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A Study on Farmers Producer Company with Special Reference to Suntali Maize Producer Company in Rajamayang, Morigaon District, Assam, India

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ABSTRACT

This study investigates the role and impact of Farmer Producer Companies (FPCs) in addressing the challenges faced by small and marginal farmers in India, with a specific focus on the Suntali Maize Producer Company in Morigaon district of Assam. Through a comprehensive analysis of primary and secondary data, including interviews with key stakeholders and extensive literature review, the study examines the functioning, challenges, and prospects of the FPC. It explores factors influencing farmers' crop selection, the evolution of FPC, and the transformative potential of collective action in agricultural development. Findings reveal the significant contributions of FPCs in infusing a sense of security among small and marginal farmers, enhancing market access, and promoting sustainable agricultural practices. Despite challenges such as capital constraints and technical assistance, FPCs like Suntali demonstrate resilience and effectiveness in empowering farmers and encouraging community development. The study concludes by emphasizing the importance of continued support and strategic interventions to further strengthen FPCs' role in driving agricultural productivity, economic growth, and social inclusion.

Key words: FPC, Small and marginal Farmers, Suntali maize producer company, Government policies.

Introduction

India's economy is predominantly agrarian, providing livelihoods for over 151 million people. With 54% of its land being arable, agriculture and allied activities engage half of the country's labour force. Today, the agricultural sector operates as an industry, spanning activities from sowing to marketing agricultural products, and contributes approximately 18% to India's GDP (<https://www.statista.com>). The Agricultural Census of 2015-16 reveals that 86.2% of farmers in India are categorized as marginal or small landholders. Over the past four decades, the average size of these holdings has been steadily diminishing, projected to de-

crease further from 1.15 hectares in 2010-11 to 1.08 hectares in 2015-16. This trend is accompanied by a rise in the number of small fragmented farmers across the country (Agricultural Census, 2015-16). The ongoing fragmentation of land holdings among small and marginal farmers hampers their growth and performance (Niroula and Thapa, 2005). Limited access to technology adversely affects production and productivity levels. When agricultural activities become unsustainable for producers, farmers are likely to either quit or seek alternative livelihoods elsewhere (Giller *et al.*, 2021). In India, various forms of collective enterprises have been promoted over time. The oldest formal collectives were the credit cooperative, which had been promoted since

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the early 1900s under the 1904 cooperative credit Societies Act, with the primary objective of addressing farmer's indebtedness and poverty through "encouragement of individual thrift and Mutual Corporation among the numbers, with a view to the utilization of their combined credit" (<http://www.indiacode.nic.in>). However, in recent decades, criticisms have been directed at the functioning and financial performance of cooperatives. They have struggled to evolve into strong, member-controlled, and self-sustainable business entities (Fernandez-Guadaño *et al.*, 2020).

In the decades since gaining independence, India has witnessed a significant surge in its population, prompting serious concerns regarding the nation's ability to meet the escalating demands for food production, particularly in the face of mounting environmental challenges (Ministry of Agriculture & Farmers Welfare, 2022). Central to this concern is the need to ensure an adequate food supply amidst a rapidly growing population and the looming threats posed by climate crises. Compounding these challenges is the prevalent trend of farmers working in isolation, lacking the necessary collaboration and cooperation with fellow farmers. This isolation adversely impacts the overall productivity and output per farmer (Kakati *et al.*, 2017). Furthermore, small and marginal farmers in India encounter a multitude of obstacles that hinder their agricultural activities and overall profitability. These challenges include a dearth of mechanization and access to modern technologies, deficiencies in management practices, inadequate irrigation infrastructure, limited agricultural marketing avenues, and a chronic lack of capital. The lack of mechanization and technological advancements hinders efficiency and productivity on small farms, leaving farmers unable to keep pace with evolving agricultural practices (Sims and Kienzle, 2017). Additionally, insufficient management skills further exacerbate the struggles faced by small-scale farmers, hindering their ability to optimize resources and enhance yields. Moreover, inadequate irrigation facilities pose a significant barrier, especially in regions prone to erratic rainfall patterns and water scarcity (Molle, 2007). Without reliable access to water for irrigation, farmers are left vulnerable to crop failures and reduced yields, perpetuating the cycle of poverty and food insecurity. The absence of robust infrastructure further compounds the challenges faced by small farmers, limiting their ability to transport goods to markets effi-

ciently and access essential inputs and services. Additionally, the lack of well-established agricultural marketing channels restricts farmers' access to profitable markets, trapping them in a cycle of low returns and limited economic opportunities (Pani and Jena, 2020). Furthermore, shortage of capital prevents small-scale farmers from investing in critical inputs such as seeds, fertilizers, and machinery, further constraining their ability to improve productivity and profitability (Sidhu and Gill, 2006).

