FARMER PRODUCER COMPANIES IN MAHARASHTRA

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Introduction to Producer Companies:

Owing to neo-liberal policies, there has been a huge increase in the number of large retail shops; (and/owned by) multi-national or Indian corporations in the food market. This has also caused a large number of consumers to purchase from 'branded' retail stores instead of the local vendors. The retailers also had plenty of scope to mark-up the prices for the processed food products, since there were increased expectations regarding the quality and standard of food. Naturally, this commanded an even tighter governance of supply chains. However, in this scheme, the farmer is not benefitted by increased margin, as the increase in price is only for post production food products. The expectation of farmers while carrying on agricultural activities is, beyond meeting his/her consumption needs, to be able to get a reasonable return on the time and money invested by him.[1] Previously, they used to sell their produce directly to the consumer, now they are mere suppliers in the retail chain. Not only has this taken away the monopoly of the farmer, but also they are now highly dependent and controlled by the middleman, and ultimately by the retail market. Though middlemen had entered the retail food chain much earlier, their presence was more dominant after the implementation of neo-liberal policies[2]. Effectively, the link between the farmer and the market has been broken.

In order to get a good profit margin in the market, an important governing factor is the scale of the produce. Also, as I mentioned above, if the farmers are able to process the produce themselves, they would be able to offer a competitive price in the trending market. However, it is difficult for an individual farmer to invest that much time and capital in the post-processing of the food produce. It would definitely help if a number of small farmers pooled in their resources together in order to buy the required machinery, equipments or the suitable techniques according to their type and scale of produce. This would basically integrate smallholders into modern supply networks. For this regard, there have been several examples of cooperatives in UK and some other European countries. However, in India, they haven't been very successful in the agricultural sector; they have been effective in the dairy sector, but that too in a few states. In India, the major issues faced by cooperatives are excessive Government interference (funds were given on the condition of placing their members in the co-operative), biased decisions taken by the dominant members and a large focus on providing welfare[3] (in this sense, cooperatives were seen as pro-poor).

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[1] E.V.Murray: Producer Company Model - Current Status and Future Outlook: Opportunities for Bank Finance

[2] A Survey of Agricultural Economics Literature (1992): Lee.R.Martin

[3] E.V.Murray: Producer Company Model - Current Status and Future Outlook: Opportunities for Bank Finance

In 2003, as an amendment to the Companies Act 1956 (Part IX A Section 581C (2)), a new provision came up which recognized the need for a 'producer company' – the fourth type of corporate entity. It has the principles similar to that of cooperatives, but which can work with the efficiency of a company. It is basically a company having collective ownership of members who are necessarily primary producers (farmers, weavers, artisans etc.) themselves and having common goals and objectives. Some of the defining features of a producer company are as follows-

1. Membership can be either individual or institutional (say agricultural cooperatives which are producer institutes)
2. Unlike cooperatives, they can operate in other states across the country
3. One-person one-vote, irrespective of the number of shares
4. Shares are not tradable, but transferable among members only
5. Profit sharing: Equitable distribution of profit is decided upon in the Board meetings, wherein generally the most "active" members can take more share of profit so that free riding can be avoided
6. Money reserves (yearly) are mandatory

Objective:

In my short six-week stint from May 15th to June 30th 2016, my agenda was to prepare 2-3 in depth case studies on farmer producer companies (FPCs). As updated on the SFAC (Small Farmers' Agribusiness Consortium) until about 2014, there are around 324 FPCs registered all over India and at even more large numbers in the past couple of years. Since the current literature on producer companies has already focused on the background, need and implementation of these companies, I was more inclined towards documenting the challenges faced by a producer company post its registration and setup. Also, I wanted to conduct a comparative analysis between the models of the producer company and the cooperative, and whether the former has been able to overcome the latter's drawbacks using the legal provisions.

