCs	Category of Farmers		
		Small Farmers	Medium Farmers	Large Farmers
1	Category I	671 (49.63)	380 (28.50)	301 (22.26)
2	Category II	2202 (52.32)	1592 (37.82)	415 (9.85)
3	Category III	2536 (49.27)	1802 (35.01)	809 (15.72)

Figures in parenthesis represent percentage to total farmers

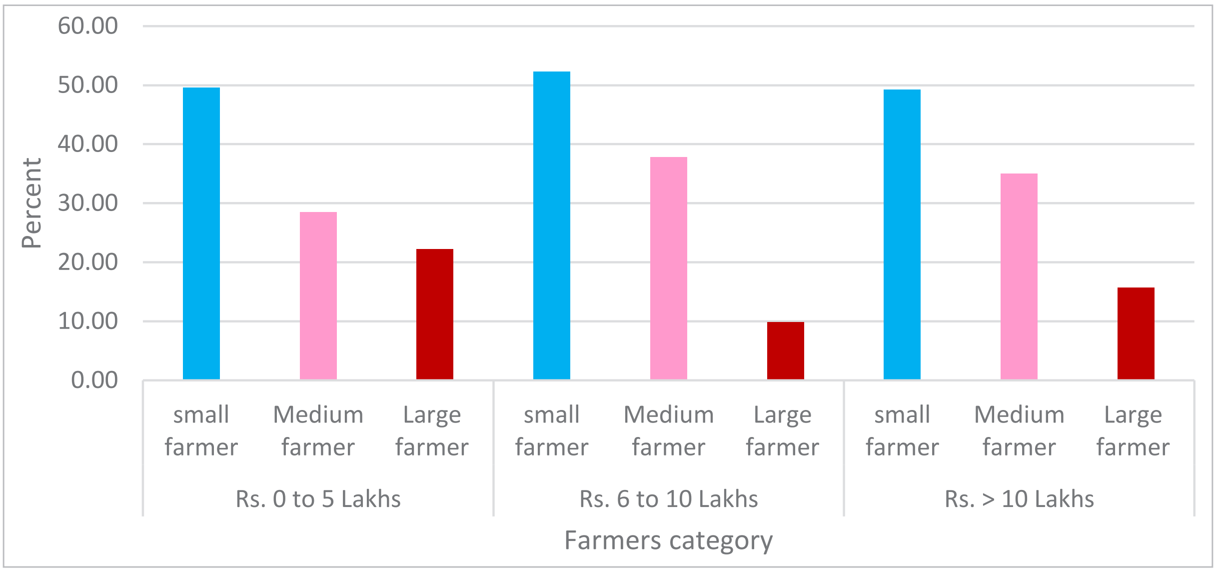

Fig. 3: Percent Share of Farmers with Average Land Holdings in Selected FPCs

From the above analysis it is clearly evident that in all the selected FPCs, around 50 per cent of the farmer members are small farmers followed by medium and large farmers. This indicates that more member farmers are inclined to join the FPCs mainly to leverage the merits of aggregation. They are well informed about the operational mechanism of producer companies. This is a welcome development for Indian agriculture as many policy makers envisage farmer producer companies as an effective tool to address the problems of small farmers. The role of small farms is well recognized in the contribution towards total food grain production and poverty reduction. Contribution of marginal and small farmers to the total output is higher when compared to their share in the total land holdings (Gururaj *et al.,* 2017). In spite of the their role played in Indian agriculture, they face several challenges in access to inputs, marketing of their produce, integration of value chains, market volatility, adaptation of climate change *etc.* (Mahendra dev, 2012).

Keeping these challenges in view, one of the institutional innovations which can enable marginal and small farmers to raise agricultural productivity and increase incomes through diversification and high value agriculture is Farmer Producer Company. It is through these companies the farmers can overcome many problems faced by them.

5.6.2 Cropping Pattern of farmer members

The main food crops grown in Maharashtra are wheat, rice, jowar, bajra, pulses, mangoes, grapes, bananas, oranges and the important cash crops include groundnut, cotton, sugarcane, turmeric, and tobacco. The state has been focusing on high-value horticulture crops rather than staple crops.

The analysis of primary data on the crops dealing with the selected producer companies revealed that a wide range of crops were being cultivated and marketed by the selected farmers through producer companies (Table-13).

Table - 13: Details of crops dealing with the producer company (Total Area in Acres)

Sl. No.	Category of FPC	Cereals	Pulses	Cash Crops	Vegetables	Fruits
1.	I	42	266	-	-	-
2.	II	311	181	179.5	106	50
3.	III	24	54	120	87.5	45

Source: Authors compilation from primary data

Category-wise analysis (Table-13) revealed that, farmer members were involved in cultivation of both food and non-food crops.

Food crops include

- **Cereals:** Paddy, wheat, jowar and maize.
- **Pulses:** Bengal gram, red gram, horse gram and soybean.
- **Vegetables:** Chilli, tomato, onion, okra, capsicum, brinjal, fenugreek and coriander.
- **Fruits:** Banana, papaya, guava and strawberry.

Non-Food crops include

- **Cash Crops:** Cotton and sugarcane.

However, the business of the farmers under first category were restricted only to cereals and pulses, cultivating in an area of 42 and 266 acres respectively. Whereas, the member farmers under category II and III were involved in cultivation of all five group of crops.

In the case of FPC with an authorized share capital of ₹ 6 to 10 lakh, cereals were dominating, occupying an area of 311 acres followed by pulses (181 acres), cash crops (179.5 acres), vegetables (106 acres) and fruits (50 acres). Whereas, w.r.t FPCs under category III, highest area was occupied by cash crops (120 acres) followed by vegetables (87.5 acres) with the least area under cereals (24 acres).

The analysis of primary data revealed that, out of total farmers selected for the study, nearly 84.25 per cent of the farmers were willing to continue business with the same crops because of the following reasons

- Provision of quality inputs and technical guidance.
- Higher yields.
- Cleaning and grading facilities for the produce.
- Assured profitable prices compared to traditional markets.
- Easy marketing with low cost of transportation.

The remaining 15.75 per cent of farmers were willing to do business with FPCs by shifting to high value crops like grapes, pomegranate and onion instead of present crops.

5.6.3. Opinion of the farmer members category wise

In order to analyse the performance of FPCs, opinion of the farmers were collected on different aspects like improvement in crop yield, quality of the produce and price received for the produce.

As detailed inTable-14, it can be observed that in FPCs under category I, 96.66 per cent of the farmers stated that there has been an improvement in the yields after association with producer company. While only 40 per cent of the farmers reported that there has been an improvement in the quality of the produce along with an increase in the yields. About 86.67 per cent of the farmers opined that price received for their produce is on an average higher than what they receive in traditional markets.

In the case of FPCs under category II, 82.73 per cent of the farmers stated that there has been an improvement in the yields after association with producer company. While 60.45 per cent of the farmers reported that there has been an improvement in the quality of the produce along with an increase in the yields. About 34.54 per cent of the farmers opined that price received for their produce is higher than what they receive in traditional markets.

In FPCs under category III, more than ₹ 10 lakh, 77.50 per cent of the farmers stated that there has been an improvement in the yields after association with producer company. While, 61.67 per cent of the farmers reported that there has been an improvement in the quality of the produce and only about14.16 per cent of the farmers opined that price received for their produce is higher than what they receive in traditional markets.

