



Original Research

Analysis of Services Rendered to Dairy Farmers by Farmer Producer Companies

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Abstract

The presented study on services provided by farmer producer companies was carried out in five companies of Kerala. From each company 24 members were selected randomly. Services provided by farmer producer companies to members were analyzed statistically. The study revealed that, in case of organizational services majority of the respondents agreed that almost all companies provided facilitation such as organizing farmers for occupational problem diagnosis (92.50%), catalyzing collective action for remedial measures (89.17%), capacity building through training and exposure visit (80.00%), organizational service in terms of establishing internal monitoring system (86.67%) and access to distribution network (83.33%). In case of production services 95.00 percent respondents viewed that production companies provided high quality of inputs, 94.16 percent respondents reported input supply at subsidized rate and 85 percent of the respondents reported that companies provided input supply at door step. Direct output marketing (cent percent) is the major marketing related service the companies are providing.

Key words: Dairy, Farmer Producer Company, Kerala, Services

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Introduction

With the amendment of the Companies Act 1956 in 2002, the Indian government introduced the concept of producer companies, which constitutes an attempt to establish basic business principles within farming communities, to bring industry and agriculture closer and to boost rural development (Kumar, 2008). Farmer producer companies can be seen as hybrid between private companies and cooperative societies. The producer company concept is aimed to combine the efficiency of a company with the 'spirit' of traditional cooperatives. Producer companies aim to integrate smallholders into modern supply networks minimizing transaction and coordination costs, while benefiting from economies of scale (Lanting, 2005). Pastakia (2007) indicates that collectivization of informal institutions at the grassroot, through federations





of people's institutions or through cooperatives or producer companies, has emerged (in India) as the most important strategy for scaling up and strengthening livelihood interventions. Many of the interventions which previously started with the cooperative structure are now shifting over to producer company format. The main advantage seems to be the lack of interference from government officials. It also enables the organization to focus entirely on the economic activity in a professional way so as to compete in the open market with other private companies.

Hence, the producer company is a multi-purpose, potentially multi-tiered formal institution of primary producers in India that has all the core features of private enterprise but incorporates mutual assistance principles in its mandate similar to cooperatives. Hellin *et al.* (2009) in a study of producer organization stated that producer companies are providing services such as organizational services in terms of organizing farmers, catalyzing collective action, building capacities, establishing internal monitoring systems; production services like input supply, facilitation of (collective) production activities; marketing services such as transport and storage, output marketing, processing, market information and analysis, branding, certification; financial services like savings, loans and other forms of credit, financial management; technology services like education, extension, research, education services like business skills, health; welfare services like health, safety net, management of resources like water, pasture, fisheries, forests, soil conservation. Bhattacharjee (2010) in a case study of Dhari Krushak Vikas Producer Company Limited (DKVPCL), Amreli, Gujarat, reported that DKVPCL with support from DSC (supporting agency) is providing services that include provision of farm inputs, information, training, technical assistance, credit, research and marketing services and another case study related to Devarnaghathi Agro-Producer's Company Private Limited, Kalogi, Uttarakhand (Promoting Agency: Himalayan Action Research Centre, Dehradun) stated that the present strategy of the company is helping the producers in marketing of off-season vegetables in Delhi.

Materials and Methods

The present study was purposively conducted in Kerala state. Kerala divided in to three zones namely Southern, Central and Northern (Padhmanabhan, 2011). Based on the information from NABARD Regional centre, Thiruvananthapuram, there were 11 animal based farmer producer companies working during July 2017- 2018. Out of these 11 animal based farmers producer companies, 5 dairy based farmer producer companies were selected purposively i.e. one from Northern, two from Central and two from Southern region. These companies were located in the districts of Wayanad (Northern zone), Palakkad (Central zone), Idukki (Central zone), Pathanamthitta (Southern zone) and Thiruvananthapuram (Southern zone). The ex-post facto research design was applied in this study. The producer companies had atleast 2 years of its existence. The respondents were selected on the basis of membership since last 2 years with



particular company. Finally 120 respondents were included in the study.

Services provided by company refers to organizational services, production services, marketing services and financial services. Organizational services include organizing farmers for occupational problem diagnosis, catalyzing collective action, capacity building, establishment of internal monitoring system and access to distribution network. Production services include input supply at doorstep, input supply at subsidized rate and supply of quality inputs. Marketing services include transport and storage, direct output marketing, processing, information on market trend, branding, byproduct utilization and advertisement. Financial services includes saving, loan and financial management. Respondent getting corresponding services were counted. Results were expressed in frequencies and percentages.

Results and Discussion

Facilitation provided by the company to their members was assessed in terms of organizational services, production services, financial services and marketing services. Pooled data in Table 1 indicated that in case of organizational services majority of the respondents agreed with all the facilitation services such as organizing farmers for occupational problem diagnosis (92.50%), catalyzing collective action for remedial measures (89.17%) and capacity building through training and exposure visit (80.00%) followed by organizational service in terms of establishing internal monitoring system (86.67%) and access to distribution network (83.33%).

