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(Farmer) Producer Companies in India as New Generation Co-operatives: An assessment of Performance and Impact

Discussant
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Phenomenon:
New Generation Co-operatives (NGCs) in some developed countries lead to create legal provisions for creating farmer/producer companies (co-operative companies or hybrid structures) under corporate law, in Sri Lanka and in India. The promotion of such entities has gained momentum for the last decade in India with state support.

Assumptions & Dilemma:
These entities are more innovative in their design and governance. However, it is not known whether these entities are able to make an impact on farmer livelihoods.

Focus & Methodology of Paper:
Assess the impact of two Producer Companies (PCs) on
(a) member farmers with the help of member and non-member farmer survey to assess such an impact in its various dimensions in terms of PC interface and
(b) Physical and financial performance of these entities in the context of West Bengal.
Three PCs promoted by IGS located in Bankura (2 PCs) and Hooghly (1 PC) districts and two PCs promoted by BKSL located in Birbhum district of **West Bengal state**, India.

Member and Non-member farmers were interviewed for assessing the impact of the PC and interface with members.

Total of **126 farmers** were interviewed across **5 PCs**: 64 members and 62 non-member farmers in **January 2020** besides interviews with governing body members and CEOs and other managerial staff of the PCs.

*Does this sample represent the characteristics of PCs in India?*
Physical & Financial Performance

Authorized Capital:
All PCs had mobilized high percentage of authorized capital except Shantiniketan, though authorized capital itself was small or modest in most cases (Rs. one million) except one PC (Hooghly) which had Rs. 2.5 million authorized capital.

Revenue:
Revenue remained low (< Rs. 5 million) except in one case (Chhattna) which was mainly due to the fact it had a franchise of Sufal Bangla and, therefore, its turnover could go up to Rs. 30 million per annum.

Profit:
All PCs made negligible profit or net losses except the Chhattna PC which made a small profit after taking franchise of Sufal Bangla.

Membership:
Except Hooghly PC, most of them had a small size of membership which is problematic given the small size of land holdings in the state.

Inference of the Author:
This kind of small membership can’t generate large equity capital and large volumes of business for viability.
Conclusions (*as reported*):

The PC interface with members for farm inputs was in general not very strong while on the output side, it was very weak reaching only a few farmers.

Low level of member equity which restricts further funds mobilization, poor output market linkage which ultimately matters for realizing higher membership benefits which can be substantial.

The lack of good business plans beyond meeting matching equity grant needs was an issue and member engagement in terms of better market orientation in production, besides being aware that the PCs were owned by them, was also missing.
Comments & Suggestions:

1. The narrative on the context is rich; however, the purpose of the context is not clear and not systematically aligned with the objective of the paper.

2. There is an overload of Percentages and numbers of FPOs, share of farmers, their participation in different activities in the paper. These basic statistics could however be presented in tabular form so that the space devoted to this can be reduced and made easy to read. The analysis, its relevance and essence of these data in the context of objective of the paper can be given more space.

3. The language needs some editing to express the points clearly.

4. The relevance of including the non-members in the survey in assessing the impact of PCs is not very clear when the reach and impact on members themselves are not significant.