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Study on farmers attitudes and problems towards farmer producer companies (FPCs) in the Bhavnagar district of Gujarat

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Abstract

Background: The Indian economy is supported by the agriculture and allied sectors, which contributed 17.6%, 18.4%, and 20.2% of the country's gross value added (GVA) in the three years ending in 2018-19, 2019-20, and 2020-21, respectively. In 2002, the idea of a "Producer Company (PC)" was introduced in response to the crucial concerns of farmers and agriculturalists, who are collectively referred to as producers. A producer company is a legal entity created for farmers with the purpose of raising their status, income, and profitability. The traits and legal structure of a cooperative society and a private limited corporation are owned by a producer firm. The Farmer Producer Company can be Registered U/S 581(C) of Part IXA of the Indian Companies Act, 1956, as modified in 2013, and U/S 378(C) of THE COMPANIES (AMENDMENT) ACT, 2020 Act, an Act additional to modify the Companies Act, 2013 [1].

Methodology: Apart from the benefits and incorporation, it is equally important to know the insight of member farmers of the FPCs and to know their attitude with regard to the FPCs. Therefore, in this study, the socio-economic characteristics of farmers, the attitude of farmers, and finally the problems faced by the farmers were dealt with. To accomplish objectives, a systematic methodology was framed, in which the villages of Mahuva and Talaja taluka were selected purposively for getting responses from 100 respondents. Data were collected with the help of a structured schedule and for getting desired results, tabular analysis, charts, graphical presentation, weighted Average Mean, and Henry Garrett Ranking Method were used for analysis purposes.

Results: It was found that the majority of the respondents were male and middle age farmers with land holding capacity of more than four hectares. Most of the respondents have completed their secondary education, and the income of the farmers was more than two lakhs. Friends & Relatives, Gram Sevaks, progressive farmers, and scientists of the Agricultural University found major sources of information about agriculture in the study area. In total Cent percent of farmers have shown a positive attitude towards Farmer Producer Companies. The different major reasons for the attitude towards FPCs in the study area were, The capacity of the farmers to sell agricultural produce has increased due to FPCs as the first, the second reason was given Processing and storage of agricultural produce by farmers member done neatly, the third was given to Farmers receive good profits due to common sale of their agricultural produce by FPC, fourth reason Farmers can purchase input conveniently due to FPCs was given, and last, the fifth reason, Small and marginal farmers get encouragement for doing farming as a professional business due to the FPCs. In Different problems faced by the farmer, farmers getting Lesser prices in the FPCs as compared to the open market, agriculture assistants not sharing the information, and printed literature not being available for a package of practices were found to be the major problem faced by the farmers rank-wise in the study area.

Keywords: Farmers attitudes, farmer producer companies, Producer Company

1. Introduction

According to the 378A (I) of The companies (amendment) act, 2020 act, no. 29 of 2020, "Producer Company (PC)" means a body corporate having objects or activities specified in section 378B and registered as a Producer Company (PC) under this Act or under the Companies Act, 1956 or "Producer Company" means a body corporate having objects or activities specified in section 581B and registered as Producer Company under Part IXA of Indian Companies Act, 1956, as amended in 2013 [1]. India is a nation of small landholders; of the 120 million farmers in the country, 86 percent are small and marginal landholders with less than 2 hectares of land. As small farmers struggle to gain access to inputs, markets, and credit, they require an even playing field in order to compete on equal terms with other market players [12]. These interventions were started either by the 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. [6]. The instrument of Farmer Producer Company (FPC), registered under the Companies Act (1956), is emerging as the most effective means for 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 like Deposit Acceptance, Loan against Security, Profit Allocation to the Members, No Taxes on the Agricultural Income, and Loan Facility to Members [1]. 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 a reduction in transaction costs. Members can also collectively tap high-value markets and enter into partnerships with private entities on equitable terms. 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 also includes promoting mutual assistance, welfare measures, financial services, and insurance of producers or their primary produce [6]. The instrument of FPOs registered as Farmer Producer Company (FPC) is emerging to be effective. FPOs focused on addressing the issue of crop planning, technology infusion, input supply, and primary marketing [16].

