

## Book Reviews

*Farmer Producer Companies: Past, Present and Future*, Richa Govil, Annapurna Neti and Madhushree R. Rao, Azim Premji University, Bengaluru, March 2020. Pp. 99.

The objectives of alleviating poverty and reducing the vulnerability of the small and marginal farmers have always been the on the high priority of the rural development efforts of the Government, FAO and the World Bank. Many institutional initiatives have been introduced by the government now and then to improve the conditions of the farmers in India. The earliest was the formation of co-operatives to cater to the immediate credit needs of the farmers. Agricultural co-operatives were formed under the Co-operative Credit Societies Act, 1904 to facilitate credit and the collection of agricultural output from small and marginal farmers. The co-operatives have played a very important role in India because it is an organisation for the poor, illiterate and unskilled people in terms of its outreach for provision of agricultural credit and funds where state and private sectors have not been able to do very much and in providing strategic inputs for the agricultural-sector. But with time the cooperatives have lost its lustre due to bureaucratic and political hindrances. The poor state of financial health of a large number of these cooperatives and increasing dependence on the state subsidy compelled to seek alternate options for their revival. To address these issues, in 2000 the Y.K. Alagh Committee recommended the creation and introduction of producer companies or the new generation cooperatives that allow the cooperative spirit to co-exist with the operational flexibility of corporates and accordingly the Indian Companies Act, 1956 was amended in 2002-03 to form producer companies. Through producer companies small producers were able to pool their resources and establish successful businesses and become financially independent and sustainable.

The report under review, a part of which has also been published as a paper in one of the recent issues in *Review of Agrarian Studies* in a way offers more information than some of the earlier studies involving the functioning and performance of producer companies in India. The authors have attempted a comprehensive analysis of all the dimensions of producer companies in India with the help of a quantitative data of the 7374 producer companies registered from 2003-2019 as well as primary data collected through 100 in-depth interviews of stakeholders involved in promoting and supporting producer companies including farmer-shareholders, board of directors, CEOs and management of 24 producer companies across eight states as well as government and non-government organisations. The sample has been drawn systematically with a view to draw appropriate conclusions and recommend possible strategies for improving the viability of producer companies.

The book contains eight chapters. The first chapter gives a genesis of producer companies and other forms of collective enterprises and alternative names by which they were earlier known. The main interest of the study is to examine the broad characteristics of all producer companies in India, investigate questions related to their strategic challenges, capitilisation, internal governance, regulation and long term potential and to recommend possible strategies to improve the viability of producer companies. Chapter 2 discusses the research methodology adopted for the analysis. The efforts of government, NGO and other institutions in promoting and supporting producer companies are briefly described in Chapter 3.

Chapter 4 provides an overview of producer companies in India and documents information in terms of their geographical spread and registration status. Significant regional disparity in promotion of producer companies is observed both across states and districts. Statewise the distribution of producer companies appears to be skewed with Maharashtra having the largest number of producer companies followed by Uttar Pradesh, Tamil Nadu and Madhya Pradesh. Similarly, there exists significant disparity across districts with greater concentration of producer companies in certain districts of western and southern Indian than most districts in northern and eastern India. Chapter 5 examines the operating models with particular focus on certain aspects like the extent of value addition, number of commodities, other services offered to members, whether they work as stand-alone entities or as a part of multi-tiered structure in order to understand the financial viability of producer companies. The discussion of selected categories of producer companies, viz., those engaged in dairying, non-farm livelihoods and those owned exclusively by women producers are briefly described in Chapter 6. It is interesting to note that despite the growing number of women-owned FPOs they have restrained participation in organisations which prevent them from accessing productive assets, finance, education and technology. Increasing and strengthening the membership of women in producer companies as shareholders would lead to greater empowerment of women producers. The incongruities in stakeholders' perception of the producer companies have been captured in the next chapter. This resulted in weak sense of ownership among producer-shareholders, undercapitalisation, inadequate business skills, poor governance and lack of enabling ecosystem. The study suggests institution of strong and transparent governance processes, simplification of statutory compliance requirements, expertise of management personnel with strong business acumen, a reliable ecosystem of funders, business partners and a regulatory framework and individual and collective sense of ownership between the stakeholders and producers to ensure long term organisational sustainability.

The last chapter of the report neatly and also concisely presents the summary and conclusions of the study, which would be handy for those readers who cannot go through the whole book for some reasons. This chapter also suggests possible strategies to improve the viability of producer companies and highlights on the future prospects of producers companies in India.

However, the analytical part is somewhat weak. Broad based issues particularly relating to growth of these institutions are lacking. Among others the following issues deserve urgent attention: (i) Producer companies may not achieve the desired results unless a level playing field is ensured between them and traditional co-operatives. While traditional cooperatives enjoy a wide range of concessions and subsidies from state governments, producer companies do not have access to these subsidies and concessions. (ii) tax concessions envisaged for small producer companies may discourage them to go for expansion to avail the benefits of economies of scale.

Despite these limitations the book may be useful to the readers and policy makers and administrators associated with these new generation co-operatives.

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