Selection of Cases:

The idea was to study producer companies of different types – say diversity in crop cultivation (growing different types of crop), ones which are self-initiated and the ones formed with the help of an external agency, comparison between those companies having a varied member size etc. With this intention, I was looking for farmer producer companies across Maharashtra (where I wouldn't have a language barrier). I chose VAPCOL as one of the cases, since this was one of the oldest companies and had been started by the NGO - BAIF. The write-up on VAPCOL is based on secondary literature and our visit to the head office in Pune (where we spoke to the administrator). I was in contact with another company called 'Khalapur Vegetable Producer Company Limited', located near Mumbai, which was self-initiated and which I thought could bring out a good contrast with VAPCOL. However, due to lack of concurrence on the dates of our visit, I was unable to visit this company. At the same time, I was also in contact with Dr. Prashant Narnaware, the District Collector of Osmanabad, who had been inviting us for visiting the farmer producer groups set up in their district. We also got word from another source that there were a couple of independently set-up producer companies in the district. Since both of them were in the same district, I decided to visit these two producer companies – Jayalaxmi Farmers Producer Company (setup by external agency) and VRD Agro Producer Company Limited (self-initiated).

Methodology:

The research I carried out was mainly of qualitative type. This included usage of both, primary and secondary sources.

Primary data- In case of VAPCOL, we spoke to Rama Shukla, who was the coordinator and administrator of the producer company. In Osmanabad, we had semi-structured interviews with a few Board of Directors and members of both producer companies – VRD Agro and Jayalxmi. We also spoke briefly to Mr. Amol Randive, who was the CEO of VRD Agro. As also, we spoke to a few people from ATMA (Agricultural Technology Management Agency) which is a supporting agency for these farmer producer groups. We learnt a good deal from Mr. Subhash Chole, Director of ATMA and Mr. Chavan, who is the Agricultural Officer.

Secondary data – This included references to information collected in the past for researches conducted on producer companies. Additionally, scholarly articles that have appeared in newspapers, journals were also highly useful.

CASE STUDY-1

VASUNDHARA AGRI-HORTI PRODUCER COMPANY LIMITED (VAPCOL)

I. Background/Need of VAPCOL:

In the past few decades, Bharatiya Agro-Industries Foundation (BAIF) has been committed to enhancing agriculture-based livelihoods. One of their initiatives was to actively encourage the concept of a “wadi,” wherein there is a conscious effort to plant different species in a particular plot of land. For instance, kesar mangoes (which gave high returns to the farmer) were cultivated along with timber or eucalyptus trees along the border. Overall, it resulted in a poly-cultural plantation. For the farmers to reap the benefits of the scale of the produce, BAIF organized them into agriculture cooperatives and provided them with techno-managerial support. However, there were some issues such as inability to trade across states (since cooperatives fall under the State Cooperative Societies Act), restrictions to build managerial capacity etc. In the year 2003, when the amendment to the Companies Act, 1956 gave the provision of forming a producer company, it seemed best-suited to integrate these cooperatives into a single unit. Accordingly, they registered the Vasundhara Agri-Horti Producer Company (VAPCOL) in 2004.

II. Brief Profile:

VAPCOL began with its operations in 2008, running in the five states of Gujarat, Karnataka, Madhya Pradesh, Maharashtra, and Rajasthan, but headquartered in Pune, Maharashtra. It is a two-tier organization, where there are cooperatives at the local level and a Farmer Producer Company (FPC) at the apex level. It is largely supported by BAIF, which helps the producer company in its administration, processing, and marketing of their products. Currently, its products include mangoes, cashew nuts, amla and their by-products. VAPCOL has one single unit for processing of mango and four units for cashew nut processing. These products are graded and packed under their own brand name ‘Vrindavan’.[4]

