Received: 22 December 2022 | Revised: 28 August 2023 | Accepted: 13 October 2023
DOI: 10.1002/bsd2.312

RESEARCH ARTICLE

WILEY

Stylized facts of performance measures for sustaining the farmer producer companies in India

Bhupesh Gopal Chintamani[1] | Hema Yadav[2] | Sneha Kumari[3]

[1]Assistant Professor, Symbiosis Law School (SLS), Symbiosis International (Deemed University) (SIU), Vimananagr, Pune, Maharashtra, India

[2]Director, Vaikunth Mehta National Institute of Cooperative Management (VAMNICOM), A Grant-in-aid Institution under Ministry of Cooperation, Government of India, Pune, Maharashtra, India

[3]Assistant Professor, Symbiosis School of Economics (SSE), Symbiosis International (Deemed University) (SIU), S.B Road, Pune, Maharashtra, India

Correspondence
Bhupesh Gopal Chintamani, Symbiosis Law School (SLS), Symbiosis International (Deemed University) (SIU), Vimannagar, Pune, Maharashtra, India.
Email: bhupesh.chintamani@symlaw.ac.in

Abstract

Farmer producer companies (FPCs) have widely transformed the livelihoods of the people and mainly squeezed the income and living standard conditions in the rural sectors, specifically a primary sector engaged majorly with village economies. This article diagnoses the collective cooperative concept and formation of FPCs in the country since their establishment in the year 2008–2021. We utilized secondary data from the Ministry of Corporate Affairs (MCA) and the outcome of the study discusses the state and zone-wise performance of FPCs in the country. The result found that only a few zones are performing in the FPCs businesses which makes it sustainable. The study further adds the sustainable measures for performance of the FPCs.

KEYWORDS
agriculture, business, cooperative, farmer producer company, financial performance, livelihood, sustainability

1 | INTRODUCTION

As per census (2011)[1] 68.84% of India's population stays in rural areas. However, agriculture, cottage industries, and small businesses at village levels are main pillars of the rural economy (Kaygusuz, 2011). In addition, a recent round of 2018–2019 by periodical labor force survey (PLFS) suggests that a share of rural dependency on agriculture has deteriorated by 50% (Chakraborty, 2020). This concludes that falling employment of agriculture may be the reason for decline in the share of agriculture in the GDP from 36% in 1983–1984 to 16% in 2018–2019. It has been witnessed that agriculture is the only sector that beaten the unpresidential pandemic and has 20% share in India GDP in 2020–2021. Economists believed that globalization has an axiom effect on the primary and agriculture-related businesses activities. The policy toward agriculture has focused on the involvement of people across the country (Bardy et al., 2012). For instance, more than 65% of individuals in the country are committed to agriculture and allied activities (Baliyan, 2018). However, 52% of the total engaged in agriculture work are labor force (Zhang et al., 2018). Noticeably, after a substantial policy dialog and discussion, the government of India came up with specific policy reforms for agriculture for the expansion of agribusiness activities (Verma et al., 2022). The 1956 Companies Act was upgraded to have a separate head for the farming business categories. A farmer producer companies (FPCs) act 2000 was incorporated by policy and subject experts (Raju et al., 2017). The policy changes inserted a choice to farmers to open agriculture businesses that not only raise income, saving and investment but also eradicate poverty to an extent from a large number of farmers involved in agriculture activities. In the year 2000, FPCs registered under the new Companies Act 1956, and India took a lead in opening new FPCs. It took a robust hit in the last 4 years since 2016 (Neti et al., 2019).

Thus, we may say step-by-step policy decisions in agriculture has appreciated the primary sector to deal with uneven catastrophes in the country. However, earlier literature suggests that FPCs are a driving factor for improving agriculture growth with extraordinary involvement (Kumari et al., 2021; Mourya & Mehta, 2021; Shah, 2016; Shankar, 2019; Singh et al., 2020). The country has generated a database for FPCs and their performance. There is a need to analyze the performance of the FPCs by analyzing the prime factors available in the Ministry of Corporate Affairs (MCA) database for the FPCs in India. With this need the study is an attempt to answer the research question—What are the stylized performance measures for FPCs in an emerging economy like India. The study aims to analyze the performance of the FPCs on different indicators and suggests measures for the sustainability of the FPCs.