On the whole, it was observed that, highest per cent (96.66) of the farmers experienced increased yields in FPC under category I. Whereas 61.67 per cent of the farmer members of FPC under category III experienced improved quality of the produce which was highest among the three categories of FPCs. From the results presented in Table-14, it is revealed that, majority of the farmers are happy with the price received after joining FPCs. The higher price realization is linked to quality, wherein most of the farmers except in category III opined that there is an improvement in the quality of the produce. This indicates that, Board of Management of FPCs with the help of subject matter experts have taken adequate care to improve the quality of the produce.

All in all, the initial results for joining the FPOs as a member by the farmers are encouraging. In order to reap the benefits of collective activities, further FPOs are required to inculcate professionalism. This can be achieved by exploring wider domestic and export markets. For this, FPOs are required to go for value addition, processing, packaging, quality management and branding in conformity with international standards. Even for domestic market, FPOs can target niche consumers through these activities.

Table - 14: Opinion of the farmer members in the Selected FPCs

Sl. No.	Opinion of the farmers	Farmer Producer Companies								
		Category I (n= 60)			Category II (n = 220)			Category III (n = 120)		
		Yes	No	Neutral	Yes	No	Neutral	Yes	No	Neutral
1	Improvement in yield after joining FPC	**58 (96.66)**	2 (3.33)	-	182 (82.73)	19 (8.64)	8 (8.64)	93 (77.50)	19 (15.83)	8 (6.66)
2	Improvement in quality of produce after your association with FPC	24 (40.00)	24 (40.00)	12 (20.00)	**133 (60.45)**	31 (14.09)	56 (25.45)	74 (61.67)	31 (25.83)	15 (12.5)
3	Price given for your product by FPC in comparison to traditional markets - Low	1 (1.67)	-	3 (5.00)	0 (0.00)	-	38 (17.27)	0 (0.00)	-	43 (35.83)
	- High	04 (6.67)			76 (34.54)			17 (14.16)		
	- Average	**52 (86.67)**			104 (47.27)			60 (50.00		
	- Poor	0 (0.00)			2 (0.91)			0 (0.00)		

Source: Authors compilation from primary data

5.6.4. Problems encountered by the farmers in doing business with the FPCs

In any of the policy interventions, in addition to the benefits resulting out of it, there arise or exists some problems or consequences which helps in identifying the gap between the current state and desired state. In this regard, certain problems faced by the farmers in doing business with FPCs were elicited and listed in Table - 15.

It is apparent (Table -15) that the problems faced by the farmers with FPCs under Category I are lack of technical guidance as expressed by 33.33 per cent followed by failure of the growers to comply with the company instructions (5 per cent). On the contrary, with respect to the FPCs under Category II, lack of technical guidance was a very minute problem (1.36 per cent) whereas, almost 24.55 per cent of the farmers opined that there exists a lack of consistency in following modus operandi by some companies which is a major concern followed by manipulation of the quotas and quality specifications (23.64 per cent), farmers sacrifice in the event of higher market price (21.82 per cent). Almost 5 per cent of the farmers could not respond to any of the problems faced by them and remained neutral.

As far as farmers of FPCs under category III were concerned, high rejection rate was a major problem (23.33 per cent) followed by irregular payment (15.83 per cent), manipulation of quotas and quality specifications (15.83 per cent), indulging in corruption (15.83 per cent), and failure of growers to comply with company instructions (15.83 per cent).

On the whole, it is interesting to note that the problems faced by the farmers were different in all the three categories of FPCs. However, the common problem faced by the farmers in category II and III was manipulation of quotas and quality specifications by some of the companies. It was also observed that poor technical guidance was a major concern in category I.

The problems encountered by the farmers were expressed by a very few farmers except for category I. Hence, over a period of time, the Board of Management of FPCs may take adequate care to overcome the problems of the farmers.

Table - 15: ***Problems encountered by the farmers in doing business with the FPCs***

Sl. No.	Problem faced by farmers	Category I (n= 60)		Category II (n= 220)			Category III (n = 120)		
		Yes	No	Yes	No	Neutral	Yes	No	Neutral
1.	Poor technical guidance from company	**20 (33.33)**	40 (66.67)	**3 (1.36)**	200 (90.91)	17 (4.25)	6 (5.00)	107 (89.17)	7 (5.83)
2.	Unsuitable technology and crop incompatibility	1 (1.67)	59 (98.33)	37 (16.82)	179 (81.36)	4 (1.00)	5 (4.17)	108 (90.00)	7 (5.83)
3.	Irregular payment	2 (3.33)	58 (96.67)	27 (12.27)	172 (78.18)	21 (5.25)	**19 (15.83)**	94 (78.33)	7 (5.83)
4.	Manipulation of the quotas and quality specifications by the company	0 (0.00)	60 (100.00)	52 (23.64)	154 (70.00)	14 (3.50)	**19 (15.83)**	94 (78.330	7 (5.83)
5.	Higher rejection rate	2 (3.33)	58 (96.67)	38 (17.27)	162 (73.64)	20 (5.00)	**28 (23.33)**	85 (70.83)	7 (5.83)
6.	Low price	1 (1.67)	59 (98.33)	25 (11.36)	175 (79.55)	20 (5.00)	16 (13.33)	97 (80.83)	7 (5.83)
7.	Lack of consistency in following modus operandi by some companies	1 (1.67)	59 (98.33)	**54 (24.55)**	151 (68.64)	15 (3.75)	18 (15.00)	95 (79.17)	7 (5.83)
8.	Sometimes company representatives deceive and may indulge in corruption	2 (3.33)	58 (96.67)	38 (17.27)	161 (73.18)	21 (5.25)	**19 (15.83)**	94 (78.33)	7 (5.83)
9.	In the event of higher market price, farmer has to sacrifice	1 (1.67)	59 (98.33)	48 (21.82)	158 (71.82)	14 (3.50)	10 (8.33)	103 (85.83)	7 (5.83)
10.	Failure of growers to comply with company instruction	**3 (5.00)**	57 (95.00)	38 (17.27)	164 (74.55)	18 (4.50)	19 (15.83)	94 (78.33)	7 (5.83)

Source: Authors compilation from primary data

5.6.5. SWOT analysis

The strengths, weakness, opportunities and threats of the producer companies under three categories were analysed and presented as follows:

a) Strengths

The strengths describe what an organization excels at and what separates it from the competition. The major strengths identified by the farmers in three categories of FPCs are as follows (Table - 16).

Strengths of FPCs under category I

Provision of inputs and production services by the company and record keeping by the growers were ranked first with a weighted average of 19.67, followed by better bargaining for small holders (19.33), minimising the prices risk (19.17), opening of new markets (19.00) *etc.*

Strengths of FPCs under category II

Skill development (78.83) was an important strength followed by higher yields due to better management (78.33), income stability due to assured price (77.83), record keeping by the growers (76.33) and opening of new markets (74.67) *etc.*

Strengths of FPCs under category II

Provision of inputs and production services (43.67) by the company ranked first followed by skill development (43.33), minimising the prices risk (42.83), higher yields due to better management (41.67) and better bargaining for small holders (41.50) *etc.*

From the above analysis it was observed that, the major strengths ranking from one to five were found to be more or less same in the selected FPCs. This indicates that, the selected producer companies are striving towards welfare of the farmers through improved yields, assured prices, skill development *etc.*

