

## Book Reviews

*Farmer Producer Companies in India: Road Map to Ensure Sustainability*, Srivastava, U.K. and Srivastava, Pramila, Notion Press Platform, 2024. Pp. 374. Rs.500.00.

Producer Companies (PCs) are being seen as an important innovative form of organization and the government at various levels has also adopted this form of producer collectivisation and many of its agencies are promoting these entities after the law was enacted in 2002, and especially during the last 15 years.

There have been many studies on this entity across India during the last 15 years including many articles and a book by this reviewer. It is important to examine the practice of formation, governance and management of these entities besides assessing their physical and financial performance as public money is being invested besides the investment of producer member owned equity. There are many concerns about the way these entities are being set up, managed, and governed depending on the type of promotor. In this context, the book under review could have made a valuable contribution as it deals with the sustainability of these enterprises. It has two chapters on the context of agricultural markets and value chains and the concept and policy guidelines for such companies. The second part has eleven case studies of individual PCs. The next part of the book deals with the ground reality of working of these entities with just one chapter followed by part four with another chapter on monitoring and evaluation of such entities. The last part concludes the book with a way forward. Anyone would be interested in going through such a timely publication on a current topic of policy and practical relevance. However, this is where the book disappoints as it has not only many spelling mistakes but also repetition of words in the preface itself as well as across many chapters.

The first chapter gives a detailed history of the evaluation of agricultural market regulation beginning with the 1960's and details out the various provisions of model APMC Act of 2003, model APLM Act, 2017 and the model Contract Farming Act, 2018. It even summarises very briefly the now repealed 2020 Union Acts on Agricultural Markets and Contract Farming besides the amendment to the Essential Commodities Act (ECA). It states that these historic farm laws would have opened a strategic opportunity for creating integrated value chains for a win-win situation for all stakeholders and accelerating the growth of agro-food processing industry. It even summarizes the recommendations of the Supreme Court appointed Committee to examine these farm laws without finding any loopholes or problems with any of the laws or the Committee's recommendations. Thereafter, the chapter goes into the issues of sustainability of PCs and quotes a statement of the then Minister of Agriculture without giving any source of it. Immediately after, it points out the problems which need to be resolved to make PCs sustainable and lists out parameters of maturity and

sustainability of the PCs. It is quite unusual that the outline of the book is also mostly presented as a chapter-wise table listing the names and locations of the case study PCs. Chapter 2 gives a quick overview of the role of PCs in farmer livelihoods and compares a PC with a cooperative society based on frequently asked questions from NABARD website. It gives the basic details about the legal formation of the PCs and the central schemes for promotion of 10,000 Farmer Producer Organisations (FPOs). Surprisingly, it does not differentiate between the concepts of the FPO and the FPC and even lists credit guarantee support and matching equity grant as part of the financial support in the first year, even though these entities generally get these grants after 2 to 3 years. It ends the chapter with status of the PCs over the years in India and in major states in terms of age, membership, and paid-up capital. It then presents an impact assessment framework based on stakeholder discussion which assigns scores to different aspects like statutory compliance, credit and market linkages, managerial/professional team, and turnover, profits, and benefits to members as part of the results delivered.

The 11 case studies in the next part of the book are no more than stating the profiles of Directors of the case study PCs, share capital details and various business activities like input supply, procurement of output, value addition and technical support to farmer members. It ends with a statement of problems faced by each of the PCs as stated by their management and assigns an impact assessment score out of 100. In most of the case studies, profit and loss statement and balance sheet are given though in some cases, it is only for one or two years which is not adequate to assess the sustainability of the PC. In some cases, the business plans of the PCs are given without any analysis.

In most of the case studies, the names of directors are listed, which doesn't add any value. Further, landholdings of the member farmers are given in absolute numbers for different categories without even percentage share of each category being worked out. Only in two case studies, the key financial ratios for 5 years have been given. Therefore, most of the case studies have plenty of information in the form of profile of the PC rather than performance or sustainability analysis. The goat PC has been studied by other scholars earlier (Singh, 2021; Prasad et al, 2023) but there is no acknowledgement of such case studies or analysis.