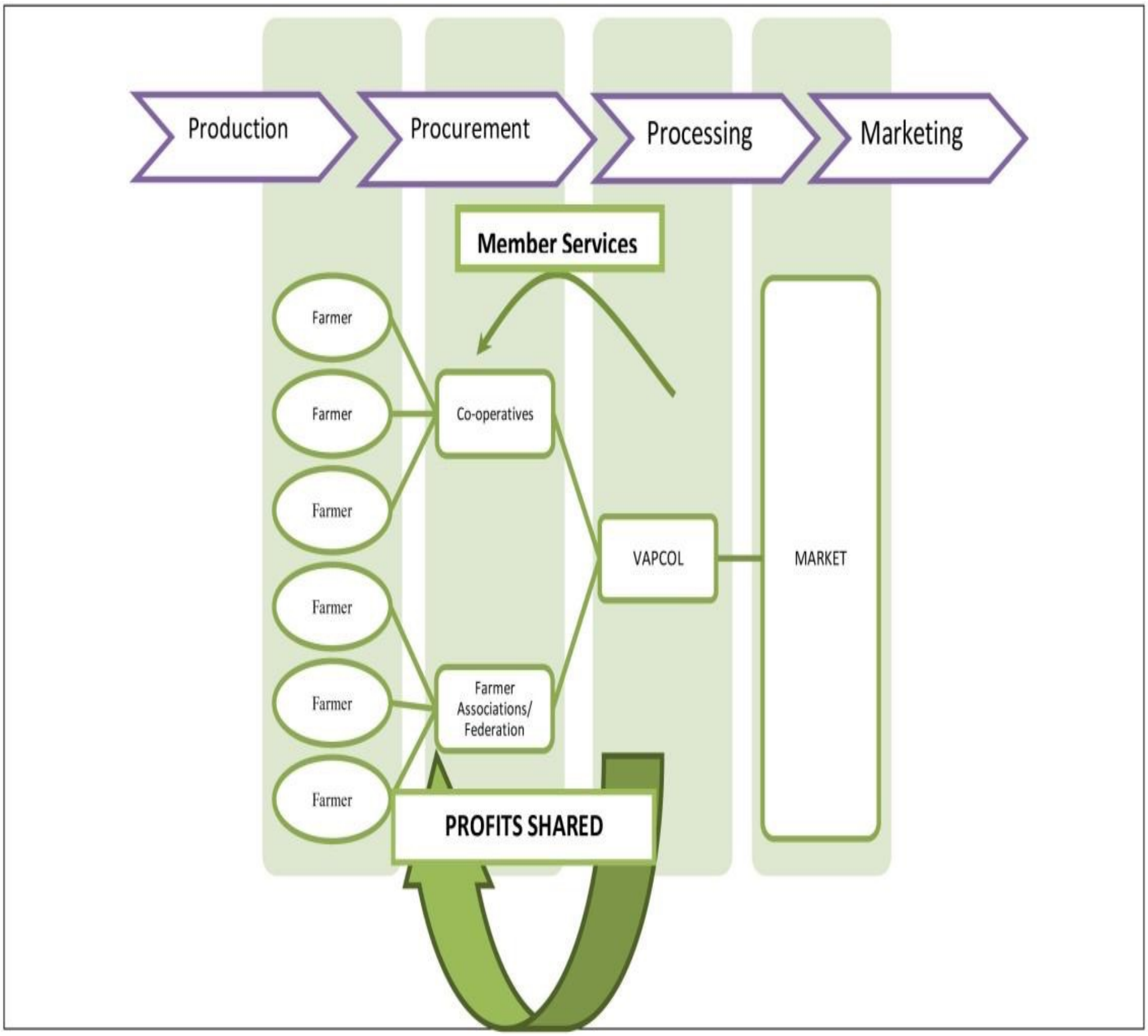
VAPCOL has about 41,000 members so far, spread over 55 institutes (in the form of agricultural cooperatives). To be a member of a producer company, a person must be a primary producer or a producer institute. Even with this criterion, VAPCOL has registered an impressive 13,848 members in Maharashtra alone.

[4] Anika Trebbin, Markus Hassler (2012): Environment Planning A 2012, volume 44, pages 411 - 427

During our visit with a financial administrator, we gathered that VAPCOL had the following objectives in establishing a producer company-

- To form a link between the farmers and the bulk buyers (through marketing)
- To be able to markup the prices after post-processing of products
- To provide techno-managerial support to the members
- To provide the farmers with a patronage bonus

Pictorial representation of VAPCOL



operations

Source: VAPCOL website - http://vrindavan.co.in/index.asp

III. Effects post-implementation:

VAPCOL was a remarkably successful venture in terms of getting a huge turnover of 34 million rupees in the first year itself.[5] Since they have their own brand name, they are selling the processed products directly into the consumer market and are able generate a larger profit. The enterprise has helped not just the farmers, but the entire village community as well. In the areas where VAPCOL wadis are located, the outward migratory population has reduced (MITTRA, 2008). The women have also been integrated into the initiative by way of forming self-help groups (SHGs) which carry out the processing and labeling of their products. Plus, as a result of better income, farmers have been able to take up other village-level initiatives such as soil conservation and rain harvesting projects (Trebbin & Hassler, 2012).

