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Collective marketing practices of producer company: An overview of agripreneur model

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Abstract

This paper presents cases on collective marketing done by farmers' organisations, focusing on benefits it has provided to its participation farmers. Emphasis is given on identifying the success factors of various models implemented by producer companies across the state of Maharashtra. It was found that Producer companies have made agriculture more remunerative for small farmers to sustain in agriculture. Traditionally farmers were not the real beneficiaries of agriculture value chain. The middlemen used to take away the maximum out of it. Therefore, to integrate farmers into the value chain was a big challenge. Various institutional models were implemented but they lacked the essence of doing business on commercial lines. Agricultural Producers Companies (APC) model provided the necessary structure to the farmers to do business in a collective organization with system similar to that of private company. Considering the diverse pattern of agriculture in India, these model has adopted variations according to various factors viz. produce, geography, participants, regulations etc. Therefore, it is necessary to evaluate various producer companies to identify the critical factors in their eco system.

Keywords: Agricultural producer companies, collective marketing, farmers' group.

Introduction

The Majority of population in India depend upon agriculture and its allied activities for livelihood. However, it should be noted that agriculture accounts for only 14% of GDP while it engages 68.8% of the total population according to Census 2011. With huge population & growing disposable income, demand for food & agricultural produce is ever - growing. Many big business houses started venturing into agri-business sector, with the regulations like contract farming favouring them to do so. Still we can see that farmers are in distress, committing suicides. A suitable explanation to this is that farmers get away with their produce in an unprocessed form, whereas value addition happens usually in post production stage. Hence, there is no plough back of surplus from value addition to farmer. (EV Murray, 2009) ^[2]

With various reforms, steady investments in technology development, irrigation infrastructure, emphasis on modern agricultural practices and provision of agricultural credit and subsidies signs of growth are seen. However, to integrate the farmers with the value chain is considered as one of the biggest challenge for Indian agriculture. Various institutional models are being tried in India, the most common being producers' cooperatives & producer companies. Cooperatives had welfare focus than doing business on commercial lines. Cooperative experience in India has not been very pleasant. However, Producer Company ensured the unique elements of the cooperative business with the regulatory framework similar to a private company & managed by professionals. (ASA. 2010) ^[1] The basic motive was to make collective efforts of farmers more corporate like to overcome the drawbacks of the other institutional models. The APC facilitates in integrating the value chain i.e. backward linkage for inputs like seeds, fertilisers, credit, insurance, knowledge & extension services & forward linkage such as collective marketing, processing & market led production etc.

Methodology

The main objective of the study was to evaluate the various models implemented by agricultural producer companies across Maharashtra. To accomplish the aforesaid objective,

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data was gathered from various websites about APC's. The gathered data was used further for qualitative case study analysis.

APC's in Maharashtra

There are around 178 producer companies registered across Maharashtra until March 2015. These 178 companies included other primary producers' companies also. According to the status of the company around 55 companies are active in the domain of agriculture. To sort out the most active companies in agriculture domain we can rely upon the figures given by promoting agencies. The Promoting agencies are the various NGO's which incubate these producer companies. SAFC has been incubating 33 Producer companies in Maharashtra, Yuva Mitra has been developing 8, and Indian Society of Agribusiness Professionals (ISAP) has around 6. BAIF, IGIS & VGAI have few producer companies to their credit.

Cases of collective marketing through producer company model

1. Devnadi Valley Agricultural Producer's Company Ltd.: Bringing prosperity in drought prone area.

Devnadi Valley Agricultural Producer's Company Limited (DVAPCL) is a producer company located in drought prone Sinnar Block of Nasik District. It focuses on marketing commodities like; okra, onion, fruits and vegetables. This has largely benefited around 856 member farmers. The company began its operation in 2011. The company has successfully developed marketing channels by; Building procurement collaboration with INI for export market; Supply vegetables especially okra directly to Mumbai market; Supplied onions to TCL in Malerkotla, Punjab; Supplied vegetables to Star Bazaar in 2012 for five months. The company is managed by Mr. Anil Shinde, progressive, medium sized farmer growing high - end vegetables, with polyhouse. The company is promoted by Yuva Mitra, NGO focused on agriculture, providing training, technical and organizational advice, soil testing, and marketing support to producer organizations in Maharashtra. The company also has an input store and provides advisory services to members. The company has successfully undertaken crop rotation model in this region. DVAPCL is an ideal example of a producer company facilitating backward and forward linkages and providing needed services to the member farmers.

