

Profile of Farmer Producer Company (Dairy based) Members in Kerala

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ABSTRACT

Farmer producer companies, or FPCs, are considered to be institutions that have all the significant features of private enterprise while incorporating principles of mutual assistance in their mandate, like co-operatives. The efforts for finding socio economic profile of farmer producer company members in Kerala were carried out in five companies. From each companies 24 members were selected. Socio economic profile of company members was analyzed using frequency and percentage. Majority (64.17 %) of the respondents belonged to middle age group, completed secondary education (58.33%), belonged to medium family size (79.17%) and owned marginal land size (74.14%). Majority of members were practicing dairy farming as main occupation (50%), had medium level of income (60%). Majority of members selling milk to the company (83.33%) and availed loan from commercial banks (70.83%). Among crop production problems, low price of farm produce is the major problem (91.67%) and in case of milk production problems, low price of milk (80.83%) was the major cause. Problems faced by farmers can be rectified through utilizing the services provided by farmer producer companies to some extent. Thus extension agencies and other government schemes should promote the formation of more farmer producer companies.

Keywords: Dairy, farmer producer company, occupation, socio- economic variables.

INTRODUCTION

A Producer Company (PC) is one such and relatively new legal entity of the producers of any kind, viz., agricultural produce, forest produce, artisanal products, or any other local produce, where the members are primary producers. Producer Company as a legal entity was enacted in 2003 as per section IXA of the Indian Companies Act 1956. Since the above enactment, the Producer Company has been hailed as the organizational form that will empower and improve the bargaining power, net incomes and quality of life of small and marginal farmers in India. 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. Trebbin and Hassler (2012) stated that producer companies could help smallholder farmers to participate in emerging high-value markets, such as the export market and can unfold the modern retail sector in

India. Producer companies can help to enhance farmer's competitiveness and increase their advantage in emerging market opportunities. Sawairam (2015) in Maharashtra reported that to put an end to exploitation by middleman, farmers themselves formed Producer Company. Abraham (2015) found that through institutional arrangements members were able to cooperate and also to coordinate access to upstream markets (e.g. credit, inputs and research and extension services) and downstream markets (e.g. commodity markets) to achieve its economic goals. Producer companies bring farmers together and thereby enhance their bargaining power while marketing their produce. They also help in disseminating modern agricultural technologies/ practices. Pastakia (2007) reported that collectivization of informal institutions at the grassroots 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

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producer company format. The main advantage seems to be 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, similarly to cooperatives, incorporates mutual assistance principles in its mandate.

Organisations like farmer producer company provides better income to the members. In order to provide insight on how the beneficiary incomes get generated, it is very essential to know about socio economic profile of member farmers and problems faced by them.

METHODOLOGY

The state Kerala purposively selected for the study. First farmer producer company was started in Kerala and researcher belongs to study area. There are 103 agro animal based farmer producer companies are working during the study period. Geographically Kerala divided in to three zones namely southern, central and northern (Padhmanabhan, 2011). In all the zones there were 11 animal based farmer producer companies working during July 2017-June 2018. Out of these 11 animal based farmers producer companies 5 companies are dairy based. So all five farmer producer companies were selected. These companies are located in districts like Wayanad (northern zone), Palakkad (central zone), Idukki (Southern zone), Pathanamthitta (Southern zone) and Thiruvananthapuram (Southern zone). The ex-post facto research design was carried out in this study. The information was generated from 24 farmer members of the each selected companies. The respondents were selected on the basis of continuous membership from last 2 years with particular company. Finally 120 respondents were included in the study. The variables which will be representative of socio-economic profile are selected for study. These were age, education, family size, land holding, occupation, annual income, herd size and herd composition, milk marketing channel, loan facility and problems in farming.

RESULTS AND DISCUSSION

Age

Findings of the study Table 1 revealed that majority (64.17%) of the respondents belonged to middle age group that ranges from 36-50 years followed by old age group (>50 years) and young age group (< 35 years) which accounts for 30.83 per cent and 5.00 per cent

respectively in the study area. Studies are in line with Sreeram (2015), who conducted study on Kudumbashree NHGs of Palakkad district of Kerala proving that middle age groups were participating more in farmer organizational set up than other age level groups like younger age and old age. Middle age group has taken interest in forming farmer groups.

