

# SWOT (Strenghts, weaknesses, Opportunities and Threats) Analysis of Farmer Producer Companies in North-Eastern Karnataka

Shweta Karadipatil\*<sup>1</sup>

PhD Scholar

Department of Agricultural Extension Education  
University of Agricultural Sciences,  
Raichur Karnataka, India- 584104

Dr. S. B. Goudappa<sup>3</sup>

Dean Student Welfare,

University of Agriculture Sciences,  
Raichur Karnataka, India- 584104

Dr. D.G.Satih<sup>5</sup>

Senior Farm Superintendent and Head,  
Agricultural Research Station Bheemarayangudi, UAS,  
Raichur Karnataka, India- 584104

Dr. D.M. Chanadargi<sup>2</sup>

Director of Extension,

University of Agricultural Sciences,  
Raichur Karnataka, India- 584104

Dr. Basavaraj Hulagur<sup>4</sup>

Assistant Professor,

University of Agriculture Sciences,  
Raichur, Karnataka, India- 584104

Dr. Pampanna, Y<sup>6</sup>

Assistant Professor,

Main Agricultural Research station, UAS,  
Raichur, Karnataka, India- 584104

**Abstract:-** The study was conducted in purposively selected North-Eastern districts of Karnataka state. A total of ten Companies were purposively selected from the region in the year 2019. The respondents for the study were the members holding a share in the Company. The list of registered members was taken from each company growing multiple agriculture and horticulture crop thus 25 respondents were randomly selected. Thus, a total of 260 registered member farmers were selected for the study. Ex-post-facto and exploratory research design was used for the study. The collected data was analyzed using frequency, percentage and standard deviation and ranks were given accordingly based on the responses. With respect to SWOT analysis, Provision of equity grant was identified as major strength in FPCs. The arrangements made by FPC to their members by procuring the vegetables and fruits giving them opportunity to sell directly to consumers at increased price. As consumers were ready to pay more for fresh fruits and vegetables this added growers with a price advantage was expressed as major strength by FPC members. The members were of the opinion that whenever the government procures their produce, they will get more than market price values and the immediate payments through direct benefit transfers have been helping solve financial problems. Higher transportation cost increases the sale price of produce and competition with private companies as a threat was expressed by majority of members. Members were willing to attend the trainings hence; they suggested that government and Resource Institute must provide frequent trainings related to agribusiness management and income generating activities.

**Keywords:-** Farmer Producer Company, SWOT, Linkages, North-Eastern Karnataka.

## I. INTRODUCTION

Farmer Producer Organization/Company is a legal entity formed by group of farmers or primary producers, viz., agriculture farmers, milk producers, fisherman, small tea growers, weavers, craftsman *etc.*, works closely in support of the Department of Agriculture and Co-operation and the various state governments to enhance production, productivity, and profitability of small farmers (Anonymous, 2013). The basic purpose envisioned for the FPCs is to collectivize small farmers for backward linkage for inputs like seeds, fertilizers, credit, insurance, knowledge, and extension services; and forward linkages such as collective marketing, processing, and market-led agriculture production (Mondal, 2010). Producer organization/company increases the skills, revenue and bargaining power of the smallholder farmers in the production and marketing of their produce. Producer Companies also disseminate technical knowledge to its members, improve their production efficiency, reduce the transaction costs, market the final produce and are even successful in capacity building thereby, fabricating the social capital. In this context, it is important to know the strengths and opportunities which act as positive elements in growth of the company. As well weaknesses and threats are to be known to rectify the problems and make the company capable of overcoming such threats and weaknesses.

## II. MATERIALS AND METHODS

The present study was conducted during the year 2019-20 in North-Eastern Karnataka to know the motivational factors behind joining Farmer Producer Company. The *exploratory* and *ex-post-facto* research designs were used in the present study. Both primary and secondary data was used in the present study. The exhaustive information using secondary data of the districts was collected and compiled as per the desire of the study. A list of active FPCs was collected

from the various officials of development departments like Agriculture department, Horticulture department, and National bank for Agriculture Development (NABARD) etc. The primary data was collected from members of FPC, project managers, village residents, coordinators, personnel of the agricultural and horticulture department, resource persons working under various institutions facilitating and promoting FPC. The data were collected through personal interviews, observation methods, farmer meetings, and field surveys. The primary data were related to behavior and response of respondents including members and non-members of FPCs. The secondary data were collected from records of the FPCs records maintained by the associated NGOs, journals, thesis, and books related to the study as well as from the internet. The data from both the sources was used in combination as per the objectives of the study.