IV. Challenges:

The provision of producer companies came with the purpose of eliminating drawbacks of cooperatives wherein they would be able to function with the efficiency of a company, while retaining the core principles of cooperatives. Producer companies can claim to have overcome the issue of political interference and excessive control of the Government up to a certain extent; since the mandate is that all the members have to be primary producers (hence no external person can place himself as a member). Also, being under the Companies' Act gives them freedom to trade with other states too. With respect to VAPCOL, this has been useful because the procurement of mangoes and cashew nuts comes from Maharashtra and Gujarat, and their processing occurs in Rajasthan. Hence, they have been able to operate across states to their advantage. However, there are some issues which seem to be inadequately addressed in the PC model.

Some of the prominent issues are elaborated below:

1. Inadequate representation of members-
   Naturally, handling such a big company of more than 41,000 members and that too spread across five states is challenging. But in the legal provision, there should be between 5 to 15 Board of Directors (BODs), and all should be members. VAPCOL however, has only 4 members (primary producers and producer institutes) as representatives in the BOD and the remaining five are top officials from BAIF. Though this is permitted under the special provisions

[5] Anika Trebbin, Markus Hassler (2012): Environment Planning A 2012, volume 44, pages 411 - 427

such as having Alternate Directors[6], the members seem under-represented even if we consider at least one farmer representative for each of the five states.

2. Lack of member awareness:
   We learnt during our visit that only in the past couple of years has VAPCOL established individual membership. Until then, there were 55 cooperatives registered as producer company members. While it is commendable that they have a wide membership, it seems a bit unmanageable to reach out to every member. The bigger issue is that unless every member has the feeling of belonging, or is even aware of the profit-sharing model, or about the producer company that he or she is a part of, it is likely that his or her loyalty will drift to another buyer who is willing to pay more for the same produce.
3. Long-term funding plan:
   VAPCOL is being funded under the Umbrella Program for Natural Resource Management (UPNRM) launched by NABARD and the Kreditanstalt für Wiederaufbau (KfW) from Germany. However, recently KfW stopped funding them and the program under NABARD was also limited to the initial few years. The rest of the funds are coming from BAIF's central reserve. However, unless they can manage the expenses and operations on VAPCOL's own reserve, they might have to fall back upon BAIF for financial support. Ultimately, this would be crucial for the financial sustainability of VAPCOL.

There are other issues, such as their overall considerations (relating to ecological, economic, social factors), high dependency on the external agency and inadequate capacity building for the future, which I shall draw in detail over the forthcoming sections.

V. Role of External Agency:

In case of VAPCOL, it was BAIF's old project which was then converted into the new PC model. It became natural that BAIF would always be involved. Girish Sohani, CEO of BAIF, emphasized in one of his interviews that capacity building is crucial and takes some years of handholding[7], and we can say that it might still be in the process of making VAPCOL function on its own. We hope that they would take the requisite steps for workshops or efforts for capacity building, without which it will fail to embody the core principle of providing its producing members independence and democratic control.

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[6] ASA India (2013): Manual for Producer Company, Volume I

[7] Vijay Mahajan (2014): State of India's Livelihoods Report

VI. **Organizational sustainability:**

The above discussion inevitably leads to the question of the sustainability of the initiative in organizational and financial terms. Currently, BAIF is working along with VAPCOL in both, their administrative and financial operations. To be fair, BAIF is helping them out a great deal by providing expertise in marketing, wide contact base and technical knowhow. Frankly, I do not know about BAIF's long term vision, but I can only imagine that for VAPCOL to sustain on its own, a transition to a truly producer-run initiative will be required implying that internal members (producers) are able to oversee and manage most operations.