In one of the case studies in part two of the book (8), in the details about the villages, all villages have same average land holding which is unbelievable. Further, it is given as a range though titled as average. One PC was set up in late 2021 and it is difficult to understand how this entity receives any equity grant within this short span of its life. Its profit and loss account and balance sheet are only for one year and the rest are only projections. With this kind of information what kind of performance analysis can be carried out is not clear. In another case, in Uttarakhand, the average landholding of different villages is shown to be ranging from 6 ha. to 16 ha. which is unlikely in a hill state, that too in Pithoragarh district. On the other hand, the average land holding of Directors is reported to be in the range of 0.4 to 1.2 acres each. This is the only PC which is less than two years old at the time of the case study and therefore,

only a single year profit and loss account and balance sheet is given. In fact, the PCs for case studies should have been chosen keeping in view the minimum age of the PCs. Surprisingly, in another case study, the names of the employees along with designations are also listed besides the name of Directors. In case study 12, the details of the promoter and the number of PCs it has promoted are listed which really doesn't fit there. This case study has interesting details about the procurement arrangement with NAFED and minimum eligibility conditions for such an engagement. Case study 13 gives unnecessary details about the villages including village population and number of households while the average land per farmer is given only for the entire set of villages, not for each village. Though this PC has been in existence since 2015, there is not much analysis of its performance even though there are balance sheets and profit and loss details for four years given in the annexure.

Part 3 of the book deals with assessing the ground reality and operational problems of the PCs but no examples are given while stating various operational problems or challenges. It is stated that a uniform scheme of FPOs for all states is not relevant and this is highlighted by comparing Punjab and Haryana with the rest of the states, but no citations are given for the data used for this comparison. The chapter on monitoring and evaluation is very general and most of the time discusses operational guidelines and it is concluded that no effort is made to perform management control functions to bring the defaulting PCs (FPOs) back to health and performance. This chapter also highlights the need for data availability to perform management control tasks. The evaluation of the FPO scheme relies on a study by another agency and ends with a quote from that agency's report but without any details of the exact citation.

The concluding chapter asked some questions like how many FPOs are sustainable, how involved the shareholders are in the activities of these agencies, how farmer centric are these agencies in practice and what kind of benefits farmer members have received. It points out that there is a mismatch between the objectives of the 10,000 FPO scheme and the ground reality. It also cites the reviewers' study (Singh and Singh 2014 or Singh, 2021) without exact reference), about 30% members not being aware that the entities are owned by them. It makes many observations about the malpractices in the setting up and operations of such entities but without any evidence. It also questions that many of the Cluster-Based Business Organisations (CBBOs) are not qualified to carry out the task and many of them violate the governance principles of PCs by appointing their own staff as Chief Executive Officers. It is also stated that most of the monitoring is more about process variables and not result or outcome variables. Most of the time, either there are no business plans, or they are very unrealistic. There is also a lack of professional management and capacity-building efforts and most of the scheme funds remain unutilized as a very miniscule percentage of PCs have obtained equity grant or credit guarantee support. Some of it is so because the processes to obtain such support are complex. Most importantly, the market linkages of such entities are weak, and they also do not have adequate value addition

facilities. The roadmap suggested includes focus on results rather than the process, accountability of the CBBOs and funding agencies, and innovative market linkages.

The book would have added more value if it was published with more care as it does not even mention the year of publication and there are typos and other mistakes throughout the book. Further, major cases study collections (Singh, 2021 and Prasad et al, 2023) have been missed out in reviewing the existing knowledge in this domain and in planning the case study research.

#### REFERENCES

- Prasad S, A Kanitkar, and D Duta (eds.) (2023): *Farming Futures: Reimagining Producer Organisations in India*, Routledge, New York.
- Singh, S (2021): *Understanding Performance and Impact of Producer Companies: Case studies across states and promoters in India*, CMA, IIMA, Ahmedabad, March.

Centre for Management in Agriculture (CMA)  
Indian Institute of Management,  
Ahmedabad-380 015.

*Sukhpal Singh*