

Impact of Farmers Producer Company on Members

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Abstract

Farmers Producer Companies (FPCs) are envisaged to collectivize small farmers for backward linkage for input like seed, fertilizers, credit, insurance, knowledge and extension services and forward linkage. The present study attempts to assess the extent of impact of Farmers Producer Company (FPC) on their members in relation to family income socio-economic behavior, risk taking ability, marketing behavior, awareness about scientific fact and new technology. The Ganeshpur Farmers Producer Company, Mouza Jakha, Taluka & Dist. Bhandara in Maharashtra was selected to study impact of FPC on its members on broad parameters like change in annual income, change in annual expenditure, change in annual saving, change in social participation, and change in employment generation. It was found that there the FPC made an overall impact of 19.63 per cent on its members after they joined it.

Keywords: Farmers Producer Companies, Farmers Producer Organizations, FPCs, FPOs, India

Introduction

Agriculture remains the largest source of livelihood in Indian economy. About 45 per cent Indian population depend on agriculture for employment. In India role of small farms (and small holdings) in poverty eradication is well recognized (Lipton, 2006). However, in the absence of robust public/private support system at the ground level farmers face challenges in accessing land, water, inputs, credit, technology and market.

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Then, there are emerging challenges like risk and vulnerabilities due to climate change and natural calamities (Thapa and Gaiha ,2011).

For bringing industry and agriculture closer together, the Indian Government has initiated new organizational pattern in agriculture production and marketing to integrate large firms and encouraged the groups of small and marginal farmers who are the main manufactures of agricultural output and linked with the corporate buyers.

Farmers Producer Organizations (FPOs) are collectivization of producers, especially low and marginal farmers into the producer organizations. FPOs have come out as one of the most efficient pathways to address the many challenges of agriculture, but more significantly, improved approach to investments, technology and input and markets. Ministry of Agriculture and Farmers Welfare, Govt. of India has identified Farmers Producer Organization registered under the particular provisions of the Companies Act, 1956 as the most appropriate institutional form around which to mobilize farmers and establish their capacity to jointly leverage their production and selling effectiveness.

The basic purpose envisioned for the FPOs is to collectivize small farmers for backward linkage for input like seed, fertilizers, credit, insurance, knowledge and extension services and forward linkage. Such as collective marketing, processing, and market-led agriculture production (Mondal, 2010).

The Food and Agriculture Organization (FAO, 2013) notes that "farmers and rural producers organization (FOs) refer to independent, non-governmental, membership-based rural organization of part or fulltime self-employed smallholders and family farmers, pastoralists, artisanal fishers, landless people, women, small entrepreneurs and indigenous peoples." Producer Companies are also considered to be institutions that have all significant features of private enterprise while incorporating principles of mutual assistance in their mandate similar to cooperatives (Pustovoitova, 2011). Producer Organizations therefore are as supposed to be non-political

entities aimed at providing business services to smallholder farmer members, founded on the principal of self-reliance (Onumah et al.,2007)

Traditionally, small and marginal cultivators sold their produce at the farm gate, often to middleman at low prices. Producer Organization are reported to be positioned well through innovative approaches to transform market arrangements in favor of marginal and small farmers (International Fund for Agricultural Development, 2001). They contribute to livelihood enhancement through provision of substantial gains beyond what is possible within the traditional farming context. FPOs can leverage on the strengths of collectives to engage with the government on reforms in agriculture. While these organizational innovations bring about the benefit of collectives into farming, they also entail cost, particularly in situations of market deficiencies and in context of unavailability of coordinating mechanism that link farmers to market. The benefits and impact of FPOs, as perceived by the members are explained in this paper through a case study.

The policy guidelines propose an organizational structure of FPOs that is aimed at collaborations with academia, research and extension agencies, civil society organizations and corporations. While cooperatives entail benefit to farmers via state intervention, FPOs are perceived to empower farmers through collective bargaining along with instilling an entrepreneurial quality to farming, which otherwise is an issue of subsistence alone, particularly for the small and marginal farmers. These collectives evidently offer ways for small and marginal farmers to participate in the otherwise imperfect market of the developing countries. Research evidence increasingly points to opportunities that farmers organizations create for small and marginal farmers to participate more effectively in markets (Stockbridge et al., 2003). Entry barriers to markets were also reportedly reduced through collective action of small and marginal farmers because of enhance bargaining power. The Indian farmer is connected to the Indian consumer through various supply chain, each of which has evolved over time. The first and oldest model, the APMC supply

chain, is one wherein the crop is sold to traders at the local agricultural market called mandi. The trader in turn sells the crop to another trader and after several such sales; the crop reaches the wholesaler and finally the retailers in cities and towns. The contract farming supply chain is the second system, wherein the farmer contracts to sell his crop to a manufacturer (sometime through one or more intermediates) who then process it and sells the final product in retail markets. A third model, currently in its preliminary stages, will have farmers come together in Farmers Producer Organizations (FPOs) and directly trade their goods to consumer in retail markets.