1.1 Problems and Challenges Faced by the FPOs [1]

According to the NABARD challenges faced in building FPOs are lack of technical Skills/ Awareness, Lack of/ Inadequate Professional Management, Weak Financials, Inadequate Access to credit, Lack of Risk Mitigation Mechanism, Inadequate Access to Market, and Inadequate Access to Infrastructure [4]. Low crop yield and tiny land holdings were the biggest issues, followed by the low prices of farm products. Other issues were the absence of improved seeds, high input costs, an unorganized market, a labor shortage during harvest, a high cost of farm mechanization, and wildlife harming agricultural crops [2]. Irrespective of the registration of FPOs as FPCs or Co-operatives, Farmer Producer Organizations are capable of supporting India's small and medium-sized farmers. However, they do have some restrictions in terms of money management, leadership and negotiation abilities, Lack of knowledge of good agricultural practices (GAP), and periodic updating of farmers

with the most recent technologies and also studies in agriculture and allied disciplines were additional issues [3]. Smallholder farmers faced different issues and challenges like mobilization of farmers, Skill set of the Board of Directors & Chief Executive Officer, Problems related to financing, Equity Grants, and Challenges related to policy [10]. Farmers faced difficulties in finding information on producer organizations for farmers include the absence of local leaders, improper coordination of various group activities, lack of government department support following the creation of FPCs, member's political allegiance, FPCs not well understood by banks, and these businesses only have a restricted number of banking relationships. Individual members receive insufficient profit, and village workers not adequately informing them about all FPC-related schemes [13]. The main challenge that the Farmer Producer Groups (FPG) members encountered was the absence of sufficient employees to offer leadership in group activities. The study shows that the respondents struggle to take use of collectivization's advantages because they lack marketing expertise. The credit offered needed to be increased in order to increase the producers' market share and transportation expenses were to be kept to a minimum. The participation of the members should be increased, and they should be involved in the decision-making process, as the success of any organization or group depends on the dedication of the members [15]. FPOs face different constraints, categorized into technical constraints, labor and economic constraint, marketing constraint, and organizational constraints [7].

2. Methodology

The study entitled "Study on Farmers Attitudes and problems Towards Farmer Producer Companies (FPCs) in Bhavnagar District of Gujarat" includes interviewing respondents using a Semi-Structured Schedule and analyzing their responses with the help of Analytical tools. The research covered the different villages of Mahuva and Talaja taluka of the Bhavnagar district of Gujarat.

2.1 Source of data

- Primary data were collected from respondents with the help of a Semi-Structured schedule to meet the objective of the study.
- Secondary data were collected from different institutions' websites, annual reports, and government sources.

Table 1: Materials and Methods

Type of Research	Descriptive research
Sampling method	Non-Probability
Sampling technique	Purposive sampling
Sample unit	Farmers
Sample size	100 Farmer (50 from Mahuva + 50 from Talaja)
Sample area	Mahuva and Talaja Taluka of Bhavnagar district
Research instrument	Structured Schedule
Analytical tools	Average, Frequency, Percentage, Weighted average mean, Tabular analysis and Garret ranking

2.2. Objectives

1. To study the socio-economic profile of the farmers
2. To study the attitude of farmers Toward Farmer Producer Companies (FPCs)
3. To study the problems faced by the farmers

3. Results and Discussions

Objective 1: To study the socio-economic profile of the farmers

3.1 Gender Profile

Table 2: Gender Profile

Sr. No.	Gender	Frequency	Percentage
1	Male	98	98
2	Female	2	2
	Total	100	100

From table 2, it was found that out of 100 farmers, there were 98 males and only 2 were females. Less number of female farmers indicates that there was very low women's participation in agriculture as far as the study area is concerned.

3.2 Age of Respondent

Table 3: Age of Respondent

Sr. No.	Age of Respondent	Frequency	Percentage
1	20-30	18	18
2	31-40	36	36
3	41-50	25	25
4	51-60	16	16
5	61-70	05	05
	Total	100	100

From above table 3, it was found that the majority of 36(36%) farmers were between 31 - 40 age group followed by 25(25%), 18(18%), and 16 (16%) farmers representing 41-50, 20-30, and 51-60 age group respectively. Only 5(5%) farmers were between the 61-70 age group.