Table 1: Distribution of respondents according to organizational services

S. No.	Organizational Services	Name of the Selected Dairy Based Farmer Producer Company					
		FPC-1 (n=24)	FPC-2 (n=24)	FPC-3 (n=24)	FPC-4 (n=24)	FPC-5 (n=24)	Pooled (n=120)
1	Organizing farmers for occupational problem diagnosis	20 (83.34)	23 (95.83)	23 (95.83)	22 (91.67)	23 (95.83)	111 (92.5)
2	Catalyzing collective action for remedial measures	20 (83.34)	21 (87.5)	22 (91.67)	22 (91.67)	22 (91.67)	107 (89.17)
3	Capacity building through training and exposure visit	18 (75)	20 (83.33)	20 (83.33)	19 (79.17)	19 (79.17)	96 (80)
4	Establishing internal monitoring systems through coordinated management	19 (79.16)	22 (91.67)	21 (87.5)	21 (87.5)	21 (87.5)	104 (86.67)
5	Favorable access to distribution network through external institutional linkage	15 (62.5)	23 (95.83)	21 (87.5)	20 (83.33)	21 (87.5)	100 (83.33)

(*Figures in parenthesis indicate percentage)

The Table 2 indicates that in case of production services 95 percent respondents viewed that production companies provided high quality of inputs followed by input supply at subsidized rate (94.16%) and 85.00 per cent of the respondents reported that companies provided input supply at door step.

Table 2: Distribution of respondents according to production services

S. No.	Production Services	Name of the Selected Dairy Based Farmer Producer Company					
		FPC-1 (n=24)	FPC-2 (n=24)	FPC-3 (n=24)	FPC-4 (n=24)	FPC-5 (n=24)	Pooled (n=120)
1	Input supply at subsidized rate	24 (100)	24 (100)	24 (100)	24 (100)	17 (70.83)	113 (94.16)
2	Input supply at door step	20 (83.34)	24 (100)	24 (100)	24 (100)	10 (41.67)	102 (85)
3	High quality of inputs	24 (100)	20 (83.34)	24 (100)	24 (100)	22 (91.66)	114 (95)

(*Figures in parenthesis indicate percentage)

The data in Table 3 shows that only FPC-3 started savings facility. It has not been started in any other company. In case of financial services only financial management of share capital was provided by the respective companies.

Table 3: Distribution of respondents according to financial services

S. No.	Financial Services	Name of the Selected Dairy Based Farmer Producer Company					
		FPC-1 (n=24)	FPC-2 (n=24)	FPC-3 (n=24)	FPC-4 (n=24)	FPC-5 (n=24)	Pooled (n=120)
1	Savings	-	-	24 (100)	-	-	24 (20)
2	Loan	-	-	-	-	-	-
3	Financial management	20 (100)	24 (100)	24 (100)	24 (100)	24 (100)	116 (96.67)

(*Figures in parenthesis indicate percentage)

Table 4 shows that cent per cent of the respondents opined that in case of marketing, direct output marketing facility were provided by the companies followed by-product utilization facilities (95%). There is no branding of products in companies like FPC-2, FPC-3 and FPC- 5. Other marketing facilities were transport and storage, processing/value addition, market trend information and advertisement.

Table 4: Distribution of respondents according to marketing service

S. No.	Marketing Services	Name of the Selected Dairy Based Farmer Producer Company					
		FPC-1 (n=24)	FPC-2 (n=24)	FPC-3 (n=24)	FPC-4 (n=24)	FPC-5 (n=24)	Pooled (n=120)
1	Transport and Storage	20 (83.34)	24 (100)	23 (95.83)	12 (50)	20 (45.83)	99 (82.5)
2	Direct Output Marketing	24 (100)	24 (100)	24 (100)	24 (100)	24 (100)	120 (100)
3	Processing/value addition	12 (50)	24 (100)	24 (100)	24 (100)	24 (100)	108 (90)
4	Market trend information	24 (100)	20 (83.34)	22 (91.67)	24 (100)	22 (91.67)	112 (93.33)
5	Branding	24 (100)	-	-	24 (100)	-	48 (40)
6	By product utilization	23 (95.83)	22 (91.66)	22 (91.67)	24 (100)	23 (95.83)	114 (95)
7	Advertisement	24 (100)	23 (95.83)	20 (83.34)	23 (95.83)	14 (58.34)	104 (86.67)

(*Figures in parenthesis indicate percentage)

Conclusion

Study indicated that in case of organizational services majority of the respondents agreed that almost all companies provided facilitation such as organizing farmers for occupational problem diagnosis (92.50%),





catalyzing collective action for remedial measures (89.17%), capacity building through training and exposure visit (80.00%), organizational service in terms of establishing internal monitoring system (86.67%) and access to distribution network (83.33%). In case of production services 95.00 percent respondents viewed that production companies provided high quality of inputs, 94.16 percent respondents reported that input supply at subsidized rate and 85 percent of the respondents reported that companies provided input supply at door step. Direct output marketing is the major marketing related service companies are providing. Overall, farmer producer companies are providing services which is very useful and giving more income earning chances. Extension agencies should make awareness to farmers about added advantages of joining farmer producer companies and services they are deriving out of that.

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