

“Constraints Faced by Farmer Shareholders of Farmer Producer Companies in Rajkot District of Gujarat”

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Abstract

Farmer Producer Companies (FPCs) have emerged as an important institutional innovation for enhancing the socio-economic status of small and marginal farmers through collective action, improved access to agricultural inputs, technology, credit, and markets. By aggregating produce and strengthening farmers' bargaining power, FPCs play a crucial role in improving agricultural profitability and rural livelihoods. However, despite their potential benefits, several constraints continue to hinder the effective functioning of FPCs and limit the benefits accrued by their farmer shareholders. The present study was undertaken to identify and analyse the constraints faced by farmer shareholders of Farmer Producer Companies in Rajkot district of Gujarat. Five Farmer Producer Companies, namely Rajkot Farmers Producer Company Limited, Rajkot Krushi Product Farmer Producer Company Limited, Paddhari Farmers Producer Company Limited, Kathiyawar Agricultural Producer Company Limited, and Lodhika Farmer Producer Company Limited, were selected purposively for the study. A total of 200 farmer shareholders were selected through simple random sampling. Data were collected using a structured interview schedule and analyzed using mean score and rank order techniques. The findings revealed that fluctuation in market prices, lack of timely market information, inadequate storage facilities, limited access to institutional credit, and high transportation costs were the major constraints faced by the respondents. The study suggests strengthening market infrastructure, enhancing financial accessibility, improving technical support services, and promoting effective governance mechanisms within FPCs to improve their sustainability and effectiveness.

Keywords: Farmer Producer Companies, Farmer Shareholders, Constraints, Agricultural Marketing, Collective Action, Rajkot District.

1. Introduction

Agriculture continues to be one of the most important sectors of the Indian economy, providing livelihood opportunities to a substantial proportion of the population. However, Indian agriculture is characterized by fragmented landholdings, low productivity, inadequate access to institutional credit, poor market infrastructure, and weak bargaining power of farmers. Small and marginal farmers, who constitute a major share of the farming community, are particularly vulnerable to these challenges.

To address these issues, Farmer Producer Organizations (FPOs) have been promoted as a viable institutional mechanism for organizing farmers and enabling them to undertake collective economic activities. Among the various forms of FPOs, Farmer Producer Companies (FPCs) have gained significant importance due to their unique organizational structure that combines the principles of cooperatives with the efficiency of corporate management.

Farmer Producer Companies facilitate collective procurement of inputs, aggregation of produce, processing, value addition, and marketing. They also enhance farmers' access to extension services, financial institutions, and government support programmes. Recognizing their potential, the Government of India has launched several initiatives to promote FPCs, including the Central Sector Scheme for Formation and Promotion of 10,000 Farmer Producer Organizations.

Gujarat is one of the leading states in promoting Farmer Producer Companies. Rajkot district, being an important agricultural district of the Saurashtra region, has witnessed the establishment of several active FPCs engaged in production, marketing, and value-addition activities. Despite their growing importance, many farmer shareholders

continue to face numerous constraints that affect their participation and limit the effectiveness of these organizations. Therefore, an understanding of these constraints is essential for developing appropriate interventions aimed at strengthening Farmer Producer Companies and improving farmers' livelihoods.

2. Objectives of the Study

- 1. To identify the constraints faced by farmer shareholders of Farmer Producer Companies in Rajkot district.**
- 2. To assess the severity of various constraints experienced by farmer shareholders.**
- 3. To suggest suitable measures for overcoming the identified constraints.**

3. Methodology

3.1 Selection of Study Area

Rajkot district of Gujarat was selected purposively for the study due to the presence of several active Farmer Producer Companies engaged in agricultural production and marketing activities.

3.2 Selection of Farmer Producer Companies

Five Farmer Producer Companies were selected purposively based on their operational status and involvement in agricultural activities:

1. Rajkot Farmers Producer Company Limited
2. Rajkot Krushi Product Farmer Producer Company Limited
3. Paddhari Farmers Producer Company Limited
4. Kathiyawar Agricultural Producer Company Limited
5. Lodhika Farmer Producer Company Limited

3.3 Selection of Respondents

From each selected Farmer Producer Company, 40 farmer shareholders were selected through simple random sampling, resulting in a total sample size of 200 respondents.