Table - 16: Strengths of FPCs identified by the farmer members

Sl. No.	Particulars	Category I (n= 60)		Category II (n=220)		Category III (n = 120)	
		WA	Rank	WA	Rank	WA	Rank
1.	Inputs and production services are provided by the company	19.67	**I**	68.00	XI	43.67	**I**
2.	Facility of credit	16.33	X	63.33	XI	33.83	XII
3.	Enables adoption of new technology	18.67	VII	73.00	X	39.50	VII
4.	Development of skills	18.83	V	78.83	**I**	43.33	**II**
5.	Minimizes price risk	19.17	**III**	74.33	VI	42.83	**III**
6.	Opening of new markets	19.00	**IV**	74.67	**V**	37.00	X
7.	Better bargaining for small holders	19.33	**II**	73.83	IX	41.50	**V**
8.	Income stability due to assured price	18.83	VI	77.83	**III**	38.17	IX
9.	Initiation of welfare fund for growers	17.00	VIII	74.17	VII	36.67	XI
10.	Higher yields due to better management	16.67	IX	78.33	**II**	41.67	**IV**
11.	Minimization of the problem of oversupply since quota is fixed in advance	19.33	II	74.00	VIII	41.00	VI
12.	Record keeping by the grower	19.67	**I**	76.33	**IV**	39.33	VIII

Figures in the parenthesis indicate percentage to total farmers

Source: Authors compilation from primary data

b) Weaknesses

The weakness of an organization restricts it from performing at its optimum level. They are areas where the business needs to improve to remain competitive. The weaknesses of the selected FPCs are as detailed in Table -17.

Weakness of FPCs under category I

The top weakness was in regards to adoption of new production technology and market failures (13.17) followed by other weaknesses which includes weak legal backup for the growers (12.00), lack of better infrastructure facilities (10.83), poor quality inputs (10.67) and competition from private trade (10.5) *etc.*

Weakness of FPCs under category II

Competition from private trade (54.50) was ranked very high as a weakness of FPC and then follows adoption of new production technology (53.33), lack of better infrastructure facilities (52.33), exploitation by the firms (51.00), rift between growers and representative company officials on adoption of production practices (50.67) *etc.*

Table -17: Weakness of FPCs identified by the farmer members

Sl. No.	Particulars	Category I (n=60)		Category II (n=220)		Category III (n=120)	
		WA	Rank	WA	Rank	WA	Rank
1.	Problem in adoption of new production technology	13.17	**I**	53.33	**II**	30.17	**II**
2.	Market failures	13.17	**I**	49.33	VIII	31.33	**I**
3.	Denying to purchase the specified quota	10.17	VI	50.17	VI	26.33	VI
4.	Unreliable firms	10.00	VII	49.00	IX	25.33	VIII
5.	Exploitation by the firms	9.8	VIII	51.00	**IV**	26.67	V
6.	Corrupt practices by the staff of the FPC	10.00	VII	49.67	VII	24.33	X
7.	Weak legal backup for the growers	12.00	**II**	48.67	X	23.00	XIII
8.	Lack of better infrastructure facilities	10.83	**III**	52.33	**III**	25.50	VII
9.	Rift between growers and representative company officials on adoption of production practices	10.17	VI	50.67	**V**	27.50	**IV**
10.	Delay in payment proceeds	10.50	V	47.67	XI	24.00	XI
11.	Poor quality inputs	10.67	**IV**	47.67	XI	24.50	IX
12.	Charging higher prices for inputs	10.17	VII	48.67	X	23.33	XII
	Competition from private trade	10.50	**V**	54.50	**I**	29.00	**III**

Figures in the parenthesis indicate percentage to total farmers
Source: Authors compilation from primary data

Weakness of FPCs under category III

Market failure (31.33) was a major weakness identified by the farmers of FPC and ranks first followed by adoption of new production technology (30.17), competition from private trade (29.00), rift between growers and representative company officials on adoption of production practices (24.50) and exploitation by the firms (26.67) *etc.*

On the whole, it was noticed that adoption of new production technology was a common weakness in all the producer companies.

c) Opportunities

The opportunities refer to favourable external factors that could give an organization a competitive advantage (Table-18).

Opportunities of FPCs under category I

The most important opportunity was pro-government policies for encouragement of the system (21.00) followed by economical procurement of inputs (20.00), reduced migration from rural villages (20.17) *etc.*

Opportunities of FPCs under category II

Sharing of ideas among the growers (79.50) was an important opportunity ranking first followed by support from local scientific agencies and government (77.67), emergence of strong farmer group (77.33), reduced migration from rural villages (77.00) and pro-government policies for encouragement of the system were found to be important opportunities *etc.*

Opportunities of FPCs under category III

The major opportunities identified by the farmers ranking top five were sharing of ideas among the growers (41.50), quality production (41.17), emergence of strong farmer group (40.17), pro-government policies for encouragement of the system (39.33) and participation of firms in community affairs (39.00) *etc.*

From the above findings, it can be observed that pro-government policy was an important opportunity felt by the farmer members of all the producer companies.

Table-18: Opportunities of FPCs identified by the farmer members

S. No.	Particulars	Category I (n=60)		Category II (n=220)		Category III (n =120)	
		WA	Rank	WA	WA	Rank	WA
1.	Economical procurement of inputs	20.33	**II**	68.17	XII	37.67	XIII
2.	Helps to overcome land constraints	19.67	V	74.83	IX	38.00	X
3.	Quality production	19.67	V	76.17	VI	41.17	**II**
4.	Tap export markets	19.50	VI	71.33	XI	38.50	VIII
5.	Pro-government policies for encouragement of the system	21.00	**I**	76.50	**V**	39.33	**IV**
6.	Emergence of strong farmer group in the form of FPC	19.70	IV	77.33	**III**	40.17	**III**
7.	Sharing of ideas among growers	19.70	IV	79.50	**I**	41.50	**I**
8.	Support from local scientific agencies and government	19.33	VII	77.67	**II**	37.83	XII
9.	The firm may participate in community affairs	19.33	VII	76.00	VII	39.00	**V**
10.	Increase in private investments	19.00	VIII	75.00	VIII	38.83	VI
11.	Promotion of processing and value addition	19.33	VII	75.00	VIII	37.33	XIV
12.	Reduce migration from rural areas	20.17	**III**	77.00	**IV**	38.17	IX
13.	Backward linkage is possible	19.70	IV	72.33	X	38.67	VII

Figures in the parenthesis indicate percentage to total farmers

Source: Authors compilation from primary data

d) Threats

Threats refer to the factors that have the potential to harm an organization. The producer companies also face some of the threats as detailed in Table -19.

Threats of FPCs under category I

The problem of sustaining long term operations and non-adherence to quality specifications by the growers with a weighted average of 11.17 each respectively and were found to be the major threats to the producer companies. Social and cultural constraints ranked second position (11.00) followed by cut throat competition among companies (10.83) and economic viability (10.50) *etc.*

Table - 19: Threats of FPCs identified by the farmer members

Sl. No.	Particulars	Category I (n= 60)		Category II (n=220)		Category III (n = 120)	
		WA	Rank	WA	WA	Rank	WA
1.	Problem of sustaining long term operations	11.17	**I**	53.00	**V**	32.83	**I**
2.	Non-adherence to quality specification by growers	11.17	**I**	51.67	VIII	31.17	**III**
3.	Breach of contract by FPC	9.83	VII	48.67	X	27.00	VIII
4.	Diversion of inputs by the farmers to other crops	9.83	VII	51.17	IX	29.17	VI
5.	Social and cultural constraints	11.00	**II**	53.83	**III**	30.83	**IV**
6.	Cutthroat competition among companies	10.83	**III**	53.33	**IV**	32.67	**II**
7.	Government policies affecting trade	10.16	**V**	55.50	**II**	30.17	**V**
8.	Lack of trained staff	10.00	VI	52.83	VI	29.17	VI
9.	Economic viability	10.50	**IV**	58.17	**I**	30.83	IV
10.	Agent may reject stocks exported	10.00	VI	52.50	VII	28.17	VII

Figures in the parenthesis indicate percentage to total farmers

Source: Authors compilation from primary data

Threats of FPCs under category II

The top five major threats were identified as Economic viability (58.17) followed by government policies affecting trade (55.50), social and cultural constraints (53.83), cut throat competition among companies (53.33) and problem of sustaining long term operations (53.00) *etc.*

Threats of FPCs under category III

The major threats identified by the farmer members under category III were the problem of sustaining long term operations (32.83), cut throat competition among companies (32.67), non-adherence to quality specifications by the growers (31.17), social and cultural constraints (30.83) and government policies affecting trade (30.17) *etc.*

Hence, it was found that the common threats to the producer companies of all categories include problem of sustaining long term operations, cut throat competition among companies, social and cultural constraints.