Table 1: Distribution of respondents according to selected socio-economic variables

Particulars	Category	FPC-1	FPC-2	FPC-3	FPC-4	FPC-5	Total
Age	Young (35 years)	2 (8.33)	2 (8.33)	0 (0)	0 (0)	2 (8.33)	6 (5.00)
	Middle (36-50 years)	20 (83.33)	17 (70.83)	20 (83.33)	4 (16.67)	16 (66.67)	77 (64.17)
	Old (>50 years)	2 (8.33)	5 (20.83)	4 (16.67)	20 (83.33)	6 (25.00)	37 (30.83)
Education	Middle	0 (0)	0 (0)	2 (8.33)	0 (0)	0 (0)	2 (1.67)
	Secondary	0 (0)	21 (87.5)	18 (75)	10 (41.67)	21 (87.5)	70 (58.33)
	Higher Secondary	11 (45.83)	3 (12.5)	2 (8.33)	12 (50)	3 (12.5)	31 (25.83)
	Graduate and above	13 (54.17)	0 (0)	2 (8.33)	2 (8.33)	0 (0)	17 (14.17)
Family size	Small (< 4)	4 (16.67)	2 (8.33)	2 (8.33)	2 (8.33)	4 (16.67)	14 (11.67)
	Medium (4-7)	20 (83.33)	20 (83.33)	21 (87.50)	18 (75)	16 (66.67)	95 (79.17)
	Large (>7)	0 (0)	2 (8.33)	1 (4.17)	4 (16.67)	4 (16.67)	11 (9.16)
Land holding	Marginal (<1ha)	21 (87.50)	18 (75.00)	20 (83.33)	10 (41.67)	20 (83.33)	89 (74.15)
	Small (1-2 ha)	3 (12.50)	6 (25.00)	4 (16.67)	5 (20.83)	4 (16.67)	22 (18.34)
	Semi- medium (2-4 ha)	0 (0)	0 (0)	0 (0)	7 (29.17)	0 (0)	7 (5.84)
	Medium (4-10 ha)	0 (0)	0 (0)	0 (0)	2 (8.33)	0 (0)	2 (1.67)

Annual income range (in ₹)	Low (<30,000)	0 (0)	14 (58.33)	10 (41.67)	0 (0)	0 (0)	24 (20.0)
Medium (30,000-70,000)	6 (25.00)	10 (41.67)	12 (50.00)	20 (83.33)	24 (100)	72 (60.0)	
High (>70,000)	18 (75.00)	0 (0)	2 (8.33)	4 (16.67)	0 (0)	24 (20.0)	

(*Figures in parenthesis indicate percentage)

Education

Table 1 indicated that majority of the respondents (58.33%) had secondary level of education followed by about 25.83 per cent higher secondary level and 14.17 percent members had education qualification graduation and above. Studies are in line with Sreeram (2015), who conducted study on NHGs of Palakkad district of Kerala showed that most of the members of farmer organizational setup had completed secondary education which is contradictory to the study conducted by Tanmay (2012), on business performance of producer companies in M.P. where most of the members had not completed secondary education.

Family Size

The data presented in Table 1 indicated that majority of respondents (79.17%) belonged to medium family size (4-7members) followed by 11.67 per cent small family size and 9.17 percent belonged to high family size *i.e.* more than 7 members in a family.

Land Holding

Table 1 indicates that majority of members of the Farmer Producer Company (74.15%) had marginal land followed by 18.34 per cent small sized land; 5.84 had semi-medium land size and 1.67 per cent had medium land holding.

The members of FPC-4 (29.33%) had semi-medium land holding and 8.33 per cent members had medium sized land which is in contradictory to the study conducted by Tanmay (2012) where most of the farmers had a minimum of semi-medium land holding. In Kerala most of the farmers belongs to marginal landholding category.

Occupation

Data presented in Table 1 indicated that half of the respondents were practicing dairy farming as main occupation followed by 28.30 per cent mixed farming. The targeted respondents were from dairy based Farmer Producer Company, which might be the reason for majority has dairy farming as their main occupation. About 14.20 per cent of the respondents had agriculture as

main occupation and only 7.50 per cent of the respondents had services, business and other activities along with agriculture as occupation in the study area.

Annual Income

Table 1 revealed that majority (60.00%) of respondents had medium level of annual income (range ₹ 30 to 70 thousand) followed by equally 20.00 percent in low and high income categories.

Herd Size and Composition

Table 2 revealed that in all the selected farmer producer companies cent percent of the respondents rearing cattle as a main dairy animals, along with cattle few farmers rearing goats in the herd and only one respondent had buffalo. In case of herd size 45.83 per cent of the respondents had 3-6 cattle, mostly crossbred followed by 44.16 in low category and 10.00 per cent respondents had large cattle size. In the study area majority of the dairy animals were cattle only.