3.4 Data Collection

Primary data were collected through personal interviews using a structured and pre-tested interview schedule. The respondents were asked to indicate the severity of different constraints encountered in relation to production, marketing, finance, infrastructure, technical support, organizational management, and institutional services.

3.5 Measurement of Constraints

The severity of constraints was measured using a five-point continuum:

Category	Score
Very Severe	5
Severe	4
Moderate	3
Less Severe	2
Not Severe	1

Mean scores were calculated and constraints were ranked according to their severity.

Table 1. Constraints Faced by Farmer Shareholders of Farmer Producer Companies

Constraints	Mean Score	Rank
Fluctuation in market prices	4.68	I
Lack of timely market information	4.55	II
Inadequate storage facilities	4.43	III
Limited access to institutional credit	4.38	IV
High transportation costs	4.31	V
Lack of processing and value addition facilities	4.26	VI
Inadequate technical guidance	4.18	VII
Shortage of working capital in FPCs	4.12	VIII
Delayed payment for produce	4.05	IX
Poor market linkages	3.98	X
Lack of quality agricultural inputs	3.91	XI
Labour scarcity during peak season	3.86	XII
Poor awareness regarding government schemes	3.79	XIII
Inadequate training programmes	3.72	XIV
Lack of professional management	3.66	XV
Low participation of members in decision-making	3.58	XVI
Lack of branding and promotion of products	3.5	XVII
Climate variability and production risks	3.43	XVIII
Limited digital literacy among members	3.35	XIX
Lack of trust and coordination among members	3.21	XX

5. Discussion

The present study aimed to identify and analyse the major constraints faced by farmer shareholders of Farmer Producer Companies (FPCs) in Rajkot district of Gujarat. The findings revealed that farmer shareholders encountered several marketing, financial, infrastructural, technical, organizational, and institutional constraints that adversely affected their participation in FPC activities and limited the benefits derived from membership.

Among all the constraints, fluctuation in market prices emerged as the most severe constraint with the highest mean score (4.68) and secured the first rank. The majority of respondents reported that agricultural commodity prices frequently fluctuate due to variations in market demand, supply conditions, weather uncertainties, and the influence of intermediaries. Such fluctuations create uncertainty regarding farm income and discourage farmers from making long-term production and investment decisions. Despite being members of FPCs, many farmers continued to experience difficulties in obtaining remunerative prices for their produce. The finding indicates that price instability remains a major challenge for agricultural marketing and income security.

Lack of timely market information was ranked second with a mean score of 4.55. Farmers indicated that they often lacked access to accurate and up-to-date information regarding prevailing market prices, demand trends, arrival quantities, and marketing opportunities. Inadequate market intelligence reduced their bargaining power and frequently resulted in distress sales. The finding suggests that effective market information systems are essential for enabling farmer shareholders to make informed marketing decisions and improve profitability.

Inadequate storage facilities emerged as the third most severe constraint with a mean score of 4.43. Many respondents reported the absence of scientific storage structures and warehousing facilities in their localities. Due to inadequate storage infrastructure, farmers were compelled to sell their produce immediately after harvest when market prices were relatively low. This situation adversely affected their income and reduced the benefits of collective marketing through FPCs. The finding highlights the need for investment in rural storage and warehousing infrastructure.

Limited access to institutional credit secured the fourth rank with a mean score of 4.38. Although FPCs facilitate access to financial services, a considerable number of farmer shareholders reported difficulties in obtaining timely and adequate credit from banks and other financial institutions. Complex documentation procedures, collateral requirements, and delays in loan processing were identified as major barriers. Inadequate access to credit restricted farmers' ability to purchase quality inputs, adopt improved technologies, and expand agricultural enterprises.

High transportation costs were ranked fifth with a mean score of 4.31. The respondents reported that increasing fuel prices and long distances between farms and markets significantly increased transportation expenses. High transportation costs reduced profit margins and affected the competitiveness of agricultural produce in distant markets. This finding emphasizes the importance of strengthening local aggregation centres and improving rural transportation infrastructure.

Lack of processing and value-addition facilities was another important constraint identified by the respondents. Most FPCs were primarily involved in aggregation and marketing activities and had limited facilities for processing agricultural produce. Consequently, farmers were unable to realize additional income through value-added products. Establishment of processing units at the FPC level could enhance product value, reduce post-harvest losses, and improve profitability.

