



ISSN (E): 2277-7695  
ISSN (P): 2349-8242  
NAAS Rating: 5.23  
TPI 2023; 12(2): 716-719  
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[www.thepharmajournal.com](http://www.thepharmajournal.com)  
Received: 09-12-2022  
Accepted: 13-01-2023

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## A study on the entrepreneurial behaviour of farmer producer company members with reference to commercial potato production in Assam

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### Abstract

The Farmer Producer Company model is considered to be a very effective tool for overall socio-economic development of small and marginal farmers in India. To authenticate this claim, a survey was conducted in two farmer producer companies of Assam, which are dealing with commercial potato production. The study was undertaken in Nagaon (Sankar Azan Agro Producer Company) and Biswanath (Satbhani Potato Producer Company) districts of Assam to measure the entrepreneurial behaviour of Farmer Producer Company (FPC) members with reference to commercial potato production with a sample of 120 farmer members from the six selected villages following a proportionate random sampling technique. To measure the entrepreneurial behaviour of the members of FPC, the scale developed by Rao (1985) was used. Findings revealed that majority i.e. 48.33 per cent of the respondents were prospective entrepreneurs, possessing a mix of both external and internal locus of control. While 31.67 per cent of the respondents highlighting more of internal locus of control belonged to the category of entrepreneurial internals, the remainder 20.00 per cent was entrepreneurial externals, showing more external locus of control. The mean value (2.27) indicated that on an average the sample tended to lean towards the prospective entrepreneur category, with the scores of individual respondents tending to cluster around the mean as depicted by the standard deviation value (0.83). The members of FPC displaying entrepreneurial externality need to be nurtured through hand holding to pursue their business profitably. Capacity building activities may be organized to enhance their level of motivation, self-belief and confidence.

**Keywords:** Entrepreneurial behaviour, farmer producer company, commercial potato production, locus of control, Biswanath and Nagaon

### Introduction

According to the Agricultural Census of 2015-16, India had over 146.45 million farm holdings, with 93.8 million of them being marginal farm holders (farmers with an individual operational land holding of less than 1 hectare) and 25.8 million being small farm holders (farmers with an individual operational land holding of less than 2 hectares). In 2015-16, marginal and small farm holders together accounted for 86.08 percent of all agricultural holdings in India. As per estimates, about 1.5 to 2.0 million new marginal and small farms are being added every year due to continued land fragmentation. It is extremely tough for marginal and small farmers to survive and thrive in today's competitive business environment. The cooperative experience in India has not been a pleasant one, as cooperatives have largely been state-promoted, with a focus on welfare rather than business on commercial interests (Prabhakar *et al.*, 2012) [5]. Following the dismal performance of conventional cooperatives in India, there was a need to offer cooperatives greater flexibility to function, thrive, and develop as businesses in a competitive environment.

The Government of India established a high-powered committee in 1999, chaired by Y. K. Alagh, to come up with a solution to the issues that previous farmers' groups had encountered. The Alagh Committee proposed in 2002 that the cooperatives be restructured as a corporate organization with a combination of cooperative and corporate characteristics. Farmer Producer Companies came into existence with the amendment of Section 581 of the Companies Act, 1956, in 2003. This concept was developed in order to empower farmers and allow them to collaborate in a group setting. A Farmer Producer Company is an organization formed by a group of farmers who are also producers. According to Part IXA of Companies Act, 1956 with reference to Section 465 (1) of Companies Act 2013, "Producer Company means a body corporate having objects or activities specified in section 581B and registered as Producer

Company under this Act”.

At present there are 10 numbers of registered Farmer Producer Companies in Assam promoted by the Department of Agriculture and Horticulture and Assam Small Farmers' Agri Business Consortium (ASFAC), Govt. of Assam. These FPCs are dealing with commercial cultivation of various crops like potato, bhoot jolokia, ginger, turmeric, banana, pineapple, orange, vegetables and also with cultivation of flowers and production of honey. Out of these ten FPCs, two FPCs, namely Satbhani Potato Producer Company Limited at Gingia, Biswanath district and Sankar Azan Agro Producer Company Limited in Nagaon district are dealing with commercial potato production.