Table 2: Distribution of respondents according to herd composition and cattle size

Herd composition	Name of the Farmer Producer Company					
	FPC-1	FPC-2	FPC-3	FPC-4	FPC-5	Pooled
Cattle	24 (100)	24 (100)	24 (100)	24 (100)	24 (100)	120 (100)
Goat	2 (8.33)	4 (16.67)	7 (29.17)	5 (20.83)	4 (16.67)	22 (18.33)
Buffalo	0 (0.00)	0 (0.00)	0 (0.00)	1 (4.17)	0 (0.00)	1 (0.83)
Herd size (cattle)						
Low (< 3)	2 (8.33)	4 (16.67)	11 (45.83)	14 (58.33)	22 (91.67)	53 (44.16)
Medium (3-6)	20 (83.33)	14 (58.33)	11 (45.83)	8 (33.33)	2 (8.33)	55 (45.83)
Large (> 6)	2 (8.33)	6 (25.00)	2 (8.33)	2 (8.33)	0 (0.00)	12 (10.00)

(*Figures in parenthesis indicate percentage)

Milk Marketing Channel

Table 3 indicated that 83.33 per cent of the respondents sold milk to their respective Farmer Producer Company or milk outlets suggested by the producers company. Only 10 per cent of respondents sold milk directly to the customers in the locality and few respondents (6.67%) sold milk to the milk society in the village. Cent percent of FPC-2 members sold milk to company.

Table 3: Distribution of respondents according to milk sale pattern

Channels	Name of the farmer producer company					
	FPC-1	FPC-2	FPC-3	FPC-4	FPC-5	Pooled
Milk society (Milma)	2 (8.33)	0 (0.00)	2 (8.33)	2 (8.33)	2 (8.33)	8 (6.67)
Farmer Producer Company (suggested outlet)	18 (75.00)	24 (100.00)	18 (75.00)	20 (83.33)	20 (83.33)	100 (83.33)
Direct customers	4 (8.33)	0 (0.00)	4 (16.67)	2 (8.33)	2 (8.33)	12 (10.00)

(*Figures in parenthesis indicate percentage)

Loan Facility

Data in Table 4 revealed that 70.83 per cent of respondents had taken loan from commercial banks followed by 56.67 per cent taken loan from self help groups, whereas 20.83 of the respondents taken loan from cooperative banks. Loan provided by cooperative societies and self help group are insufficient for farmers. So they are depending on commercial banks for their loan. Easy accessibility is the other major reason why farmers taking loan from commercial banks.

Table 4: Distribution of respondents according to loan facility

Loan Facility	Name of the Farmer Producer Company					
	FPC-1	FPC-2	FPC-3	FPC-4	FPC-5	Pooled
Commercial bank	21 (87.50)	18 (75.00)	23 (95.83)	9 (37.50)	14 (58.33)	85 (70.83)
SHG	10 (41.67)	12 (50.00)	23 (95.83)	7 (29.17)	16 (66.67)	68 (56.67)
Cooperative bank	0 (0.00)	14 (58.33)	7 (29.17)	4 (16.67)	0 (0.00)	25 (20.83)

(*Figures in parenthesis indicate percentage)

Problems in Farming

Table 5 indicated that majority, 91.67 per cent of the respondents perceived that low prices of farm produce is the main problem followed by small land holding and low crop productivity in the area. Other problems were non availability of improved seed, high input cost, lack of organized market, scarcity of farm labour in harvesting season, high cost of farm mechanization and wild animals damaging the agriculture crops. These findings are in correlation with studies of Subhadra *et al.* (2009), conducted at Thrissur and Palakkad districts of Kerala.

In case of dairy farming, majority 83.33 per cent of respondents perceived that low price of milk is the main problem in development of dairy farming in commercial level followed by high feed cost and high cost of animal treatment and these were at second and third ranks respectively.

Table 5: Distribution of respondents according to problems faced in agriculture farming

n=120

Problems	Frequency	Percentage	Rank
Low price of farm produce	110	91.67	I
Small land holding	100	83.33	II
Low crop productivity	94	78.33	III
Non availability of improved seed	90	75.00	IV
High input cost	80	66.67	V
Lack of organized market	75	62.50	VI
Scarcity of farm labor in harvesting season	73	60.83	VII
Lack of storage facilities	70	58.33	VIII
High cost of farm mechanization	59	49.16	IX
Wild animals	38	31.66	X

Table 6: Distribution of respondents according to problems faced in dairy farming

n=120

Problems	Frequency	Percentage	Rank
Low price of milk	97	80.83	I
High feed cost	90	75.00	II
High cost of animal treatment	80	66.66	III
Low productivity of indigenous cow	70	58.33	IV
Irregular payment from milk society	63	52.50	V
Lack of scientific knowledge	62	51.67	VI
Lack of organized market for animal trading	59	49.17	VII
Parasite infestation in crossbred cow	49	40.83	VIII
Lack of training facility	45	37.50	IX
Lack of good quality semen	40	33.33	X

CONCLUSION

Socio economic profile of company members shows that economic progressiveness is an important requirement needed by farming community. The institutions like farmer producer company can facilitate for solving their farming related problems to some extent. Thus extension agencies and other government schemes should promote the formation of more farmer producer companies and improving the awareness level of concepts.

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