3.3 Size of Landholding

Table 4: Size of Land Holding

Sr. No.	Land Holding (Hectare)	Frequency	Percentage
1.	Marginal (Less Than 1 ha)	4	4
2.	Small (1 to 2 ha)	3	3
3.	Semi-Medium (2 to 4 ha)	19	19
4.	Medium (4 to 10 ha)	55	55
5.	Large (More Than 10 ha)	19	19
	Total	100	100

Source: Press Information Bureau, GoI

The data presented in table 4, shows that nearly half of the respondents (55 percent) had a medium size of land holding (4 to 10 ha) followed by 19 percent for both semi-medium (2 to 4 ha) and large (10 ha and above) size of land holding. Only 4 percent of farmers had a marginal size of land holding (less than 1 ha) and 3 percent of farmers were found small farmers (1 to 2 ha). There were only 7 percent of farmers belonged to marginal and small farmers.

3.4 Level of Education

Table 5: Level of Education

Sr. No.	Level of Education	Frequency	Percentage
1	Illiterate	16	16
2	Primary level (1 st to 8 th std.)	45	45
3	Secondary level (9 th to 12 th std.)	33	33
4	Graduate	05	05
5	Post Graduate	01	01
	Total	100	100

Table 5 clearly indicates that 16% of farmers were illiterate and 45% of farmers had a primary level of education and one-third of farmers had a secondary level of education followed by 5 percent and 1 percent of the farmers who were having graduated and postgraduate levels of education, respectively. It can be seen from table 5 that, most of the farmers were literate.

3.5 Annual Income Level

Table 6: Annual Income Level

Sr. No.	Annual Income Level	Frequency	Percentage
1	Up to Rs. 1,00,000/-	22	22
2	Rs. 1,00,001/- to Rs. 2,00,000/-	21	21
3	Rs. 2,00,001/- to Rs. 3,00,000/-	21	21
4	Rs. 3,00,001/- to Rs. 4,00,000/-	10	10
5	Above Rs. 4,00,001/-	26	26
	Total	100	100

The data presented above in table 6 indicates that 26 percent of farmers annual income was more than Rs. 400001/- and 22 percent of farmers annual income was below Rs. 100000/-. There were 21 percent of farmers found whose incomes were between Rs. 100001/- to 200000/-, and also 21 percent of farmers had annual income were between Rs. 200001/- to Rs. 300000/-. Only 10 percent of farmers found whose annual income was between Rs. 300001 to Rs. 400000/-. One-fourth of the farmer was found whose incomes were more than Rs. 400001/- due to the higher size of land holding.

3.6 Source of Agriculture Information

Table 7: Source of Agriculture Information

Sr. No.	Source of Agricultural Information	Frequency
1	Agriculture Assistants	25
2	Gram Sevak	92
3	Scientist of Agriculture University	79
4	Progressive Farmer of nearby areas	90
5	Through FPCs Staff	30
6	Through Friends & Relatives	95

Table 7 indicated that the researcher had multiple answers about the sources of information respondents received for Agriculture in the surveyed area from different available sources. Table 7 highlighted that the majority of the respondents received agriculture-related information from friends & relatives, gram sevak, progressive farmers of the nearby areas, and Scientists of Agriculture University. A small number of the respondents mentioned that they received agriculture-related information through the FPCs staff and through the agriculture assistants.

Objective 2: To study the attitude of farmers Toward Farmer Producer Companies

3.7 Farmer's Attitude Towards Farmer Producer Companies

Table 8: Farmer's Attitude Towards Farmer Producer Companies

Sr. No.	Category	Frequency	Percentage
1	Less positive (Up to 36 scores)	31	31
2	Moderately positive (36 to 40 scores)	40	40
3	Highly positive (above 40 scores)	29	29
	Total	100	100

It was observed from the distribution in table 8 that two-fifth of the respondent farmers (40.00 percent) had a moderately positive attitude towards Farmer Producer Companies (FPCs), followed by 31.00 percent and 29.00 percent of the respondent had a less and highly positive attitude towards Farmer Producer Company, respectively. Hence, it was

concluded that a cent percent of the farmers had a positive attitude toward the Farmer Producer Companies in the surveyed area.