As FPCs are business-oriented, the members must possess desirable entrepreneurial skills and competencies. Entrepreneurial behaviour, according to McAdam and Cunningham (2019)<sup>[4]</sup>, is a subset of entrepreneurial activities focused with understanding, predicting, and influencing individual behaviour in entrepreneurial contexts. It has widely been recognised that industrialised nations' economic growth and progress are primarily attributable to community entrepreneurship rather than money. Entrepreneurial growth, as well as the development of essential skill sets, has grown increasingly vital in today's changing environment. An

examination of entrepreneurs was thought to be necessary. Entrepreneurial growth, as well as the development of essential skill sets, has grown increasingly vital in today's changing environment. An analysis of entrepreneurship and entrepreneurial behaviour among FPC farmer members was thought to aid in the understanding and prediction of human behaviour, the control and direction of behaviour, and the enhancement of motivation and entrepreneurial performance.

### Methodology

The study was undertaken in the state of Assam, one of the states in North-Eastern region of India. The state of Assam is divided into 33 Administrative Districts. Out of these 33 districts, the study was conducted in Nagaon and Biswanath districts which were selected purposively as two FPCs related to commercial potato production were operating in those two districts. A list of the FPC members of each of the selected villages was prepared with the help of the concerned executive officers of the companies. A proportionate-cum-random sampling (probability proportionate to size) technique was followed for selection of 120 respondents which constituted the sample for the study. The particulars of the two selected FPCs are presented in Table 1.

**Table 1:** Particulars of the two selected FPCs

Particulars	Satbhani Potato Producer Company Ltd.	Sankar Azan Agro Producer Company Ltd.
District	Biswanath	Nagaon
Address of the FPCs	Gingia, Biswanath, Sonitpur, Assam-784184	M. Azad Road, Borbazar, Nagaon, Assam-782001
No. of Farmer members	1000	1020
Major crop covered	Potato	Potato
Date of registration	21 <sup>st</sup> Nov, 2016	28 <sup>th</sup> Nov, 2016
Registration No.	U01100AS2016PTC017659	U01100AS2016PTC017663
Contact details	Suhrab Hussain- 8638763251 Email-Id:Sankarazanagro@Gmail.Com	Nabajyoti Borah-9613139710 Email-Id: Satbhani@Gmail.Com

To measure the entrepreneur behaviour of the members of Farmer Producer Company, the scale developed by Rao (1985) was used. The scale had a set of 20 statements, each with two parts viz., (a) External locus of control and (b) Internal locus of control. Against each statement, the respondents were at liberty to divide the score of 5 between the two parts as per their beliefs. In the present study, entrepreneurial behaviour was operationalized as the ratio of

internal locus of control to the external locus of control of the members of Farmer Producer Companies and the value obtained was inferred in the following manner:

- A ratio above 3.1 indicated a high level of entrepreneurial internality.
- Ratio up to 1.0 indicated that the respondent had more of entrepreneurial externality.
- Ratio from 1.1 to 3.0 indicated entrepreneurial prospects.

Accordingly, the respondents were categorized as under:

Entrepreneur category	Score range
Entrepreneurial externals	Up to 1.0
Prospective entrepreneurs	1.1-3.0
Entrepreneurial internals	3.1 and above

The Locus of control theory has received considerable attention among the other personality theories of entrepreneurship which was developed in 1950s by Julian Rotter, an American psychologist working on social learning theories.

### Results and Discussions

To measure the entrepreneurial behaviour of the members of Farmer Producer Company, the scale developed by Rao (1985) was used. The scale had a set of 20 statements, each

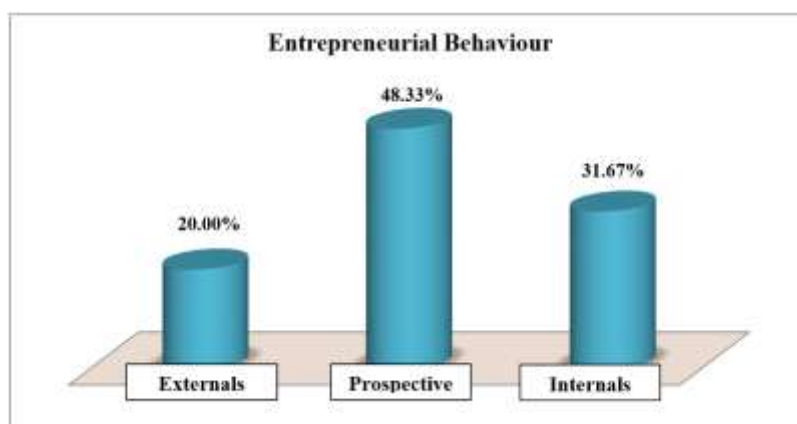
with two parts viz.,

- External locus of control and
- Internal locus of control.