5.7. Directors in Farmer Producer Companies

In compliance to the legal provisions provided in the act, each producer company needs to have a Board of Management consisting a minimum of five and maximum of 15 directors. Besides, CEO will also be present in the Board of Management. In the initial years, professional and managerial assistance is usually extended by the POPI, later on the directors should take over the affairs of the PC completely. The role of directors is very crucial in uplifting the business performance of the producer company. For their role in enhancing the business performance, as per the bye-laws of the company they are paid with honorarium.

In order to identify the role of directors in the selected producer companies, primary data was collected from the directors of FPCs on various aspects, analysed and presented as follows:

From the information obtained, it was observed that, the total no. of directors in each producer company were ranging from 5 to 10 with more than two years of association with the producer company. Most of the directors are working in production and marketing divisions of the company. 80 per cent of the directors reported that they conduct board meetings in every month and 20 per cent conduct quarterly in a year.

The main role played by the directors in the selected producer companies were as follows:

i. Contribute to the business of the company through their knowledge and skills.

ii. Critically analyse the performance and operations of the company.

iii. Act as a professional aide.

iv. Offer their professional expertise in the relevant field.

v. To establish sound business principles and ethics.

vi. To act as a mentor to the management body.

5.7.1. Job performance of Board of Directors

From the Table-20, it is evident that, all the directors agreed that board's meeting agenda clearly reflects the company's strategic plan or priorities and awareness of what is expected about them as a board of directors. About 95 per cent of the directors agreed that they have a strategic plan or a set of long-term goals and priorities, directions to the staff regarding how to achieve the set goals and participation of all the board members in board meetings. Except few directors, majority of them agreed that all the legal compliances are followed for the better performance of the company's business. Substantial portion of directors agreed to most of the roles played by them. Only few of them were neutral to some variables. This is a positive indication towards management and operation of PCs and the crucial role of BODs. Substantial portion of the respondents agreed towards other aspects in varied proportions.

Table - 20: Job performance of Board of Directors of FPC (in Percentage)

Sl. No.	Question	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Whether the company directors have the strategic plan or a set of clear long term goals and priorities	-	-	5	60	35
2	Whether the board‘s meeting agenda clearly reflects the company‘s strategic plan or priorities	-	-	-	60	40
3	Whether the board ensured that company has one year operational business plan	-	-	10	50	40
4	Whether the board gives directions to staff on how to achieve the set goals	-	-	5	55	40
5	Whether the board communicates the company's accomplishments and challenges to the member stakeholders	-	-	10	25	65
6	Whether all the board members participate in the board meeting	-	-	5	65	30
7	I'm aware of what is expected of me as a board of director	-	-		60	40
8	Directors are familiar with what is in the organisation's by laws and governing policies	-	-	10	75	15
9	Directors have a good record of meeting attendance	-	-	10	25	65
10	Directors promote the work of our company in the community whenever I had a chance to do so	-	-	20	30	50
11	Do you feel like the management team here is transparent?	-	-	15	50	35
12	Do you feel the senior management is responsible enough to detect, monitor and control the risks in effective functioning of the FPC	-	-	15	40	45

Source: Authors compilation from primary data

5.7.2. Directors Opinion on the performance of the company

The results on opinion of the directors on the performance of the companies in which they are working are presented in Table-21. It is revealed from the table that majority of the directors (90 per cent) opined that the company's vision and missions were clear. About 80 per cent of them opined that overall performance of the companies was better compared to last year. However, 15 per cent of the directors opined that company effectiveness with retailers was relatively fair. It can be observed that the performance of the companies as per the opinion of the directors on an average was ranging from excellent to good.

This trend is a good sign in the direction of improving performance of the FPCs. However, there lies an immense scope for capacity building of directors in many aspects. They need to be aware of all legal provisions provided in the Act for FPCs. In the field, it was observed that many a time's provisions for joint stock companies not relevant to FPCs are interpreted and applied to FPCs. This is causing inconvenience for proper functioning of FPCs. Majority of the CAs and company secretaries do not differentiate between joint stock companies and FPCs. Few legal provisions of joint stock companies are different for FPCs. The details of these legal provisions for FPCs are provided in chapter IX A of Companies Act, 2013.

Table - 21: Directors opinion on company's performance (in Percentage)

Sl. No.	Question	Remark				
		Excellent	Very Good	Good	Fair	Poor
1	The company's vision and direction.	90	10	-	-	-
2	The overall company operations today, compared with a year ago?	10	80	10	-	-
3	The financial strength of the company	10	60	20	10	
4	The efficiency of workflow in the company	30	55	15	-	-
5	The company provides skill in marketing products	20	60	10	10	-
6	The company has ability to develop strong consumer promotions	40	20	40	-	-
7	The company's focus on improving customer satisfaction	55	25	20	-	-
8	The quality of relationships with distributors	35	50	15	-	-
9	Company effectiveness with retailers	40	40	5	15	-
10	The quality of the promotional activities	50	30	10	10	-
11	The quality of the sales supports materials	40	30	30	-	-

Source: Authors compilation from primary data

5.7.3 Business Assessment of the Company

Business assessment helps a director to achieve company's goals to expand and grow the business in a smart and strategic way. As a director, one should be aware of the strengths and weaknesses of the company. The output of the assessment helps to identify the critical areas of the strategic planning. The details of analysis in this regard are presented in the Table-22. It is very interesting to observe that all the respondents agreed to the factors considered for assessing the business of producer company. Among different factors, 95 per cent of the respondents strongly agreed to company's commitment towards long term success of their farmer members, The company and the members share a positive, winning attitude (70 per cent), top management strengthens the company's competitive position (50 per cent) and so on.

Many studies revealed that for the success of any organization / institute (Paty & Gummagolmath, 2018), leadership is very crucial. Besides, cohesiveness among members sharing of common benefits, commitment of management and members towards business are other factors which are influencing the performance and sustainability of FPCs. Hence, the board of management including CEOs should have long term vision in this direction.

Table 22: Opinion of the Directors Working in FPCs about Business Assessment of the company (in Percentage)

Sl. No.	Question	Remark				
		Strongly Agree	Somewhat Agree	Neither Agree nor Disagree	Somewhat Disagree	Strongly Disagree
1	Company leadership is fully committed to the long-term success of their farmer members	95	5	-	-	-
2	Top management responds adequately to needs in the marketplace	10	90	-	-	-
3	Top management strengthens the company's competitive position.	50	50	-	-	-
4	Company leadership can be trusted to do what they say they will do	45	55	-	-	-
5	Company leadership is committed to supporting and work with the sales team	40	60	-	-	-
6	The company and the member of FPC are unified, moving in one direction together	30	70	-	-	-
7	The company and the members share a positive, winning attitude	70	30	-	-	-
8	There is effective communications between the company's directors and the member farmers	40	60	-	-	-
9	The board of directors listens to and understands farmer member needs	45	55	-	-	-

Source: Authors compilation from primary data

In evaluating the company's competitive position (Figure -4), it is revealed that the 80 per cent of the directors stated that they aggressively pursue market leadership, followed by flexibility in meeting customer's needs (15 per cent) etc.