2. Vasundra Agri-Horti Producer Company Ltd.: Multistate marketing company with its own 'Vasundhara' Brand

Vasundra Agri-Horti Producer Company Ltd. (VAPCOL) head office is in Pune and its branches are in Nasik, Vansda (Gujarat), Udaipur (Rajasthan) and in Raipur (Chhattisgarh). It focuses on commodities like cashew, mango, amla, flowers, milk, tomatoes, and vegetables. It has 52 farmer producer organizations as institutional members as well as some individual farmers as members. Marketing of cashews is handled by VAPCOL. For mango, aonla and their derivative products, local producer organizations also use their own direct marketing setups. VAPCOL's biggest

market is south Gujarat. Other markets include Nasik and Pune districts. In product differentiation, it has sold organic certified fresh mango to ITC. It has partnered with Shop for Change, gained fair certification and made sales to corporate houses directly. VAPCOL also provides inputs to its members.

3. BAIF- MITRA: implements multi-pronged comprehensive rural development programmes

BAIF – MITRA is located in Nasik. It is working with producer organizations in Jawahar, Thane. BAIF Pune has promoted Maharashtra Institute of Technology Transfer for Rural Areas, a development organization promoting small producer organizations. Its focus by commodity is mainly bitter gourd and okra in Kharif season, and mainly tomato, cabbage, chilly in rabi season. It has 57 farmer groups and each farmer group have 10-15 members with 15 collection centers involving about 800 small farmers. In the Kharif season of 2012, 57 villages and 856 families participated in activities and in the rabi 2012-13, 46 villages, and 350 families participated. While vegetable cultivation was initiated in 2009-10, joint marketing was started in 2012 and 2013. It aggregates vegetable production for local mandi sale and some sales to Mumbai market. A market survey was conducted in Nasik, Vashi, Palghar, Vikramgad, Khanvel and the local market before launching joint marketing. Proper linkages were developed with traders in nearby markets. Its staff monitors prices and helps members determine optimum market channels. Marketing is done mainly in Vashi, Nasik, Jawhar, Kalyan, Khanvel, Kasa, Mokhada, and Vikramgad. Some farmers became aggregators who collect vegetables from other farmers at market price and sell in nearby markets for a fee. BAIF – MITRA is an example of collective efforts across the value chain and farm market eco system.

4. Akola Soy and Cotton Producer Company Ltd.: Increasing Income through Value Addition in Tur

Akola Soy and Cotton Producer Company Ltd. (ASCPC) is supported by Indian Grameen Services (IGS). ASCPC worked out a model to benefit the farmers through value addition in Tur. Even though western Vidarbha is one of Maharashtra's major tur growing areas; the farmers here mostly grow tur in small quantities — as an intercrop between soy and cotton. To optimize the income for the farmers interest group (FIG) members of this region, two groups Gajanan Maharaj Fasal Utpadak Gat and Shriram Fasal Utpadak Gat set up a mini-dal mill in Pahi, Maharashtra. These FIGs jointly looked after the operational and managerial aspects of the mill. The intention was to support 336 farmers. The members identified lacunas in their fist machine and decided to adopt another machine with different technology. They also identified various techniques to reduce wastes in the process. The members also identified the importance to develop skill sets among the members so they assigned duties on a rotational basis; and they managed the roster and substitutions, etc., among themselves. This would also provide employment to few more villages during the slack agriculture season.

Few other examples of APCs

Sr. No.	Name of APC	Supporting/Promoting Agency	Activity
1	Junnar Taluka Farmer Producer Company Ltd.	Vegetable Growers Association of India (VGAI)	Minimizing Cost of Production Through Relay Cropping. This technology entails a lot of benefits for the farmers like; by cutting down costs, it has helped in augmenting the farmers' incomes by two to three times, and farmers could successfully overcome fluctuating market prices by growing two to three crops within four to six months.
2	Narayangadh Agro Producer Company Limited	Indian Society of Agribusiness Professionals (ISAP)	Powering Agriculture Through Alternative Energy. The technology adopted by the company is a live example — to other FPOs, Self Help Groups (SHGs) and agri-cooperative groups — of effective usage of alternative energy to address the energy scarcity issues in India.
3	Wardha Cotton and Soya Producer Company Ltd.	Indian Grameen Services (IGS).	Moving Into New Arenas Through Collective Strength. It realized the benefits of the concept of group farming and adopted it, together they cultivate crops such as coccinia and ridge gourd. The farmers have also adopted lucrative saving practices, such as depositing their savings and profits from business activities in their own bank account. Is working on organic compost production They use it for self-consumption and sell the surplus quantity to other farmers at the reasonable price. The group has also started its own agri-input shop, which eliminates the problem of non-availability of fertilizer and seeds, which has saved them up to 15% on the procurement of seeds. The other members of the group who do not have the capability of buying equipments independently are taking advantage of the group's purchasing power and means to buy farming equipment like sprayers, weeders, etc.

Conclusion

Indian agriculture is characterised by scatter holding, irrigated & rain fed farming, traditional practices & another constraint. The APC model has proved to be efficient in many ways. Firstly it has organized small farmers to form a collective group for bargaining power, it has helped in minimizing costs and increasing incomes of the members and finally, it has incubated professional management in the agricultural entrepreneurial ventures.

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