In Maharashtra, Farmers Producer Company (FPC) were first in the country to respond positively and enthusiastically to make a state level consortium of FPCs. The Training-cum-Workshop by MANAGE, Hyderabad and Maharashtra state SFAC, Pune on "Development and Sustainability of Producers Organizations" at MPKV, Rahuri, held on 26 March 2016, wherein majority of FPCs across the state were participated, the idea of formation of State Level Farmers Producer Organization was supported by all FPCs and Promoters were selected unanimously. This led to incorporation of MAHA Farmers Producer Company Limited under Register of Companies, Pune which made impact on farmer livelihood.

In Maharashtra region some Farmers Producer Companies work efficiently. They make positive impact on farmers life although this area is known for continuous drought. The present study was undertaken to assess the extent of Impact of Farmers Producer Company (FPC) on their members in relation to family income socio-economic behavior, risk taking ability, marketing behavior, awareness about scientific fact and new technology.

Methodology

The present study was carried out in Bhandara district of Vidarbha region of Maharashtra state during the year 2019-20. In Bhandara district, there are 7 talukas, out of which only Bhandara taluka was purposively selected as five Farmers Producer Company are established in this taluka however

out of these five Farmers Producer Company, only one Farmers Producer Company namely Ganeshpur Farmers Producer Company, Mouza Jakha, Taluka & Dist. Bhandara under ATMA is presently working since year 2017 with total of 391 members. From one selected taluka, 12 villages were purposively selected on the basis of maximum number of members of Farmers Producer Company who benefited since last three years in this village. From 12 selected villages, 10 farmers were selected randomly and was treated them as members for present study. Hence, collectively 120 respondents were selected for the study. The impact refers to the process of perceiving the usefulness of external objects, events and information by means of senses. Operationally, the impact means the effect of the Farmers Producer Company on its member. The impact was assessed on broad parameters like change in annual income, change in annual expenditure, change in annual saving, change in social participation, and change in employment generation. Thus, the overall impact of Farmers Producer Company on its member was computed by calculating average of change in annual income, change in annual expenditure, change in annual saving, change in social participation and change in employment generation.

Findings

1. Change in annual income

It is highlighted from Table 1 that, majority of respondents i.e., 81.66 per cent had earned Rs.43018/- to Rs.171234/- as annual income before joining FPC and 09.17 per cent of respondents had high annual income (Above Rs.171234/-) and 09.17 per cent had low annual income (Up to Rs.43017/-) before joining FPC.

Table 1: Distribution of the Respondents According to their Annual Income before Joining and after Joining of FPC

S.No.	Category	Before joining		Category	After joining		Z Value
		F	%		F	%	
1	Low (Up to Rs.43017)	11	09.17	Low (Upto Rs.66789	11	09.17	
2	Medium (Rs.43018 to Rs.171234)	98	81.66	Medium (Rs. 66790 to Rs.199711)	98	81.66	3.09**
3	High (Above Rs. 171234)	11	09.17	High (Above Rs.199711)	11	09.17	
	Total	120	100.00	Total	120	100.00	
		Mean= 107125 SD = 64108.83				Mean = 133250 SD = 66461.11	
	% Change = 24.38						

** Significant at 0.001 level of probability

After joining FPC, majority of 81.66 per cent respondents had earned Rs.66790 /- to Rs.199711 /- as annual income and 09.17 per cent of the respondents had high annual income (Above Rs.199711/-) and 09.17 per cent had low annual income (Up to Rs.66789) before joining FPC.

It was concluded that annual income of the respondents has increased after joining FPC. This may be due to effective services rendered by FPC to its members. This finding supports a report by Ahire et al (2015) on socio-economic impact of CIG of pomegranate growers

2. Change in annual expenditure

It is highlighted from Table 2 that , majority of respondents i.e.,81.66 per cent had Rs.30112/- to Rs.119864/- as annual expenditure before joining FPC and 09.17 per cent of respondents had high annual expenditure (Above Rs.119864/-) and 09.17 per cent had low annual expenditure (Up to Rs.30112/-) before joining FPC.

Table 2: Distribution of the Respondents According to their Annual Expenditure before Joining and after Joining of FPC

S.No.	Category	Before joining		Category	After joining		Z Value
		F	%		F	%	
1	Low (Up to Rs.30111)	11	09.17	Low (Upto Rs.43960	13	10.83	2.64**
2	Medium (Rs.30112 to Rs.119864)	98	81.66	Medium (Rs. 43961 to Rs.137265)	96	80.00	
3	High (Above Rs. 119864)	11	09.17	High (Above Rs.137265)	11	09.17	
	Total	120	100.00	Total	120	100.00	
		Mean= 74987.50 SD = 44876.18				Mean = 90612.50 SD = 46652.22	
	% Change = 20.83						

** Significant at 0.001 level of probability

After joining FPC, majority of respondents 80.00 per cent had Rs.43961/- to Rs.137265 /- as annual expenditure and 09.17 per cent of the respondents had high annual expenditure (Above Rs.137265/-) and 10.83 per cent had low annual expenditure (Up to Rs.43960/-) before joining FPC.