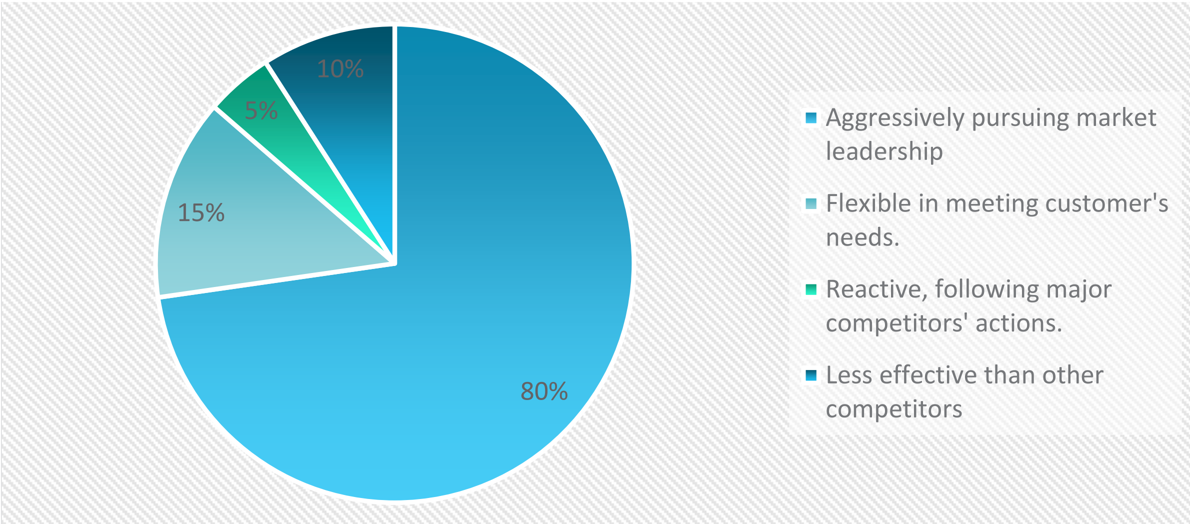

Fig. 4: Competitive position of the FPCs

As per the information obtained from the directors listed below are the socio-economic benefits attained by the farmer members for being part of the producer companies.

S. No	Socio-Economic Benefits
1.	Increased crop yields and quality of the produce
2.	Increased income
3.	Dividends to the farmers
4.	Assured markets for sale of their produce
5.	Increased Nutritional status of the family member

In addition to different activities performed by the directors, their active participation in capacity building programs in various aspects of farmer producer companies like business management, legal aspects, regulatory compliance and market linkages *etc.,* is quite appreciable.

According to the directors, major challenges faced by the companies are as follows:

Sl. No.	Major Challenges Faced by the Companies
1.	Weak financial support
2.	Market linkage
3.	Share collection / mobilization
4.	Adoption of new technology
5.	Lack of skill labour
6.	Exports
7.	Weak supply chain management

The respondents were also asked for suggestions for improvement of the company. Accordingly the following suggestions were made by the directors.

Sl. No.	Suggestions for Improvement of the Company
1.	Focus on financial support
2.	Adaptation of new technology
3.	Training for farmers on grading and packaging
4.	Training program for directors
5.	Connect to export market facilities
6.	Provision of technical service
7.	Focus on marketing linkage
8.	Development of warehouses

The above findings revealed that on the activities like capacity building, leadership, business ideas and financial issues *etc.,* the board of management has to conceive an idea which can translate ideas into company's business and push it towards sustainability. The very composition of this tool by the policy makers is to find a one stop solution to the problems faced by the farmers in the country. Furthermore, the very culture of a FPC should necessarily be farmer-friendly for its success.

5.8.Employees in Farmer Producer Companies

Employees are the most important players in the successful functioning of FPCs. They need to contribute effectively towards this goal. They should strive hard to achieve the goals and objectives of the organization. Hence, keeping in view the role of employees in an organization, an opinion survey was conducted to analyse the job satisfaction of employees and other aspects.

5.8.1. Assistance from the organization

As revealed from the Table-23, 80 per cent and 75 per cent of the respondents strongly agree that their skills and abilities are best utilized in the job and were satisfied with the style of functioning and orders received from the management respectively. Majority of the respondents strongly agreed and a few somewhat agreed with respect to the use of skills and abilities of the employee. However, only 25 per cent of the respondents strongly agreed that supervisors visibly demonstrate a commitment to quality. While, 25 per cent of the respondents neither agreed nor disagreed for having clearly defined goals in the job.

About 50 per cent of them strongly agreed their feeling of personal accomplishment, better ways of doing things, setting up of quality goal and importance of their role in maintaining the harmony among all the stakeholders of the company. The outcome of opinion survey revealed that employees level of satisfaction and their functioning is better and are committed to improve the performance. It seems Board of Management is giving due importance to employees and are taking care of their needs.

Table-23: Assistance from the organization (n = 20)

Sl. No.	Question	Remarks				
		Strongly Agree	Somewhat Agree	Neither Agree nor Disagree	Somewhat Disagree	Strongly Disagree
1	I feel encouraged to come up with new and better ways of doing things by working with FPC	12 (60)	8 (40)	-	-	-
2	My work gives me a feeling of personal accomplishment	11(55)	9 (45)	-	-	-
3	I have All the tools and resources to do my job well and efficiently	9 (45)	9 (45)	1 (5)	-	1 (5)
4	On my job, I have clearly defined quality goals	11 (55)	4 (20)	5 (25)	-	-
5	My job makes good use of my skills and abilities to full extent	16 (80)	4 (20)	-	-	-
6	My supervisor's manager visibly demonstrates a commitment to quality	5 (25)	15 (75)	-	-	-
7	How satisfied are you with the information you receive from management on what is going on in your division or on field?	15 (75)	4 (20)	1 (5)	-	-
8	Considering everything, how satisfied are you with your job?	11 (55)	9 (45)	-	-	-
9	How satisfied are you with your opportunity to get a better job and position in this company?	8 (40)	11 (55)	1 (5)	-	-

Figures in parenthesis represent percentage to total employees

Source: Authors compilation from primary data

5.8.2 Job Satisfaction of the Employees

For any business to flourish, contribution of the employee matters a lot. The dedication towards work and getting maximum output happens only when there is an appropriate human resource policy and conducive work environment in place. Hence, job satisfaction of employees working in selected FPOs was ascertained and presented in Table -24. About 30 per cent of the respondents strongly agreed to the reward received for the quality of their efforts and overall satisfaction with the job. It is interesting to note that, 45 per cent of the employees somewhat agreed that their job makes a difference in the life of others. But, 40 per cent and 30 per cent of the respondents strongly disagreed with respect to solving customer's problems and value given to them by the supervisors respectively.

It is revealed from the above analysis that employees working with FPOs are relatively happy with respect to various factors. However, some amount of dissatisfaction may be due to low remuneration paid to them. This may be due to the fact that many FPOs are yet to achieve scale and realize profit for making payment of wages in tune with the job done by the employees Nevertheless, it is not a discouraging aspect and will naturally improve by more professionalism in the functioning of FPOs.