VII. **Observation & Analysis:**

While VAPCOL is fetching consistent monetary profits (as we gathered from our meeting), I think it is equally important to look at whether the company is equitable, ecologically sustainable, and benefitting the overall well-being of its producing members. Referencing the Vikalp Sangam Alternatives framework, it can be considered as an alternative if it fulfills at least two of the following- (1) Ecological integrity and resilience (2) Social well-being and justice (3) Direct and delegated democracy (4) Economic democracy (5) Cultural diversity and knowledge democracy. Of the above parameters, it seems closest to providing social well-being and justice, and some amount of economic well-being too, if not democracy. Unfortunately, the organizational form is in itself quite unbalanced (having few representatives) and hence it is hard to imagine it to be functioning democratically.

VIII. **Recommendations:**

- Optimal size of VAPCOL

A member size of 41000 and probably increasing over the years is challenging to manage in terms of reaching out to all members and involving them in the decision making process. Even if the overall size is maintained, it would be helpful if there were smaller units of companies, working together for their common objectives. While a bigger member size gives the advantage of the scale of produce, a smaller size is more convenient for governance. Hence, an optimal size needs to be determined. The Ministry of Agriculture (Department of Agriculture and Cooperation) has issued a few recommendations for the formation and functioning of farmer producer companies. They have suggested a size of 800-1000 members, which could vary on the type of produce.[8]

[8] Policy and Process Guidelines for Farmer Producer Companies, 2013: Department of Agriculture and Cooperation, Ministry of Agriculture, Govt. of India

- Ecological considerations:

This could include switching to organic methods of farming (using natural fertilizers instead of the chemical ones) and also include some component of non-cash crops to balance the ecological impact (for instance, legumes are good nitrogen fixates) on soil.

- Capacity building:

This could include workshops for members to get acquainted with administrative work and accounts. In the long run, this could help build the financial and organizational autonomy of VAPCOL.

CASE STUDY-2

VRD AGRO PRODUCER COMPANY LIMITED

I. **Background/Need:**

Osmanabad district is situated in the drought-prone area of Marathwada in Maharashtra. It has been experiencing severe climatic variations in the past few years. Owing to this, far from getting a consistent yield, the farmers had been struggling to even cover up their expenses. Most of the area in Osmanabad had been involved in cultivation of soya bean and tur for many years, but they had been facing acute labor shortage problems for working in the farms (due to huge demand for soya bean). That's when they decided to switch to mechanized farming. However, it did not seem economical for a single farmer to invest in several lakhs worth of equipment. In 2012, the farmers in the Sarola area in Osmanabad decided to form a group and register themselves as a producer company. They all have adjoining pieces of land, and have thereafter been practicing mechanized farming.

II. **Brief Profile:**

Established in the year 2012, this producer company currently consists of 250 members, out of which nine of them form the Board of Directors. The CEO of the company is Mr. Randive, who is in fact a lawyer by profession. However, he is in the process of giving up his legal practice and plans to devote all his time to running the company. He too has a plot of land in the area. They are primarily into cultivation of soya bean, harbara (chana) and Tur. However, recently, they have invested in a polyhouse for growing gerbera flowers. The flower bulbs are imported from Portugal, but they have been flourishing well in this climate. It provides them with an additional source of income.

III. Effects post-implementation:

The effects in terms of getting back good returns on their crop have been spectacular. For harbara, the farmers have been getting almost 7-8 quintals per acre, which sells at the cost of Rs.3000 per quintal (which is more than the market rate of Rs. 2800 per quintal). Since all the farmers pooled in their resources to buy the equipment, the cost and time invested per person was significantly reduced – behind every quintal, each farmer saved Rs.300 and got Rs.200 more than the market price, enabling them good profit margins. With the savings (reserves), they have also been able to take up some other initiatives. One of them is developing fish culture in the farm ponds. They have a cage having roosters inside, which is kept floating over water in the farm pond. The idea is that the fecal matter of the roosters would serve as feed for the fish. This is certainly innovative and a good way to generate further income, but the only concern is that the diseases may be transferable from the roosters to fish and vice versa. Another initiative is that they have set up their own seed bank, as also a go-down for storage of grains and keeping the processing equipments.

Experiment with the fish culture using the rooster cage

Processing equipment for soya bean at VRD

IV. Challenges:

On the whole, this looks to be good set-up which is giving the farmers fair remuneration. However, there are some considerations which would need to be considered in the given scenario. Since they are mostly practicing mechanized conventional (non-organic) farming, it would probably give a reduced yield over the years, as has been observed in several places across India. Again, this is just a speculation, but the scientific basis does suggest that conventional (chemical-intensive, monocultures and cash-crop based) farming of non-native crops and varieties eventually does ruin the ecology of the region. We can only follow up after a few years to observe the impact.