It was concluded that annual expenditure of the respondents has increased after joining FPC.

3. Change in annual saving

It is highlighted from Table 3 that, majority of respondents i.e., 80.34 per cent had Rs.13228/- to Rs.51898/- as annual saving before joining FPC and 10.00 per cent of respondents had high annual saving (Above Rs.51898/-) and 09.16 per cent had low annual saving (Up to Rs.13227/-) before joining FPC.

Table 3: Distribution of the Respondents According to their Annual Saving before Joining and after Joining of FPC.

S.No.	Category	Before joining		Category	After joining		Z Value
		F	%		F	%	
1	Low (Up to Rs.13227)	11	09.16	Low (Up to Rs.22273)	09	07.50	
2	Medium (Rs.13228 to Rs.51898)	97	80.34	Medium (Rs.22274 to Rs.63169)	101	84.16	3.95**
3	High (Above Rs.51898)	12	10.00	High (Above Rs.63169)	10	08.34	
	Total	120	100.00	Total	120	100.00	
	Mean=32562.5 SD=19335.56				Mean=42720 SD=20448		
	% change = 31.19						

** Significant at 0.001 level of probability

After joining FPC, majority of respondents 84.16 per cent had Rs.22274/- to Rs.63169 /- as annual saving and 08.34 per cent of the respondents had high annual saving (Above Rs.63169/-) and 07.50 per cent had low annual saving (Up to Rs.22273/-) before joining FPC.

It was concluded that annual saving of the respondents has increased after joining FPC.

4. Change in social participation

It is highlighted from Table 4 that, about half of respondents (53.34%) had medium social participation before joining FPC and 36.66 per cent of respondents had low social participation and 10.00 per cent had high social participation before joining FPC.

Table 4: Distribution of the respondents according to their social participation before joining and after joining of FPC.

S.No.	Category	Before joining		Category	After joining		Z
		F	%		F	%	Value
1	Low (Up to 1	44	36.66	Low (Up to 2	73	60.83	2.97**
2	Medium (2 to 3)	64	53.34	Medium (2 to 3)	46	38.34	
3	High (Above 3	12	10.00	High (Above 3	01	0.83	
	Total	120	100.00	Total	120	100.00	
	Mean=2.03 SD=1.09				Mean=2.36 SD=2.93		
	% change = 16.39						

** Significant at 0.001 level of probability

After joining FPC, majority of respondents (60.83%) per cent had low social participation and 38.34 per cent of respondents had medium social participation and 00.83 per cent had high social participation.

It was concluded that the social participation of the respondents has decreased after joining the FPC.

5. Change in employment generation

It was highlighted from Table 5 that, the employment generation has increases after joining the FPC. Majority of respondents 64.16 per cent had (151 day to 269 day) employment generation before joining FPC and 19.16 per cent of the respondents had low employment generation (Up to 150 day) and 16.68 per cent had high employment generation (Above 270 day) before joining FPC.

Table 5: Distribution of the respondents according to their employment generation before joining and after joining of FPC

S.No.	Category	Before joining		Category	After joining		Z Value
		F	%		F	%	
1	Low (Up to 150 day)	23	19.16	Low (Up to 159 day)	15	30.00	1.43 ^{NS}
2	Medium(151 to 269)	77	64.16	Medium (160 day to 280 day)	76	63.33	
3	High (Above 269 day)	20	16.68	High (Above 279 day)	21	17.50	
	Total	120	100.00	Total	120	100.00	
Mean=208.95 SD=59.41				Mean=220.00 SD=59.98			
% change =05.28							

NS = Non-significant

After joining FPC, majority of respondents i.e., 63.33 per cent had (160 day to 280 day) employment generation and 30.00 per cent had low employment generation (Up to 159 day) and 17.50 per cent had high employment generation (Above 280 day) after joining FPC.

Overall impact of Farmer Producer Company on its member

It was observed from Table 6 that, the overall impact of FPC was 19.63 per cent.

Table 6: Distribution of respondents according to their overall impact before joining and after joining of FPC

Sl.No.	Particulars	Mean Score		% Change	Z Value
		Before	After		
1	Change in annual income	107125	133250	24.38	3.09**
2	Change in annual expenditure	74987.50	90612.50	20.83	2.64**
3	Change in annual saving	32562.50	42720.00	31.19	3.95**
4	Change in social participation	02.03	02.36	16.39	2.97**
5	Change in employment generation	208.95	220.00	05.28	1.43 ^{NS}
	Overall impact of FPC	19.63 %			

***significant at 0.01 level of probability; NS = Non-significant*

Conclusion

The overall impact of FPC on its members might be due to improve standard of living and knowledge level in FPC member. This may also due to adoption of new technologies and package of good practices by FPC members, increase of awareness on markets and the linking themselves directly with markets and consumers.

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