Table -24: Employee Job Satisfaction (n = 20)

Sl. No.	Question	Remark				
		SD	SWD	NAND	SWA	SA
1	I experience personal growth such as updating skills and learning different jobs	3 (15)	7 (35)	3 (15)	3 (15)	4 (20)
2	I am rewarded for the quality of my efforts	4 (20)	2 (10)	3 (15)	5 (25)	6 (30)
3	I am valued by my supervisor	6 (30)	3 (15)	01(05)	5 (25)	5 (25)
4	My job makes a difference in the lives of others	5 (25)	0 (0)	3 (15)	9 (45)	2 (10)
5	I solve customers' problems	8 (40)	0 (0)	0 (0)	5 (25)	5 (25)
6	Overall, I am satisfied with my job	4 (20)	4 (20)	0 (0)	6 (30)	6 (30)

SD: Strongly Agree, SWD: Some What Agree, NAND: Neither Agree Nor Disagree, SWA: Somewhat Agree, SA: Strongly Agree; Figures in parenthesis represent percentages

Source: Authors compilation from primary data

5.8.3 Self-Evaluation of the Employees

For assessing the self-evaluation of the employees, they were asked to compare themselves with an average employee in their position and rate their own productivity and quality of work. From the details presented in Table-25, it is evident that 55 per cent of the respondents self - evaluated that they respond quickly and use 50 per cent of their effort to fulfill the needs of the farmers. About 60 per cent of the respondents opine that more than 30 per cent of their efforts were put on spending productive time working on the tasks assigned to them by the company. Majority of the respondents evaluated that their work productivity falls in between 20 to 50 per cent of their efforts.

Self-evaluation of the employees of FPOs revealed that they are concerned about the basic stakeholders and so also the works related to FPOs. It appears that after acquiring more experience, they will be able to justify their efforts to serve all the stakeholders in a better way.

Table - 25: Self Evaluation of the Employees (n = 20)

Sl. No.	Question	>20%	>30%	50%	< 30%	< 20 %
1	Productive time spent working on the tasks assigned to me in company	4 (20)	12 (60)	4 (20)	0 (0)	0 (0)
2	Overall productivity in getting the job done	7 (35)	5 (25)	6 (30)	0 (0)	2 (10)
3	Going beyond what is expected of me to make customers/farmers happy	4 (20)	7 (35)	8 (40)	1 (5)	0 (0)
4	I respond quickly and courteously to fulfill customers'/farmer's needs	4 (20)	3 (15)	11 (55)	2 (5)	0 (0)
5	The overall quality of service that I provide	4 (20)	7 (35)	7 (35)	2 (10)	0 (0)

Figures in parenthesis represent percentage to total respondents

Source: Authors compilation from primary data

5.8.4 Employees Retention

Employee retention refers to the ability of an organization to retain its employees. There are different strategies to retain an employee some of which are mentioned below.

a) Department and Position in the organization: In general, for an employee to have work satisfaction, the department in which he is working and his position in the department are important. As can be observed from the Figure-5, the respondents are working in three departments' *viz.*, customer service (45 per cent), finance/accounting (20 per cent) and sales/ marketing (35 per cent). As far as position is considered, 35 per cent of the respondents' occupied clerical position, 20 per cent are technicians, 25 per cent of them are managerial staff and 10 per cent each worked as project managers and accountant.

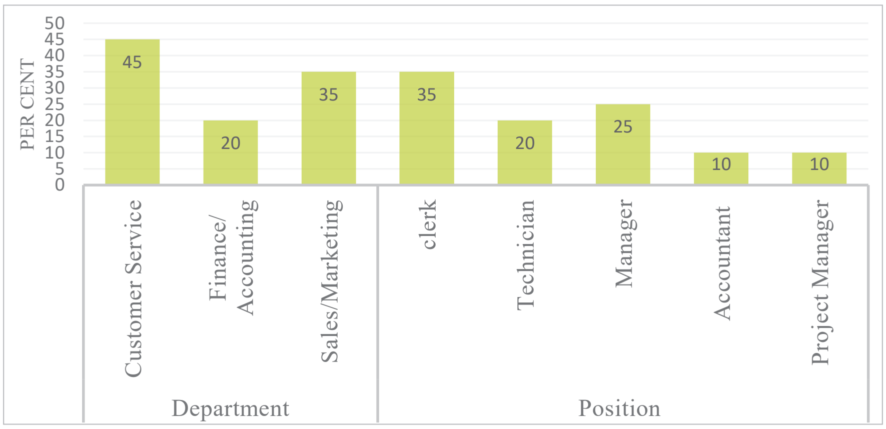

Fig. 5: Department and Position of Employees

Deployment of staff pattern indicated that higher proportion of them were devoted for customer service by most of the FPOs in the study area. However, the proportion of employees deployed for other activities was relatively less. Thus, it is revealed that FPOs in the quest of increasing the business performance, gave an emphasis on satisfying the customer needs. However, the portfolio like marketing and finance also should be given more importance.

None of the FPOs in the study area were in a position to deploy Subject Matter Specialist (SMS) such as plant protection expert, agronomist and specialist belonging to other portfolios. However, about 35 per cent of the employees worked as marketing specialities. Lack of deployment of specialists might be due to the low scale of business. FPOs might have resorted for availing adhoc services whenever required. Hence, there is a need to increase the scale of business with holistic approach involving both backward and forward integration of activities along with value addition.

b) Experience: From the Figure – 6 it is observed that 45 per cent of the respondents have an experience of six months to one year and 40 per cent falls in the category of one to three years. However, ten per cent of the respondents have a good experience of 3-5 years and only 5 per cent of them are beginners with a very low experience of six months. The situation of hiring in experienced human resource gives scope for creating a dedicated cadre. For this, several capacity building programs, skill development programs, educational programs are launched by several agencies including government agencies. The benefit of these capacity may be leverages by the Board of Management of FPCs towards increasing efficiency of their employees.

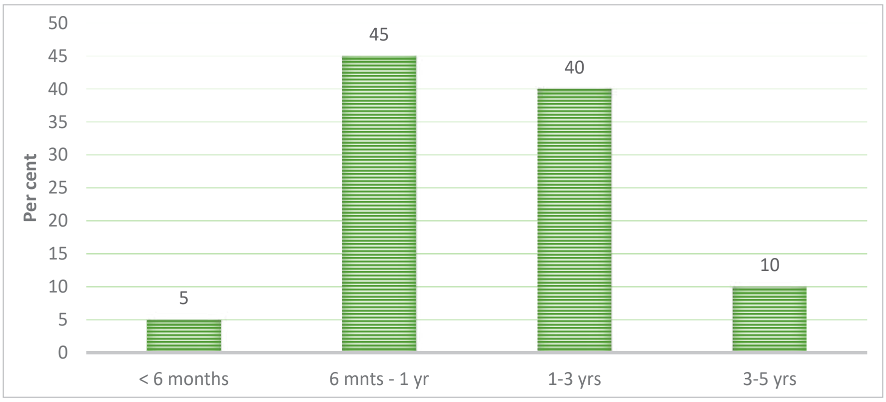

Fig. 6: Experience of the Employees of FPCs

c) Level of Satisfaction: Employees level of satisfaction with the current position was analysed and the results are presented in the Figure - 7. It was observed that on the whole 55 per cent of the employees were satisfied with the current position and 25 per cent were very satisfied. However, only 5 per cent were very dissatisfied. Around 15 per cent could not express their opinion and were neutral. The results indicated that the human resource engaged with FPOs is relatively happy. Thus, indicating that Board of Management of FPOs are treating employees well. It is a win-win situation. To scale up the business of FPOs the employees have to work hard and there should be professionalism among them. On the other hand, FPOs have realised that treating them well will yield them benefit in terms of increase in the scale of business.