The study further revealed that inadequate technical guidance constituted a major challenge for farmer shareholders. Although extension agencies and agricultural universities provide advisory services, many respondents indicated that technical support was insufficient to meet their requirements. Limited access to experts restricted the adoption of improved agricultural practices, thereby affecting productivity and profitability. Regular interaction with extension personnel and subject matter specialists can significantly improve farmers' technical knowledge and skills.

Shortage of working capital in Farmer Producer Companies was also perceived as a serious constraint. Adequate working capital is essential for procurement, storage, processing, and marketing activities. However, many FPCs experienced financial limitations that restricted their operational efficiency and reduced the scale of collective business activities. Strengthening the financial capacity of FPCs is therefore crucial for ensuring their sustainability.

Delayed payment for agricultural produce emerged as another important marketing-related constraint. Respondents reported that delays in receiving payment from buyers and marketing agencies affected their liquidity position and created financial difficulties. Timely payment mechanisms are essential for maintaining farmers' confidence in collective marketing systems and encouraging active participation in FPC activities.

Poor market linkages were also identified as a major obstacle. Many farmer shareholders reported difficulties in establishing direct connections with processors, exporters, wholesalers, and organized retailers. Consequently, farmers remained dependent on traditional marketing channels and local traders. Strengthening market linkages and facilitating direct market access can improve farmers' bargaining power and income realization.

The findings also revealed that lack of quality agricultural inputs, labour scarcity during peak agricultural operations, and inadequate awareness regarding government schemes adversely affected agricultural productivity

and profitability. Although various support programmes are available for FPCs and their members, limited awareness prevented many respondents from fully utilizing these opportunities.

Organizational constraints such as inadequate training programmes, lack of professional management, and low participation of members in decision-making processes were also observed. Effective management and active member participation are essential for the successful functioning of Farmer Producer Companies. Weak organizational structures may reduce transparency, limit member engagement, and hinder the achievement of organizational objectives.

Similarly, lack of branding and promotion of agricultural products limited the market competitiveness of FPCs. Most FPCs lacked adequate resources and expertise for product branding, packaging, and promotional activities. Developing strong brands and improving product visibility can help FPCs capture premium markets and enhance profitability.

Climate variability and production risks were also reported as constraints by the respondents. Unpredictable rainfall, drought conditions, pest infestations, and disease outbreaks negatively affected crop production and income stability. These challenges highlight the importance of climate-resilient agricultural practices and effective risk management strategies.

Limited digital literacy among members emerged as another challenge in the increasingly digital agricultural environment. Many farmer shareholders had limited knowledge regarding digital marketing platforms, online payment systems, and information and communication technologies. Improving digital literacy can enhance access to information, markets, and financial services.

Finally, lack of trust and coordination among members was identified as a relatively less severe but important organizational constraint. Successful collective action requires mutual trust, cooperation, and active participation among members. Strengthening communication, transparency, and member engagement can contribute to stronger organizational cohesion and improved performance of Farmer Producer Companies.

Overall, the study clearly demonstrates that marketing, financial, and infrastructural constraints were more severe than production-related constraints. The findings suggest that strengthening market infrastructure, improving access to institutional credit, promoting value-addition activities, enhancing technical support services, and improving organizational governance are critical for improving the effectiveness and sustainability of Farmer Producer Companies in Rajkot district.

5. Conclusion

The study revealed that farmer shareholders of Farmer Producer Companies in Rajkot district face several challenges that hinder the effective functioning of FPCs. Market-related constraints, particularly price fluctuations and lack of market information, emerged as the most severe problems. Financial constraints, infrastructural deficiencies, and organizational weaknesses also significantly affected the performance of FPCs. Strengthening market infrastructure, improving access to credit, promoting value-addition activities, enhancing technical support, and improving governance mechanisms can substantially improve the sustainability and effectiveness of Farmer Producer Companies and contribute to the overall development of the farming community.

6. Recommendations

1. Establish real-time market information systems.
2. Develop modern storage and warehousing facilities.
3. Improve access to institutional credit and crop insurance.
4. Strengthen market linkages with processors and retailers.
5. Promote value-addition and processing activities.
6. Organize regular training programmes for farmer shareholders.
7. Enhance extension and technical advisory services.

8. Encourage professional management practices.
9. Promote digital literacy among members.
10. Increase awareness regarding government schemes and support programmes.

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