On comparing the PC model with that of a cooperative, it has overcome some drawbacks. For instance, since Government does not hold any veto powers (unlike that in cooperatives)[9], they have been able to stay clear of Government interference. Also, since the profit-sharing in a PC is proportional to the volume of business, the very active members get more returns and free riders are not benefited.

[9] ASA (March 2010), Resource Handbook for Establishing a Producer Company)

V. Role of External Agency:

Unlike most producer companies currently set-up in India, it is worth noting that this particular producer company has taken almost no support from the nearby agencies nor the Government. It is one of the two self-initiated producer companies[10] in Osmanabad district. With the initial shares of their members, they were able to generate an initial start-up capital of ten lakhs. They have also taken a loan of 34 lakhs from the Banks of Maharashtra (under the regular interest rate) for buying their equipment and machinery. Since they have been able to generate enough revenue to form their reserve, they did not need to take any grants or funding from the various schemes available for farmer producer companies. Also, since the CEO of their company is a lawyer, he has been ensuring that all their records are clear, well-documented and audited. It is commendable to note that theirs was one of the few companies in the district which did not have to pay any sort of fine or penalty for incomplete or faulty documentation. Hence, they did not need to take support from an external agency for technical assistance or funding and have been fairly self-sufficient.

VI. Sustainability:

Considering the financial sustainability, as we gathered from the talks, they have been able to generate a sufficient reserve for the forthcoming years. Plus, they seem to be having a good yield and consequently a fair market price. Regarding the organizational sustainability, we were happy to learn that the CEO has a very clear and solid vision – and he does not believe in scaling up at least in terms of increasing the number of members. His idea is to expand the produce and output but with the existing members. It was noteworthy that he had personal relations with almost all farmer members and in turn they too knew the significance of being part of the producer company. In this sense that it is challenging the dominant paradigm of scaling up, it seems to be a good model. However, the company still seems to be highly dependent on the CEO and there were no plans for capacity building for the time being at least Though we did not actually get a chance to attend one of their meetings during our visit, we interacted with a few members and got the sense that they were fairly involved and updated on the decisions taken by the CEO and Board of Directors.

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[10] Bhawani Shankar Agro-horti producer company is the second self-initiated in the district, started recently in 2012, currently having about ten members

VII. Observation & Analysis:

If we look at the initiative as a whole, it seems to be a fairly good model except for the fact that it is not ecologically sustainable. Taking into consideration the Vikalp Sangam framework, I shall try to look at this initiative in terms of the five pillars of (1) Ecological integrity and resilience (2) Social well-being and justice (3) Direct and delegated democracy (4) Economic democracy (5) Cultural diversity and knowledge democracy. It can be said to be an alternative if it fulfils at least two of the above parameters. Out of the five pillars, the company seems to be satisfying economic democracy and social well being and justice, based on the fact that all of the members (that we spoke to) had been involved and aware of the decisions, and were getting fair returns on their investment. They have been benefited by each other's support and it seems to be working well. An additional condition for an initiative to be qualified as an alternative is that it should not completely contradict any of the other pillars. Considering that, it may be too soon to pass a judgment on this calling it an alternative. They have been functioning just for a two to three years, and my serious concern is regarding the lack of ecological considerations. While conventional pesticide-heavy farming generally works well for the first few years, the ill-effects start to show after more than five years or so. When we talked to them as to why they did not adopt organic practices, the response was that they would prefer to secure their livelihood (droughts had affected their farm output) first and that they would consider organic farming after a few years. This seems a fair response to an extent – when agriculture is the only source of livelihood, it seems logical to not be idealistic.

VIII. Recommendations:

As it appears, the CEO and other members anyway do not want to expand the company membership, which would actually work well in the years to come. As goes by Michael Schumacher's book and phrase 'Small is beautiful', a small size is always favorable to manage. As I have explained above, my only strong recommendation would be to consider a transition to ecological farming, at least over a period of time. This could also include doing away with hybrid varieties and adopting crops, vegetables and flowers which have been native to the area. Osmanabad being an area prone to water-scarcity, this could also include having water-conservation as a built-in value during choice of crop and methods.

