Co-operative Spirit with Corporate Strategy: Can Farmer Producer Organisations Improve the Viability of Indian Agriculture? By Drs. Reddy and Reddy

A Discussant Perspective

Sukhpal Singh
Professor
Centre for Management in Agriculture (CMA),
Indian Institute of Management (IIM)
Ahmedabad
Gujarat, INDIA
Email: sukhpal@iima.ac.in
Introduction to the paper

• Good RQs
• Very comprehensive review of studies besides own case study
• Set of 9 case studies in a state
Conceptual/Methodological issues with the paper

• Too ambitious a title as FPOs can be one of the ways and not the only solution to Indian agriculture sector’s problems

• FPO term used is too broad if you are comparing PCs with traditional co-ops as it covers both; FPO is not a legal entity at all! (p.2)

• All FPOs are not about corporate structure (p. 4), Only PCs are.

• Sahyadri is not a co-operative! And how is it privately run and self-funded? Are not all PCs supposed to be private and self funded i.e. shareholder equity based?

• Co-op and agrarian distress related references too dated (p.2/3)

• SFAC is not the only agency at the national level: there are three- SFAC, NABARD and NCDC; NABARD appears only on p.5. NCDC is not even mentioned

• It is not clear if MACS still exist or all PC studied are MACS converted into PCs under some specific situation?
Content Issues with the paper

• The paper claims a sectoral level perspective to assess FPOs but fails to do so as it only discusses some case studies with a very broad performance of the entities only
• The paper claims that is addresses Qs like market distortions etc. as they determine FPO performance but hardly touches that in any significant way
• Also, do not FPOs find their rationale in removing some of these market distortions only? Or Are these distortions not faced by all agribusiness entities?
• If design of dairy co-operatives was the way forward, Why did NDDB move into promoting PCs, not co-ops?
Analytical Issues with the paper

• The basic analysis of PC performance is poorly done as no paid-up capital data and no ratio analysis is carried out; only balance sheet data is given.

• The paper does not tell us whether these nine PCs are inclusive of small farmers as no land holding data are given. The PCs seem to have much lower representations of SCs and STs though they have large female membership (73%)

• The paper claims that single commodity FPOs may not succeed but its case study FPOs are all mostly single (groundnut) commodity based

• The analysis does not even touch the policy distortion in the context of FPOs which the paper started with.
Thanks