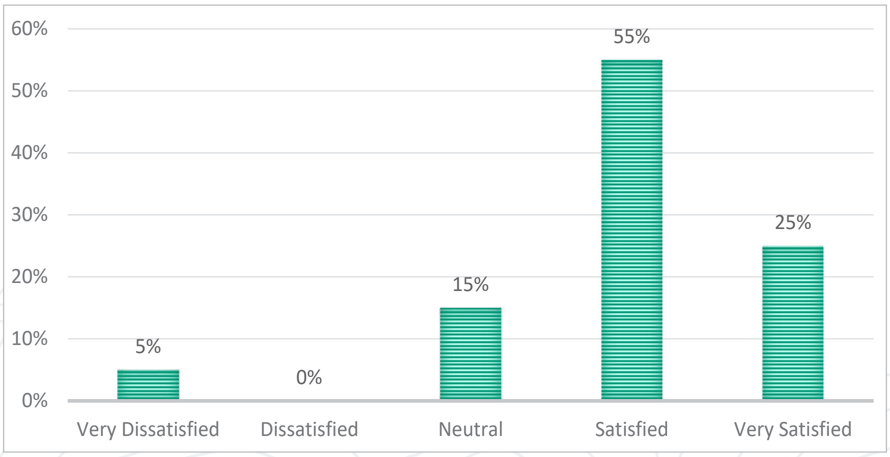

Fig. 7: Employees Level of Satisfaction

d) Tasks Assigned: From the Figure-8, it is clear that, majority of the respondents (60 per cent) opined that the tasks assigned to them are enough to carry out the work efficiently. 35 per cent felt that the tasks are too many and 5 per cent opined that the tasks are not enough and additional tasks needs to be assigned.

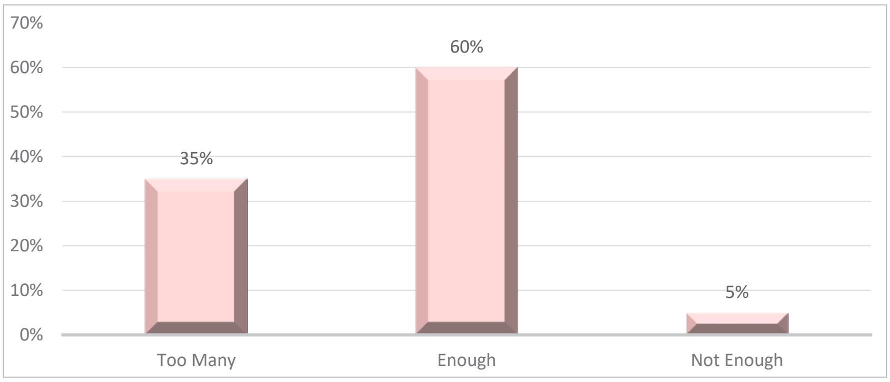

Fig. 8: Tasks Assigned to Employees

When the respondents were asked whether they advise a friend to apply for a job in the company in which they are working, it was observed that (Fig. 9), 75 per cent of them responded positively i.e. definitely they give an advice to join and 15 per cent were not sure about that. It is very interesting to note that, as per the data collected none of the respondents experienced racial or gender discriminations and sexual harassment at the producer companies.

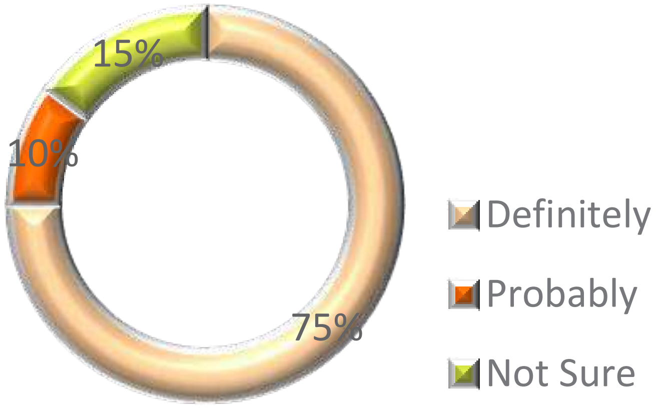

Fig. 9: Advising a Friend

On the whole, it can be noticed that the employees were satisfied with their work, strongly opine that they are being recognised by their higher ups and hence could advice their friends to join in producer companies.

5.8.5 Opinion of the employees

In order to assess overall direction of the company's marketing effort, opinion of the employees was collected, analysed and ranked accordingly. As presented in the Table-26, it was observed that the company's top priority was to introduce new products which was ranked first by the employees. Second position was occupied by introduction of new, innovative packaging which is the key factor in protecting the commodity from post-harvest losses. The financial strength of the company and the quality of the promotional activities were ranked third followed by company's skill in marketing of products, company's effectiveness with retailers etc.

These results indicated that FPOs are trying hard to have organized supply chain through innovation, packaging, branding and marketing strategies. These strategies will eventually reduce the transaction cost on one hand and increase the marketability of the product on the other hand. The otherwise fragmented supply chain in Indian agriculture is leading to high transaction cost, huge post harvest losses and low margin of producer in consumers rupee. FPOs are one of the better alternatives to overcome the typical problems faced by the agricultural sector in India.

Table - 26: Opinion of Employees on the overall direction of Company's Marketing Effort

Sl. No.		Wt. Avg	Rank
1	The company's vision and direction.	2.80	9
2	The financial strength of the company?	3.67	3
3	The company skill in marketing products?	3.47	4
4	The ability to develop strong consumer promotions	3.20	6
5	The regular introduction of new products	3.93	1
6	The introduction of new, innovative packaging	3.73	2
7	The company's focus on improving customer satisfaction	3.07	7
8	The quality of relationships with distributors	3.00	8
9	The company effectiveness with retailers?	3.33	5
10	The quality of the promotional activities	3.67	3

Source: Authors compilation from primary data

5.8.6 Company's Competitive Position

The competitive position of the producer companies was evaluated (Table-27) by the respondents and found that the companies are flexible in meeting the customer needs (55 per cent) followed by aggressively pursuing market leadership (25 per cent) and companies were reactive following major competitors' actions (20 per cent). Moreover, it can be seen that the selected producer companies were effective and highly competitive in performing the activities.

Table-27: Company's Competitive Position

Sl. No.	Particulars	Frequency
1	Aggressively pursuing market leadership.	5 (25)
2	Flexible in meeting customer's needs.	11 (55)
3	Reactive, following major competitors' actions.	4 (20)
4	Less effective than other competitors	0 (0)

Figures in parenthesis represent percentage to total respondents

Source: Authors compilation from primary data

Chapter-VI

Conclusions and Way Forward

The major findings revealed from the present study of assessing the impact of Farmer Producer companies in the state of Maharashtra are as mentioned below:

- It was clearly evident that in all the selected FPCs, around 50 per cent of the farmer members are small farmers followed by medium and large farmers. This indicates that more member farmers have realized the benefits of collectivization and are inclined to join the FPCs. They are well informed about the operational mechanism of producer companies. This is a welcome development as many policy makers envisage Farmer Producer Companies as an effective tool to address the problems of small and marginal farmers.