CASE STUDY-3

JAYLAXMI AGRO PRODUCER COMPANY LIMITED

I. Background/Need:

As I mentioned in the above case study, it was drought that prompted the setting up of producer companies. From the interactions, we gathered that Marathwada has been facing a drought crisis since the past few decades, but it intensified after 2012. Dr. Prashant Narnaware, the District Collector had the initial vision of integrating all the farmers in the area into farmer producer groups. Since most farmers in the area are small or marginal farmers, to bring them together into the model of a producer company seemed a suitable choice. Accordingly, they launched a program under the MACP (Maharashtra Agriculture Competitiveness Project) as a collaboration of the Government of Maharashtra, Department of Agriculture and World Bank, wherein they extended complete support to 14 such producer companies in the district. Jaylaxmi was one of them, which received most of its funding and technical guidance under the MACP scheme.

II. Brief Profile:

Registered in 2013, this company currently has about 1000 members (727 men and 273 women). They have ten Board of Directors, out of which three are women. Since the member size is quite large, their farms are spread across four blocks – Padoli, Takli, Kangara and Dhutta. The average size of land owned by each member is about two to five acres. Most of them are into cultivation of soya bean, tur, chavli (a type of pulse). Recently, they have also gotten into horticulture – by planting gerbera flowers in polyhouses. This company had more polyhouses than those seen at VRD Agro Producer Company, and had been operational for a longer period too. They had managed to get 11 varieties of gerbera, out of which one was a hybrid variety especially made to suit the Osmanabad climate by the name 'Padoli' variety. The daily turnout was huge – they managed to get about 1200 boxes having 40 flowers each, and each flower fetched about Rs. 4-12 based on the market rate.

III. Effects post-implementation:

In terms of giving them returns on their crop, they have been fairly successful. In their first year itself (2013-14), they sold total 28,261 quintals of crop fetching them about Rs. 9, 62, 00,000 which came to around 19,000 per person. They have been able to pool in their resources to establish an 'Agri-Mall', consisting of seed bank and some farm equipment, which they can borrow and use, whenever required. This certainly reduces cost per person and they have a long-term facility created for themselves. Also, their gerbera cultivation is giving them excellent returns (fast-cash). They too have been involving women to work in their polyhouses.

Gerbera polyhouse

IV. Sustainability:

Talking about the financial stability, it was clearly dependent on the MACP funding. One positive instance was that they were very much open to showing us all their records. We got a chance to see the listing and details of all thousand members, and also the company expense sheets and audits. While there seems to be transparency in this regard, it is difficult to comment in regard to its future sufficiency of funds. Since VAPCOL is largely dependent upon external funding, the possibility of achieving financial autonomy in the near future. They did not really talk about how far the external funding was to continue, but hopefully they will be able to depend wholly or at least partly on their reserves.

Regarding the organizational structure, the members that we met them seemed to know about the significance of their company. But again, 1000 (members) is a large number, and it would be inappropriate to comment based on brief interaction with a few (about twenty) members.

However, during our visit to Osmanabad, we got a chance to attend a workshop organized by ATMA (Agricultural Technology Management Agency), wherein they were providing assistance and explaining the legalities and provisions. This was attended by representative members from most producer companies in the district, and it does look like one of the ways to develop the managerial capacity of members, to be able to manage a PC on their own.

V. Role of External Agency:

Since this producer company was one of the pilot projects under the MACP schemes, and initiated by the State Government, no doubt their presence is immense. Right from the mobilization, technical assistance to the funding, they have received all support from external agencies. Not just MACP, but they also had AFARM (Action for Agricultural Renewal in Maharashtra) and ATMA (Agricultural Technology Management Association) providing them technical and administrative support. While it is assumed that hand-holding is a given (especially in producer companies triggered externally), capacity building is essential if the company is to be self-governing.

VI. Observations/Analysis:

Since I could not attend a Board meeting or even interact with a large number of members, I cannot really say if it fulfills economic democracy or social justice. A more detailed study would probably give a better understanding of how democratic the processes are, and whether most of the members are actively involved in the process.