To address the challenges faced by small and marginal farmers in India, the government introduced the innovative concept of Farmer Producer Companies (FPCs) under Section 8 of the Companies Act (1956). Designed to empower farmers and enhance their earnings, FPCs represent a pivotal step towards enabling producers to collectively support their resources and expertise. FPCs can be established by a group of 10 or more primary producers, or by two or more producer institutions, or through a combination of both. This inclusive approach ensures that even small-scale farmers have the opportunity to participate and benefit from the collective enterprise. By blending the principles of cooperative societies and private limited companies, FPCs provide a unique organizational framework that aligns with the specific needs and aspirations of agricultural producers (National Agriculture Foundation of Producer Organizations, NAFPO). Under the Indian Companies Act of 2013, FPCs are governed by democratic principles, where each producer or member enjoys equal voting rights, irrespective of their shareholding. This ensures that decision-making processes are transparent and equitable, enhancing a sense of ownership and accountability among members. The primary objective of FPCs is to enhance the income of producers by establishing a dedicated organization that represents their interests and maximizes their collective bargaining power. By consolidating their resources and efforts, small producers can overcome the limitations of individual scale and realize the benefits of economies of scale. One of the key challenges in agricultural marketing is the presence of long and often opaque supply chains, where intermediaries capture a significant portion of the value chain, leaving producers with only a fraction of the final price paid by consumers (Gummagolmath *et al.*, 2021). FPCs address this issue by enabling farmers to directly engage with bulk buyers of produce and suppliers of inputs, thereby bypassing intermediaries

and capturing a greater share of the value chain (<https://www.nafpo.in>). FPCs serve as a vital tool for organizing and formalizing the fragmented agricultural sector in India, providing a structured platform for farmers to collectively address their challenges and pursue shared objectives (Kakati *et al.*, 2017). Recognizing the potential of FPCs to drive farmer prosperity, policymakers and development agencies have increasingly focused on mobilizing farmers to form and strengthen these entities. The Government of India (GOI) has taken proactive measures to support the development and viability of FPCs, including providing funding, offering training and technical assistance, facilitating access to credit, and implementing supportive policies and interventions. By fostering an enabling environment for FPCs to thrive, the government aims to catalyze rural development, enhance agricultural productivity, and improve the livelihoods of millions of farmers across the country.

Agriculture is vital for Assam's socioeconomic development, playing a pivotal role in the state's economy and providing sustenance and livelihoods to approximately 70% of its rural population. According to the Assam Economic Survey of 2022-23, the agriculture sector, along with related industries, accounted for a significant 17.85% of the Gross State Value Added (GSVA) in the FY 2018-19 (Assam Economic Survey, 2022-23). This contribution rose notably to 29.59% in FY 2020-21, underscoring the sector's growing importance and impact. In alignment with national trends, Assam has witnessed the emergence of numerous Farmer Producer Companies (FPCs) within its agricultural landscape, aimed at empowering small and marginal farmers by providing access to markets for their produce. These FPCs typically focus on single commodities and play a crucial role in enhancing the marketing capabilities and income prospects of local farmers. This study focuses on a notable FPC known as Suntali Maize Producer Company, located within the Rajamayong Agricultural Development Block in Morigaon district, Assam. Spanning an area of 1704 km², Morigaon district is strategically positioned, with the Brahmaputra River to its north, Karbi Anglong district to the south, Nagaon district to the east, and Kamrup district to the west (Fig. 1). The district primarily comprises an alluvial plain intersected by various rivers and waterways, such as the Killing, Kolong, and Kopili. Despite being prone to periodic flooding, the region benefits from the depo-

sition of nutrient-rich silt, ensuring fertile soils conducive to agriculture. The climatic conditions of the area are characterized by a subtropical climate, featuring rainy summers and cold winters. This climatic diversity, combined with the fertile soil and abundant water resources, makes the region agriculturally prosperous and densely populated. With over 80% of the population directly reliant on agriculture, it serves as a linchpin of the district's economy. Morigaon stands out among other districts in Assam due to its higher agricultural intensities and adoption of more advanced farming practices. The introduction of FPCs has significantly contributed to the agricultural performance of the region, facilitating market access and enhancing farmers' income prospects. In the Rajamayong Agricultural Development Block, there are 10 FPC, however Suntali FPC is a flourishing and effective producer company that has been selected for the study. The objectives of the study are as follows:

- To investigate into the role of FPCs in addressing the challenges of small and marginal farmers.
- To study the status and functioning of Suntali FPC in the study area.
- To find out the problems and prospects of Suntali FPC in the study area.