- It is very interesting to observe that, the companies under category I i.e. with low authorised share capital of ₹ 0 to 5 lakh performed only few activities limited to seed production, procurement and supply of agri-inputs. Whereas the producer companies under category II (ASC of ₹ 6-10 Lakh) and III (ASC of ₹ > 10 Lakh) performed a wide range of activities like supply of Agri inputs, seed production, processing, marketing, post-harvest management, maintenance of agro service and custom hiring centres, provision of technical support to the farmer members etc. This clearly indicates that there is a need of capital for investment in the post production activities including value addition, processing and marketing. Apart from these capacity building programs to the farmer members, FPCs are helping in enhancing the efficiency among members of the group for effective functioning. FPCs in these categories are moving towards total supply chain management and almost meeting the objectives envisaged in the concept of FPCs.

- With regard to the business of the farmers with FPCs, the members under first category were restricted to only cereals and pulses, cultivating in an area of 42 and 266 acres respectively. Whereas, the member farmers under category II and III were involved in cultivation of all five group of crops i.e. cereals, pulses, vegetables, fruits and cash crops like cotton and sugarcane.

- From the analysis of primary data it was revealed that, out of total farmers selected for the study, nearly 84.25 per cent of the farmers were willing to continue business with the same crops because of various reasons like provision of quality inputs and technical guidance, higher yields, cleaning and grading facilities for the produce, assured profitable prices compared to traditional markets, easy marketing with low cost of transportation.

- With respect to the opinion of farmer members about the FPCs, it was evident that highest per cent (96.66) of the farmers experienced increased yields in FPC under category I. Whereas 61.67 per cent of the farmer members of FPC under category III experienced improved quality of the produce which was highest among the three categories of FPCs. It was also observed that, majority of the farmers are happy with the price received after joining FPCs. The higher price realization is linked to quality, wherein most of the farmers except in category III opined that there is an improvement in the quality of the produce. This indicates that, Board of Management of FPCs with the help of subject matter experts have taken adequate care to improve the quality of the produce.

In analysing the problems faced by the farmers in doing business with the FPCs, it was interesting to note that the problems faced by the farmers were different in all the three categories of FPCs. However, the common problem faced by the farmers in category II and III was manipulation of quotas and quality specifications by some of the companies. It was also observed that poor technical guidance was a major concern in category I.

The SWOT analysis was also carried out in order to identify the strengths, weakness, opportunities and threats of the selected FPCs as perceived by the farmer members. It was observed that the major strengths ranking from one to five were found to be more or less same in the selected FPCs. This indicates that, the selected producer companies are striving towards welfare of the farmers through improved yields, assured prices, skill development etc. It was noticed that adoption of new production technology was a common weakness in all the producer companies. An important opportunity felt by the farmer members of all the producer companies was the pro-government policy. The common threats to the producer companies of all categories include problem of sustaining long term operations, cut throat competition among companies, social and cultural constraints.

The information collected from the Board of Directors in selected FPCs revealed that all the directors agreed that board's meeting agenda clearly reflects the company's strategic plan or priorities and awareness of what is expected about them as a board of directors majority of them agreed that all the legal compliances are followed for the better performance of the company's business. It can be observed that the performance of the companies as per the opinion of the directors on an average was ranging from excellent to good.

It is very interesting to observe that all the respondents agreed to the factors considered for assessing the business of producer company. Among different factors, 95 per cent of the respondents strongly agreed to company's commitment towards long term success of their farmer members, The company and the members share a positive, winning attitude (70 per cent), top management strengthens the company's competitive position (50 per cent) and so on. In evaluating the company's competitive position, it is revealed that the 80 per cent of the directors stated that they aggressively pursue market leadership, followed by flexibility in meeting customer's needs (15 per cent) *etc.*

With regard to the employee's job satisfaction, it was observed that employees working with FPOs are relatively happy with respect to various factors. However, some amount of dissatisfaction may be due to low remuneration paid to them. The FPCs have employed personnel in various departments like customer service, clerical/finance/accounting, sales and marketing. Self-evaluation of the employees working in the selected FPOs revealed that 55 per cent of the respondents self - evaluated that they respond quickly and use 50 per cent of their effort to fulfill the needs of the farmers. About 60 per cent of the respondents opined that more than 30 per cent of their efforts were put on spending productive time working on the tasks assigned to them by the company.

The assessment of overall direction of the company's marketing effort revealed that the company's top priority was to introduce new products which was ranked first by the employees. Second position was occupied by introduction of new, innovative packaging which is the key factor in protecting the commodity from post-harvest losses. It was also noticed that the companies are flexible in meeting the customer needs (55 per cent) followed by aggressively pursuing market leadership (25 per cent) and companies were reactive following major competitors' actions (20 per cent).

Way forward – Policy Strategies for scaling up farmer organization

The present study identified few constraints in the functioning of FPCs as detailed below. In order to strengthen the producer organizations and encourage the farmers in utilising the platform for better income realisation a few fundamental changes in the approach are needed as follows –

1. Focus on adoption of improved / new technologies by the members

In order to realise the increased efficiency and enhanced productivity of the produce grown by the farmer members, there is a need to focus on the adoption of improved / new technologies by the members like dissemination of digital information on periodic weather forecasts, cultivation practices, market information and forecasts on prices, market linkages, post-harvest management practices, government initiatives for FPOs *etc.* Hence, to strengthen the FPOs technically, frequent awareness programs and exposure visits should be organized to educate the farmers and to gain first-hand knowledge about technological innovations.

2. Benefits under different schemes to be made available through convergence to all kind of farmers organisations and availability of credit facility to the farmer members by the PCs

FPOs have become a buzz word in recent days as it has been proven to be a successful model in safeguarding the interest of small and marginal farmers by increasing their income levels, price risk management *etc.* In this regard, the Government of India has taken an initiative for promotion of 10,000 FPOs in India in order to double the farmers' income by 2022. Accordingly, budget was allocated under different schemes. Hence, the benefits under different schemes covering credit guarantee, matching grants, *etc.,* are to be made available to all kind of farmer organisations along with provision of credit facility to the farmer members by the PCs. This can be achieved by increasing the capital base of the companies.

3. Creation of better infrastructure and storage facilities

The ability of farmer producer organizations in creating an efficient supply chain is quite appreciable. Yet, there is a need to create better infrastructure and storage facilities in the producer companies so as to reap the benefits of price changes in the markets.

4. Promotion of processing and value addition

In the present scenario, agri-processing and value addition are gaining much more importance to encourage the farmers for generating additional income. Moreover, Farmers through farmer producer organizations can avail the opportunity of engaging in value addition activities to increase their income levels.

5. Awareness/orientation on exportable commodities to tap export markets

One of the main objectives of FPCs is to enhance farmers' competitiveness and increase their advantage in emerging market opportunities. However, as most of the FPCs in India are in the infant stage utmost care and attention should be drawn towards creation of awareness/ orientation to the farmer members on the exportable commodities to tap export markets. This in turn encourages farmers to invest in their own businesses and increase the quantity and quality of their produce to meet the demand for exports.

6. Rift between growers and representative company officials in adoption of practices must be narrowed down

7. Need to focus on allied sectors

Farmers from allied sectors like horticulture, fisheries, animal husbandry *etc.,* must be encouraged towards formation of FPCs. As India is a leading exporter of different commodities like fruits, vegetables, flowers and meat *etc.,* commodity specific FPOs can be formed in order to get the advantage of export market.

7. Measures to overcome social and cultural constraints

Modern world and Innovative technology could not address the social and cultural constraints in many parts of the country which discourage the people's creative thinking and implementing new ideas. Hence measures to be taken to overcome such constraints.

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