The ratio of internal locus of control to the external locus of control was determined on the basis of scores assigned by respondents in order to interpret their entrepreneurial behaviour. The results therein are presented in Table 2 and Figure 1.

**Table 2:** Distribution of respondents according to entrepreneurial behavior

Entrepreneurial Category	Score Range	Frequency	Percent	Mean	S.D.	C.V.
Entrepreneurial externals	Up to 1.0	24	20.00	2.27	0.83	36.56
Prospective entrepreneurs	1.1-3.0	58	48.33			
Entrepreneurial internals	3.1 and above	38	31.67			
Total		120	100.00			

**Fig 1:** Distribution of Respondents According To Entrepreneurial Behaviour

Data presented in Table 2 and Figure 1 reveal that majority (48.33%) of the respondents were prospective entrepreneurs, possessing a mix of both external and internal locus of control. While 31.67 per cent of the respondents highlighting more of internal locus of control belonged to the category of entrepreneurial internals, the remainder 20.00 per cent was entrepreneurial externals, showing more external locus of control. The mean value (2.27) indicated that on an average the sample tended to lean towards the prospective entrepreneur category, with the scores of individual respondents tending to cluster around the mean as depicted by the standard deviation value (0.83). The coefficient of variation (36.56%) indicated that the respondents were homogeneous with respect to their entrepreneurial behaviour.

Here, the term "locus of control" refers to a person's view of the reasons of their life circumstances. A person with a high external locus of control, as defined by the entrepreneurial externals category, thinks that the majority of their life circumstances are controlled by factors beyond their control, such as deities, governments, power structures, institutions, and fate or luck. Entrepreneurs with an external locus may feel that market and institutional circumstances beyond their control dictate their survival, success, and failure. Their entrepreneurial venture at many times may not have been intentional as they have low self-belief and confidence. As a result, members of FPC who exhibit entrepreneurial externality must be encouraged by providing hands-on assistance in order to pursue their company profitably. Capacity-building exercises may be planned to help them to improve their motivation, self-confidence, and self-esteem. Their soft skill base also needs to be strengthened apart from providing technical guidance. Respondents with a higher level of entrepreneurial externality, i.e. a more external locus of control, must become more internal in order to begin and sustain entrepreneurial activity.

On the other hand, an individual with a strong internal locus of control, as defined by the entrepreneurial internality category, feels that they are their own master and can act to improve their own life circumstances. Entrepreneurs with an internal locus of control think that their own efforts and

talents decide their survival, success, or failure. The basic assumption is that internal locus of control is linked to aspirations to become an entrepreneur, therefore entrepreneurial behaviour development activities aimed at strengthening entrepreneurial internals will encourage sustainable entrepreneurship development. Because of their desire and self-belief, FPC members who reported a high degree of entrepreneurial internality had a higher likelihood of starting and maintaining entrepreneurial activities. Environmental scanning, SWOT analysis, risk management, business stakeholder analysis, consumer preference trend, and other methods and means must be used to keep them informed of external variables impacting their behaviour. Because this group is regarded as the best of the three, it needs assistance and guidance in examining external variables that affect their business.

The prospective entrepreneur category is categorized by large ambivalent, displaying features of both the entrepreneurial externals and internals. As a result, the approach for moving this group toward becoming entrepreneurial internals would be to assist them overcome the undesirable externality traits and get a greater understanding of the external variables that influence their business. The fact that most of the FPC members fall into this group, it is recommended that a strategic capacity-building agenda be implemented, focusing on reducing the strengths of externality traits while also improving internal and external environmental awareness.

### Conclusion

Formation of FPCs is one such initiative which is trying to address farmer's problems by bringing them to a collective forum. FPCs play an important role in bringing together small and marginal farmers and providing them with resources that allow them to be successful. But, this needs assistance of some well-professional expertise. Entrepreneurs are the one who can take this initiative and give their contribution in this area. (Kumar, 2015). In the study it was highlighted that 20.00% of the FPC members were entrepreneurial externals which was considered as undesirable, while 48.33% were prospective entrepreneurs which was considered as somewhat

desirable and 31.67% were entrepreneurial internals which was considered as desirable. The extension strategy should be to move the externals progressively to the internals group through the prospective entrepreneur group. Such a strategy should target on strengthening their internal locus of control. The extension machinery should therefore organise human resource development initiatives such as soft skill development, resource management, farm business schools, risk management techniques and motivational camps/ Entrepreneurial Development Programmes (EDPs) etc.

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