#### A. Selection of FPCs under the study

The study was conducted in five districts, Kalaburgi, Koppal, Raichur, Vijayanagar and Yadgir of North-Eastern Karnataka. Ten FPCs promoted by Small Farmers Agribusiness Consortium were purposively selected. One FPC from Vijayanagar district (Tungabhadra Horticulture Farmer Producer Company Ltd.) four from Kalaburgi (Nisargha Farmer Producer Company Ltd., Rohini Farmer Producer Company Ltd., Negilayogi Horticulture Farmer Producer Company Ltd. and Grameena Horticulture Farmer Producer Company Ltd.), two each from Koppal (Abhinavashri Horticulture Farmer Producer Company Ltd. and Yelaburga Horticulture Farmer Producer Company Ltd.) and Raichur (Raichur Farmer Producer Company Ltd. and Amareshwara Farmer Producer Company Ltd.), and one from Yadgir (Bhagyodaya Farmer Producer Company Ltd.) were selected under the study.

#### B. Selection of the respondents under the study

From each FPC twenty five members were randomly selected which comprised a total of two hundred and sixty respondents under the study. The individuals scores were totaled and mean scores were given ranks according to the response obtained by members.

### III. RESULTS AND DISCUSSIONS

#### A. Strengths experienced by members of farmer producer companies

The Table 1 revealed that the major strengths identified in FPCs were the provision of equity grant and state department facilities (83.33 %) followed by reduction in transactional cost of members (74.68 %) and linkages created with other development organizations (71.68 %), respectively.

Provision of equity grant was identified as major strength in FPCs. Farmer producer organizations have entered into agreement with agencies like IFFCO and wholesalers for bulk supply of fertilizers, bio-pesticides and seeds etc. FPCs through State Agriculture and Horticulture departments were able for providing technical advice, conduction of trainings for members.

#### B. Opportunities experienced by members of farmer producer companies

The results from the Table 1 reveals that the major opportunities identified in FPCs were direct marketing to consumers in Covid -19 pandemic situation (82.00 %), employment opportunities at village level (78.24 %), processing and brand creation (75.10 %), respectively.

During the pandemic situation arrangements were made by FPO to members by procuring the vegetables and fruits giving them opportunity to sell directly to consumers at increased price. As consumers were ready to pay more for fresh fruits and vegetables this added growers with a price advantage. Employment opportunities were provided for packaging the produce and working in custom hiring centers for locally available interested members. Processing of guava, papaya, grapes, chili, mango and tomato has a huge scope for FPCs to enter in food retail sector.

#### C. Weaknesses experienced by members of farmer producer companies

The results from the Table 2 indicated that the major weaknesses experienced by members were irregular procurement from government (87.23 %), inadequate transportation facilities (82.35 %) and lack of storage and secondary processing facilities (80.21 %), respectively.

Delay in procurement makes members to realize lesser prices. The members were of the opinion that whenever the government procures their produce, they will get more than market price values and the immediate payments through direct benefit transfers have been helping solve financial problems. Vegetable growers mainly expressed need of adequate transportation facilities. FPCs were suffering with low storage and secondary processing facilities which were hindering post harvest management technologies.

#### D. Threats experienced by members of farmer producer companies

The results from the Table 2 depicts that the major threats expressed by members were market risk and price fluctuations (85.31 %) followed by competition from private companies (79.87 %) and political interference (74.21 %), respectively.

Higher transportation cost increases the sale price of produce and competition with private companies. Market risk and price fluctuations in agriculture are all time concern. Political interference affects the decision making and creates bias in input distribution in FPCs were the threats expressed by members.

#### E. Suggestions expressed by members of farmer producer companies

The results from Table 3 revealed that cent per cent of the members suggested that government must procure produce regularly followed by (95.32 %) suggested for need of adequate infrastructure facilities like own office space and storage structures, (94.12 %) suggested for provision of frequent trainings, (92.83 %) for provision of adequate transportation facilities, (91.38 %) suggested for regular and

timely grants availability from government, (85.00 %) for avoidance of political interference and (84.56 %) suggested for provision of collection centre at each village, respectively.

Members were willing to attend the trainings hence; they suggested that government and Resource Institute must

provide frequent trainings related to agribusiness management and income generating activities. Members felt that political intervention in input supply shops of FPO sometimes creates bias in availability of inputs to members.

Sl. No.	Strengths	Per cent	Rank
1.	Experience of SHG groups of FPCs	64.00	5
2.	Unity and co-operation among members and directors	68.43	4
3.	Linkages created with other development organizations	71.68	3
4.	Members willingness in agri-business activities	62.00	6
5.	Board members contribution in infrastructure facilities	56.46	8
6.	Equity grant and state department facilities	83.33	1
7.	Reduction in transactional cost of members	74.68	2
8.	Board members dedication and educated CEO	43.15	9
9.	Bulk procurement of pulse and horticulture crops	61.21	7
Sl. No.	Opportunities	Per cent	Rank
1.	KVK and NGO support	68.86	4
2.	In Covid-19 pandemic direct marketing to consumers	82.00	1
3.	Processing and brand creation for produce	75.10	3
4.	Employment opportunities at village level	78.24	2
5.	Export of pulses and fruit crops	62.71	5
6.	Dynamic leadership of CEO	52.63	7
7.	Tie ups with corporate industries	61.17	6