3.8 Reasons for the attitude toward Farmer Producer Companies

Table 9: Reasons for the attitude toward Farmer Producer Companies

Sr. No.	Statement	Rank
1.	Small and marginal farmers get encouragement for doing farming as a professional business due to the farmers producer company.	5
2.	Farmers can purchase input conveniently due to FPCs.	4
3.	The board of directors does not treat all the farmer members equally.	8
4.	Scientific information provided by the FPCs is not up to date.	9
5.	Processing and storage of agricultural produce of farmer members of FPC are done neatly.	2
6.	Farmers face difficulties in the use of improved scientific technology in spite of their participation in FPCs.	6
7.	Farmers receive good profits due to the common sale of their agricultural produce by FPCs.	3
8.	Lack of transparency in financial transactions of FPCs.	10
9.	The capacity of the farmers to sell agricultural produce has increased due to FPCs.	1
10.	The FPCs scheme initiated by the government is just a namesake.	7

Table 9 indicates the reasons for the attitude toward FPCs by respondents in the study area. From table 9, the researcher concluded that respondents from the study area gave “the capacity of the farmers to sell agriculture produce has increased due to FPCs” as the first rank. The second rank was given to “Processing and storage of agriculture produce of farmers member is done neatly”. The third rank was given to “Farmers receive good profits due to common sale of their agricultural produce by FPC”. “Farmers can purchase input conveniently due to FPC” given ranked fourth, and “Small and marginal farmers get encouragement for doing farming as a professional business due to the farmers producer company” was the fifth rank given by the respondents. The sixth rank was given to “Farmers face difficulties in the use of improved

scientific technology in spite of their participation in FPC”. “FPC scheme initiated by the government is just namesake” was ranked seventh. “The board of directors does not treat all the farmer members with equality” was ranked eighth. The ninth rank was given to “Scientific information provided by the FPC is not up to date” and the tenth rank was given to “Lack of transparency in financial transactions of FPC” by the respondents for their attitude toward the FPCs in the study area.

Objective 3: To study the problems faced by the farmers

3.9 Problems Faced by the Farmers

Table 10: Problems Faced by the Farmers

Sr. No.	Problem Statements	Rank
1	Lesser prices in FPCs as compared to the open market	1
2	Agri-Assistants did not share the information	2
3	Printed literature not being available for a package of practices	3
4	Not aware of Other benefits of FPCs	4
5	Technical language barrier	5
6	Information shared by FPCs is inadequate	6
7	Lack of publicity about the FPCs	7

From table 10, it was observed that farmers get a higher price in the open market if they sell produce in the open market rather than FPCs. The second rank was given to agriculture assistants not share information. Printed literature not being available for a package of practices was the third problem faced by farmers, and farmers not aware of other benefits of FPC were given the fourth rank by the respondents in the study area. The technical language barrier was the fifth rank, which means that it may be possible that farmers were not able to understand the scientific language provided by FPCs personnel. Information shared by FPCs is inadequate was the sixth rank given by the respondents in the study area. The seventh rank was given to the Lack of publicity about the FPCs, by the respondents in the study area.

4. Conclusions

The majority of farmers were male, between the age of 31 to

40, and more than half of farmers had a medium level of land holding. Almost half of the farmers had a primary level of education. An overall positive attitude was observed toward the farmer producer company. Major problems faced by the farmers were, farmers getting a higher price in the open market if they sell produce in the open market rather than FPC, agriculture assistants not sharing information, and printed literature not being available for a package of practices.

5. Suggestions

FPCs may increase their visibility through promotional tools like farmers meetings for a small group of villagers and progressive farmers of the nearby areas. During the meeting, the FPCs may also explain the different benefits like Deposit Acceptance, Loan against Security, Profit Allocation to the Members, No Taxes on Agricultural Income, and Loan

Facility to Members^[1] and also develop transparency & up to date information on the FPCs work, so the member farmers trust may be increased towards the FPCs.

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