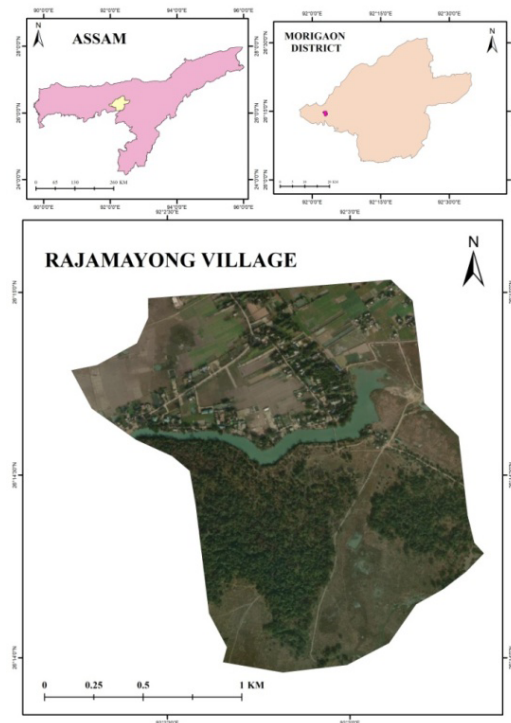


Fig. 1. Study area map

Materials and Methods

This study employs a thorough methodology, utilizing both primary and secondary data sources to evaluate outcomes effectively. Primary data collection involved in-depth interviews with key stakeholders, including the CEO, board members, and affiliated farmers of the focal Farmer Producer Company (FPC). Additionally, telephonic interviews with CEOs provided insights into the evolution of other FPCs within the industry. Stakeholders and board members were also interviewed to assess the FPC's future potential and scope, some in collaboration with the CEO to ensure alignment of perspectives. Open-ended questions were used to gather insights from farmer members on operational strategies and growth initiatives. Secondary data were sourced from government websites, statistical handbooks, census reports, journals, and articles to deepen understanding of the FPC landscape, including its status, functions, challenges, and prospects. This quantitative approach synthesizes primary insights with comprehensive secondary data to offer a nuanced understanding of FPCs' roles in agricultural development.

Background of Suntali Maize Producer Company

Established on March 15, 2021, the Suntali Maize Producer Company operates as a private limited firm within the Rajamayang Agricultural Development Office Circle, situated in the Majong development Block of Morigaon. It was initiated under the central sector's "Formation and Promotion of 10,000 FPOs" program. Currently, it manages 9801 bighas across 8 gaon panchayats and 33 villages, aiming not only to increase farmers' income but also to promote sustainable organic agriculture practices. With 44 Farmers Interest Groups (FIGs) comprising 1013 members and a board of 10 members including 5 Directors and 5 local stakeholders, it fosters independent initiatives within the Farmers Producer Companies. Notably, 64% of its members are small farmers, with 26% categorized as marginal farmers, and over 30% are women. The FPC also aims to encourage local youth to pursue agriculture. Members come from diverse religious and caste backgrounds, mainly from SC, OBC, and ST communities, aged 18 to 55. To join, farmers purchase 10 shares at Rs 100 each, while the Board holds 100 shares totaling Rs 100,000. To qualify for the Equity Grant Scheme (EGS) and Small Farmers Agribusiness Consortium

(SFAC), the FPC must accumulate Rs 200,000.

Cropping pattern in the study area and key activities of the FPC

Maize serves as the principal crop cultivated, alongside wheat, high-yielding variety (HYV) rice, mustard, and rapeseed. The FPC also engages in horticultural endeavors, including the cultivation of strawberries, watermelons, muskmelons, potatoes, and capsicums.

Several factors contribute to the selection of crops by farmers in the study area, with recent years witnessing a gradual shift in cropping patterns. Traditionally, paddy dominated agricultural landscapes; however, maize cultivation has emerged as a prominent contender for agricultural space. This transition can be attributed to several key factors. Paddy, primarily a kharif crop, is susceptible to flooding, resulting in significant crop losses (Samal and Pandey, 2005). In contrast, maize, being a short-duration crop that can be cultivated two to three times within a single agricultural year, offers a more resilient alternative. Furthermore, maize cultivation requires fewer inputs compared to paddy and boasts higher production and productivity rates (Malhotra, 2017). Its cultivation is perceived as less risky by farmers and promises substantial returns. Maize production keeps playing an important role in ensuring food security as it is used both for direct consumption as well as feed in piggery and poultry industry. Government interventions, such as providing seeds, subsidies for irrigation and fertilizers, have also influenced farmers' preferences, as maize cultivation offers greater profitability in the market. Additionally, maize's adaptability to various climates and soil types, coupled with its high yield capacity, makes it an attractive choice for farmers.

