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## Analysis of services provided by farmer producer companies (FPCs) in Telangana

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### Abstract

The study was carried out in Telangana state to assess the services provided by FPCs and the satisfaction level of each FPC farmers towards the services. A total of 191 member farmers of FPCs were selected as respondents. The study revealed that farmers were highly satisfied with the services provided by FPCs. Farmer producers company provided various services like production services, marketing services and technical support, linkages with the institutions of the farmer producer organization help in giving proper support and guidance to farmers and in having a satisfied members in their organization.

**Keywords:** Analysis, services, provided, farmer, producer, companies, FPCs

### Introduction

Agriculture has been an important sector for the Indian economy Nearly 70 percent of the rural population depends on agriculture and allied activities for their livelihood. Over the past few decades, enormous efforts were being made by the Government of India to increase production, however, the government efforts to increase the production has not increased income of cultivators. Agriculture is the largest contributor to the gross domestic product. The agriculture sector needs well functioning of markets to drive the growth, employment, and efficiency into the marketing system, maximum investments are required for the development of post-harvest technology and cold chain near the farmers' field.

The agriculture sector is facing severe challenges like decline in the per capita availability of agricultural land, decline in natural resources base, increase in demand for land for non-agriculture purposes due to urbanization and industrialization, breaking of the joint to nuclear families disinterest or disenchantment of youth towards agriculture (NSSO, 2011).

Farmer producer organizations are essential institutions for the empowerment, poverty alleviation, and advancement of farmers and rural poor (FAO, 2006).

On the recommendations of an expert panel led by Y.K. Alagh, Centre had amended the Indian Companies Act, 1956, in 2002-03 to provide for "producer companies". A Farmer Producer Company is a hybrid between cooperative societies and private limited companies. A producer organization is an association, a society, a cooperative, a union, a federation, or even a firm that has been established to promote the interests of farmers (SFAC guidelines).

Mobilizing farmers into groups of between 15-20 members at the village level (called Farmer Interest Groups or FIGs) and building up their associations to an appropriate federating point i.e. FPOs. FPO is one of the important initiatives taken by the DAC of the MoA to mainstream the idea of promoting and strengthening member-based institutions of farmers (Krishna *et al.*, 2018) [2]. As per the concept, farmers, who are the producers of agricultural products, can form groups and register themselves under the Indian Companies Act (Amani, 2016) [4]. Farmer producer organization aims at improving the condition of their farmers by rendering various services right from the input supply to marketing services and so it was felt to study the satisfaction level of farmers after by availing the services of FPCs.

### Material and Methods

The present research was carried out in the Adilabad district and Kumaram Bheem (KB) Asifababd district of Telangana state. Of these two districts, FPOs named Indravelly farmer producer company limited (IFPCL) and Daditanda Neeredigonda Takiguda farmer producer company limited (DNT FPCL) located at Adilabad district and Baganpalli Balaji Watershed Farmer Producer Company Limited (BBWSFPCL) Thiryani farmer producer company limited (TRNFPCL) located at Kumaram Bheem (KB) Asifabad were selected purposively based on their performance. The data was collected from 191 Member farmers by taking 1/10<sup>th</sup> proportion of each FPCs total shareholders. Structured interview schedule was developed to

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collect data from the respondents. The type of services each FPCs provide were studied and also the satisfaction of the farmers towards the services Provided by FPC was assessed.

The satisfaction level of FPC Farmers was determined by the index developed by Kumaran and Vijayaragavan (2005) [6]. The response was summed up to get the satisfaction score, and the satisfaction score was calculated with the help of following formula

$$\text{Farmers satisfaction index} = \frac{\text{individual obtained score}}{\text{maximum score}} \times 100$$

Based on the satisfaction index the respondents were classified into three categories i.e low, medium and high

**Results**

Various services provided by each FPCs are as follows:

Production services: inputs supply like seed, fertilizers, pesticides are provided by each FPCs as the requirement of the farmers is input supply and best decision taken at the initial can help farmers in getting better crop.

**Marketing services**

Facilities for marketing like transportation, gunny bags for storage of crop are being provided by each FPCs.

Technical support has also been provided by all FPCs like cost reduction technologies, the technical supports technical knowledge and timely market information are provided timely with linkages from other institutions like KVKs, Department of Agriculture-AEO and AOs.

Financial services- each FPCs has the facilities to provide financial services to their farmers which included timely availability of loan whenever required by the farmers and each FPCs has linked up with various financial institutions which can provide timely loan to the FPCs.

Custom hiring centres- IFPCL and DNTPCL are the only two FPCs who provides custom hiring services to their members where as the other two FPCs are lined up and will shortly have this facilities.

Sustainable agriculture practices and innovative improvement techniques are the services which are being provided by each FPCs.

**Table 1:** Kinds of services provided by FPCs

| S. No | Services                          | IFPCL | BBWSPCL | DNTPCL | TRNFPCL |
|-------|-----------------------------------|-------|---------|--------|---------|
| 1     | Production services               | Yes   | Yes     | Yes    | Yes     |
| 2     | Marketing services                | Yes   | Yes     | Yes    | Yes     |
| 3     | Technical support                 | Yes   | Yes     | Yes    | Yes     |
| 4     | Financial services                | Yes   | Yes     | Yes    | Yes     |
| 5     | Custom hiring services            | Yes   | No      | Yes    | No      |
| 6     | Sustainable agriculture practices | Yes   | Yes     | Yes    | Yes     |
| 7     | Innovative improvement techniques | Yes   | Yes     | Yes    | Yes     |

The findings are in line with Krishna *et al.* (2018) [2], Bikkina and Turaga (2018) [3] and Khan *et al.* (2020) [7].

The extent of satisfaction level of the FPO farmers towards services provided by each FPCs was measured by the farmers satisfaction index. From the table 1 it can be clearly stated that most (49.73%) of the farmers were highly satisfied with the services that each FPCs are rendering followed by medium level of satisfaction i.e 40.33 per cent, and very few (9.94%) of the farmers expressed low satisfaction towards the services. This result can reveal that the farmers’ satisfaction level from higher to medium can help in the higher adoption and positive perception of farmers towards the FPCs.

**Table 2:** Satisfaction of FPO farmers towards the services

| S. No. | Categories | Frequency | %     |
|--------|------------|-----------|-------|
| 1      | Low        | 19        | 9.94  |
| 2      | Medium     | 77        | 40.33 |
| 3      | High       | 95        | 49.73 |
|        | Total      | 191       | 100   |

The findings are in line with Dhaka *et al.* (2020) [5].

**Conclusion**

A producer organization is an association, a society, a cooperative, a union, a federation, or even a firm that has been established to promote the interests of farmers. Each FPCs provide different services ranging from input supply to harvest and market facilities, which helps the member farmers in understanding better techniques and availing better facilities for generating satisfying income. With focus on the services the FPC can help the farmer enhance their decision making ability and take up newer task whenever required.

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