Table 1: Rank order of strengths and opportunities experienced in FPCs (n= 260)

Sl. No.	Weaknesses	Per cent	Rank
1.	Insufficient trainings and exposure visits	79.61	4
2.	Lack of storage and secondary processing facilities	80.21	3
3.	Delayed payments	73.54	6
4.	Domination by directors	61.29	8
5.	Frequent change in CEOs	63.75	7
6.	Lack of technical guidance to all members	75.96	5
7.	Inadequate transportation facilities	82.35	2
8.	Irregular procurement from government	87.23	1
9.	Non utilization of processing facilities	57.29	9
Sl. No.	Threats	Per cent	Rank
1.	Market risk and price fluctuations	85.31	1
2.	Competition from private companies	79.87	2
3.	Political interference	74.21	3
4.	Local traders resistance for produce	72.35	4
6.	Administrative controls	60.71	5

Table 2: Rank order of weaknesses and threats experienced in FPCs (n= 260)

Sl. No.	Suggestions	Per cent	Rank
1.	Government must ensure procurement of produce every year on regular basis	100.00	1
2.	Adequate infrastructure facilities like own office space and storage structures	95.32	2
3.	Provision of frequent trainings on agri-business	94.12	3
4.	Political interference must be avoided	85.00	6
5.	Provision of collection centre at each village	84.56	7
6.	Regular and timely grants availability from government	91.38	5
7.	Provision of adequate transportation facilities	92.83	4
9.	Equal chance to all members to get directorship	83.07	8
10.	Appointment of village level workers	80.00	9

Table 3: Rank order of suggestions as expressed by members to overcome weaknesses of FPCs (n= 260)

## REFERENCES

- [1]. Aditya, R. L. S., “Study on organisational structure of farmer producer organisations for effective value chain analysis - A case analysis of Telangana and Karnataka.” *M. Sc. Thesis*, Acharya N.G. Ranga Agric.Univ., 2015, India.
- [2]. Darshan, N. P., Rajashekar, B., Patil, K. V., Ravi, K. N. and Parameshwar Naik, J., “Farmer Producing Organizations for development of farmers in India: An Economic perspective”, 2017., *Int. J. Current Microbio. and Applied Sci.*, 6(9): 1611-1615.
- [3]. Manaswi, B. H., Pramod K. P., Prakash, P., Anbukkani, Amit K., Jha G. K., Rao, D. U. M. and Lenin, V., “Evaluation of farmer producer organizations of Telangana- A SWOT analysis approach.” 2019, *J. Sustain. Dev.*, 14(3): 457-466.
- [4]. Mukherjee, A., Singh, P., Rakshit, S., Priya, S., Burman, R. R., Shubha, K., Sinha, K. and Nikam, V., “Effectiveness of Poultry Based Farmers’ Producer Organization and its Impact on Livelihood Enhancement of Rural Women.” 2019, *Indian J. Anim. Sci.*, 89(10): 1152-1160.
- [5]. Mukherjee, A., Singh, P., Ray, M., Satyapriya. and Burman, R. R., “Enhancing farmer’s income through farmer’s producers companies in India: Status and roadmap.” 2018, *Indian J. Agric. Sci.*, 88(8): 1151-1161.
- [6]. Mwaura, F., “Effect of farmer group membership on agricultural technology adoption and crop productivity in Uganda.” 2014, *African Crop Sci. J.*, 22: 917-927.
- [7]. Nadiia, P., “Producer Company as an Institutional option for small farmers in India.” 2011, *M.Sc. (Agri.) Thesis*, Lunds Univ., Lund (Sweden).
- [8]. Preethi, S., “Case study on Farmers Producers Organization in Maharashtra in the era of globalization.” 2015, *IMRD’s J. Management and Res.*, 4(2): 1-11.
- [9]. Trebbin, A. and Hassler, M., “Farmers’ producer companies in India: a new concept for collective action?” 2012, *Environ. Plan.*, 44(2): 411- 427.
- [10]. Trebbin, A., “Linking small farmers to modern retail through producer organizations - Experiences with producer companies in India”. 2014, *Food Policy*, 45: 35-44.
- [11]. Varun, P., “Contract farming through farmer producer organizations (FPCs) in India”. Charan Singh Univ., 2013, Meerut. p. 1-46.
- [12]. Yadav, S., Joshi, S. K. and Gauraha, A. K., “Management status of farmer producer organizations (FPCS) in Chhattisgarh plains”. 2018, *J. Pharmacogn. Phytochem.*, 7(3): 3288-3290.