The concern about ecological considerations is similar to the one in previous case studies. At the same time, one of their long term goals is to take up jowar as their primary crop. Since jowar is native to the area and is considered as a drought-resilient crop, it would contribute better to ecological sustainability, in the sense that it would suit the local conditions well. I do hope they are able to switch to jowar over a period of time.

VII. Recommendations:

The recommendations regarding ecological considerations are similar to that mentioned to the previous study (VRD Agro Producer Company). However, the more pressing issue here is the lack of efforts for capacity building for making them independent from Govt. and the NGOs. Though during the visit, there was a workshop organized for providing technical training and assistance, it would have been more useful if the organizers had also emphasized on importance of self-dependency of funds in the long run. It was as if the Govt. and associated NGOs wanted to play a part in managing their administrative work.

CONCLUSION:

- Is current support extended to FPCs adequate?

The Central Government, by the way of creating an autonomous body SFAC (Small Farmers' Agribusiness Consortium) has been helping farmer producer organizations in their setup. However, it has allotted the task to civil society organizations (CSOs) to organize these groups while SFAC is providing the funds for the same. While their intention may be to ward off suspicions of Government interference (as was the case in cooperatives), it seems as though producer companies do not have enough support. Plus, there arises a question of accountability in terms of output – the funds and agenda is given by SFAC but the implementation is with CSOs. Another important initiative is that by NABARD, known as the PODF (Producer Organizations Development Fund), which offers funding up to 50 crores for registered producer companies. However, this too comes on the condition that they keep the company's assets as collateral. But this would restrict the companies which do not have assets or are in the initial stages of setting up their company. In this sense, it is important to assess whether the PCs have a reliable advisor/supporter/financer to help them set up such a company.

- Hassles in managerial/administrative operations

There are several technicalities which need to be fulfilled when registered as a producer company such as obtaining digital signatures, filing online applications etc. which tends to be difficult to execute for members who have less familiarity with technology. Plus, they need to do timely documentation and audits for which some guidance is required. Failing this, these companies are faced with fines and penalties – which add to the expense list. If the amount is large, this may nullify the savings and benefits to the members, and hence to the producer company. During our visit to Osmanabad, there was a workshop organized for overcoming technical difficulties, however, this consideration could be taken on a larger level, say by framing requirements more suited for farmer members.

- Policy threat – Irani Committee recommendation

J.J. Irani Committee was formed in 2005 to provide an expert assessment on company law. Regarding the provision for producer companies, they have raised a few pointers which they believe are out of sync with the Companies Act. For instance, the non-tradable but transferable shares in a producer company prevents shareholders their options in a free market.[11]The committee recommends that a separate body be created to deal with producer companies. Girijesh Sharma has argued that if Section 25 (now section-8), viz. the not-for-profit companies can remain under the Companies Act, (whose shareholding provisions are also out of sync), then producer companies should also be allowed to remain under the Act. I agree with the above argument, since the sole purpose of "professionalizing" the functioning of these companies would be defeated. Plus, if it is under a separate body (like cooperatives under the Registrar of Cooperatives), it will again be in the danger of having drawbacks of cooperatives that are dominated by or have potential for serious interference by the state.

- Comparison with Vikalp Sangam framework

  While the producer company provisions seem to be well poised to give farmers their autonomy in the market, it does not seem to have that strong impact on ground (at least in the three cases mentioned above). Out of the five pillars of (1) Ecological integrity and resilience (2) Social well-being and justice (3) Direct and delegated democracy (4) Economic democracy (5) Cultural diversity and knowledge democracy. In all three cases, though economic democracy and social justice were fulfilled to a certain extent, there were hardly any ecological considerations. Also, ecological integrity plays a significant role in meting out social justice (in the sense that over a time, the poor generally bear the brunt of ecological impacts more than others). It would actually be interesting to study those producer companies who have inclination towards ecologically sound practices as in most cases, social justice would follow suit.

While the provisions are certainly well-intentioned and capable of giving farmers decision-making powers, the whole thing boils down to a management issue – only where there is a strong managerial support, the PCs seem to be faring well.

[11]Girijesh Kumar Sharma (2008), IRMA Quarterly, Vol. 12, No. 3 (July-September)

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