Key activities of the FPC encompass mustard seed procurement and bottling, facilitating buyer-seller meets for maize and mustard exports, establishing retail shops, and exploring collaborations with Organic Fertilizer Companies for organic manure applications. Various business initiatives have been undertaken to support farmers, including credit facilities, marketing assistance, and contract farming.

Government policies and collaborative support for the growth of the FPC

Suntali Farmer Producer Company has established collaborations with Credit Partners such as Rangde

for accessible loans and marketing partners like Ridhima DS Enterprise, known for trading maize, mustard, and vegetables. Contract farming partnerships with Siddhi Vinayak have commenced for potato cultivation. Support from various agencies and resource initiatives has facilitated FPC operations. The District Agricultural Office sanctioned tractor supplies under the Village Level Farm Machinery Bank (VLFMB) scheme. Pre-harvesting assistance for potatoes was provided by the Assam Agribusiness and Rural Transformation Project (APART), while mustard harvesting received support under the Rashtriya Krishi Vikash Yojana (RKVY) scheme. Additionally, schemes like the Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) provided mini sprinkler irrigation, and the District Agricultural Office supplied electric and diesel water pumps. Seed distribution covered a range of crops, including maize, hybrid rice, paddy, mustard, onions, garlic, lentil peas, black gram, potatoes, and sweet corn. Initiatives such as the Pradhan Mantri Matsya Sampada Yojana (PMMSY) aimed to develop pisciculture. Suntali FPC's forward-thinking vision includes elaborate business plans for maize and mustard procurement and sales, large-scale mustard oil bottling, exploring suitable markets in Assam, India, and abroad for select perishable vegetables, opening a vegetable retail area under the FPC's banner, obtaining licensing under the Food Safety and Standards Authority of India (FSSAI), and identifying eligible FIGs for setting up primary processing units through the Pradhan Mantri Formalization of Micro Food Processing Enterprises (PMFME) initiative under the Aatmanirbhar Bharat Abhiyan.

Challenges and solutions

The establishment of the Suntali Maize Producer Company plays a pivotal role in instilling a sense of security among small, marginal, and landless farmers. By facilitating increased income and access to various government schemes, the FPC empowers farmers to enhance agricultural performance through credit facilities, technology, and marketing linkages. However, shareholders of the FPC encounter certain challenges. Foremost among these challenges is the lack of working capital. Shareholders' deposits constitute a significant portion of the company's working capital; however, this amount often falls short of requirements. Although external sources of funding, such as banks or schemes like

the Equity Grant Scheme (EGS) or Credit Guarantee Scheme (CGS) under the Small Farmers Agribusiness Consortium (SFAC), are available, accessing these funds necessitates meeting specific capital savings thresholds. Another issue concerns the quality, timing, and maintenance of inputs received through subsidies or free distribution. Often, seeds of inferior quality are provided, and delays in distribution hinder crop growth. Furthermore, after subsidized irrigation facilities are installed, a lack of technician supports for mechanical issues forces farmers to incur additional costs to maintain or repair equipment. Storage and processing pose additional challenges. Inadequate storage facilities compel farmers to rely on intermediaries for selling produce. Moreover, the absence of processing units for secondary processing methods like juicing, canning, fermenting, pasteurization, drying etc. limits value addition opportunities for FPC members. The proximity of the study area to the Pobitora Wildlife Sanctuary introduces wildlife-related risks, with animals like rhinos, elephants, and wild bears causing damage to crops. Additionally, declining soil fertility due to excessive fertilizer use poses ecological and agricultural threats, necessitating sustainable soil management practices.

Addressing soil quality concerns, farmers prioritize organic farming for sustainable agriculture. Utilizing vermicompost and organic fertilizers like Bhoomi Poshak and Upajvardhak, Suntali FPC leads by example in promoting eco-friendly practices. Recognizing the imperative of environmental sustainability, farmers are increasingly embracing organic farming methods to mitigate soil degradation and ensure long-term productivity.

Conclusion

The Suntali Farmers Producer Company (FPC) has significantly transformed the local agricultural landscape and improved the livelihoods of farmers. Despite its early stage, the FPC has adapted well to changing crop patterns, focusing on maize, oilseeds, and horticulture. Challenges like limited capital and technical assistance persist, but the FPC has provided security and resilience to its members, promoting economic and social empowerment. Through collaboration and inclusive practices, it has maximized benefits for members, improving access to agricultural services and boosting their bargaining power. Emphasizing organic farming showcases

its commitment to environmental sustainability. Additionally, the FPC has created employment opportunities, particularly for marginalized groups. Addressing processing and export challenges will be crucial for its growth. With support and strategic interventions, the FPC can further enhance agricultural productivity, economic development, and social cohesion, serving as a model for sustainable agriculture and community empowerment.

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Conflict of Interest: There is no interest conflict.

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