

Producer Companies in Madhya Pradesh: An Evaluative Study

Swati Chauhan

Research Scholar, Indian Institute of Forest Management, Bhopal Madhya-Pradesh, India

Abstract: Now a day's producers companies are known as new generation co-operatives (NGC). Producer Company consist of characteristics of private limited company and a cooperative society. It combines the valuable features of cooperatives and efficiency of corporate company. The act of producer company came to retain the desirable structure of co-operatives while at the same time enabling the primary producer to have flexibility, freedom and efficiency of private limited company. The producer company concept was introduced in 2002 by introducing a new part IX A in to the Companies Act 1956 (in section 581) under the chairmanship of economist Y. K. .Alagh. Madhya Pradesh is a leading agriculture state of country and contributing substantially in Agriculture GDP Of India. In Madhya Pradesh in 2006 under DPIP (District Poverty Initiative Project) project 17 producer companies formed in 14 district. It was an ambitious project of M.P. Government to alleviate poverty. At present there are 18 producer companies (15 agriculture, 02 dairy and 01 poultry) with the establishment of a new dairy based company at Shivpuri – Hardol Milk Producer Company Ltd. Most of the producer companies are in agribusiness and its core activities are quality seed production, farm produce trading and agri-input supply. They are also engaged in capacity building and strengthening of community by organizing training in different fields. In financial year 2012-13 producer companies have 45,751 shareholders with annual turnover of 118.92 cr. and net profit of 89.93 lakh. This study is an evaluative study and makes an assessment on the business performance of producer companies in the state of Madhya Pradesh based on secondary data provided by DPIP Department from year 2010 to 2013. The assessment is based on financial indicator like number of shareholders, annual turnover, and net profit of the companies. This study also highlights the problems and challenges faced by producer companies through interviews of DPM (District Project Management) of few producer companies and monitoring and evaluation co-ordinator of producer companies.

Key words: producer companies, cooperatives, NGC, Capacity building.

I. INTRODUCTION

The producer company concept was introduced in 2002 by introducing a new part IX A in to the Companies Act 1956 (in section 581) under the chairmanship of economist Yoginder K Alagh, that mandated to frame a legislation that would modify incorporation of cooperatives in to companies and conversion of existing cooperative in to companies. These producer company operates under similar regulatory framework that applies to companies, which is totally different from cooperatives. Now a day's Producers companies are known as new generation co-operatives. Producer Company consists of characteristics of private limited company and a cooperative society. It combines the valuable features of cooperatives and efficiency of corporate company. The act of Producer Company came to retain the desirable structure of co-operatives while at the same time enabling the primary producer to have flexibility, freedom and efficiency of private limited company. The cooperative concept is one of the best alternatives for the primary producer to get coordinated themselves to move up in the supply chain by value addition and business ownership. Producer cooperatives are the collection of producers to share the benefit of economies of scale and provide valuable services like

knowledge about agriculture technology, advisory services, procurement, processing, credit and distribution etc. such cooperatives magnify the synergy level of shareholders, reduce the transaction and transportation cost and provide a platform for sharing the information and collective decision making. Such cooperatives are registered under State Cooperative Societies Act. The main features of cooperative is to create face to face interaction between the farmer and globalised market, provide capital to farmers, manage risk through diversification, set benchmark in the market, and provide competitive market and promote economic democracy at the grass root level.(Singh, 2008.). These cooperatives have suffered from various constraints which impose negative effect on the daily operations and performance of cooperatives. Singh 2008, conducted an analysis on the performance of cooperative system in the country and reasoned that cooperatives are infested by political intervention,, corruption, poor management, no handholding, and declining government support. National Sample Survey Organization (NSSO) reported that given the choice, 40% of the farmers; wish to leave agriculture (Murray, 2009). The major problem faced by the small farmers is mainly due to the presence of agricultural intermediaries – which limits the price realized by the

primary producers. At the same time they face higher competition because of globalisation, liberalisation and privatization policies. As a solution to this problems of cooperatives a new concept called “Producer Company” has originated, which provide more freedom to operate as business entities in a competitive market.

II. PRODUCER COMPANIES

Several institutional models are being tried in India to integrate farmers with the value chain. The most common model is the producers cooperatives, which enable farmers to organise themselves as collectives. The cooperatives are registered with the Registrar of Cooperative Societies. India has a large number of cooperative institutions in a vast range of enterprise sectors. The cooperative experience in India has not been a very pleasant one, as cooperatives have largely been state promoted, with a focus on welfare rather than to do business on commercial lines (EV Murray, Producer Company model: Opportunities for bank finances, CAB Calling, April – June, 2008).

In 2002, through an amendment in the Indian Companies Act 1956, the Government of India enacted the Producer companies Act by incorporating a new part IXA in the Indian Companies Act 1956 based on the recommendations of the Y.K. Alagh Committee, set up for this purpose. The producer companies are incorporated with the Registrar of Company (RoC). The objective was to formulate a legislation that would enable incorporation of cooperatives as companies and conversion of existing cooperatives into companies, while ensuring that the unique elements of cooperative business with a regulatory framework similar to that of private companies.

The PC is formed with the equity contribution by the members and limited to them. The day to day operation is expected to be managed by the professionals, hired from outside, under the direction of the Board of Directors elected/selected by the General body of the PC for a specific tenure. Since farmers or the producers are the equity holders of the company, a PC as an organisation provides an appropriate framework for owning the company by the producers themselves.

Main objectives of producer company

As per the companies act, 2002, section 581 B, the main objective of these companies can be Production, harvesting, procurement, grading, pooling, handling, marketing, selling, storage export of primary produce of the members or import of goods or services for their

Table1: Comparative analysis of cooperatives and producer companies

Features	Cooperatives	Producer Company
1. Core Philosophy	Cooperation among cooperatives. One for all, all for one.	Competitive advantage. Equity.
2. Objectives	Generally single objective, but could be multipurpose also.	Multi objective
3. Governed by Act/Rules	Societies registration act 1960 & MACS or called MP Swayattata	Under Company Amendment Act 1956 under Part X-A or called

benefit, processing the produce of members, manufacture, sale or supply of machinery, consumables, etc to members.

Address value chain management in sectors like seeds, food and non-food crops, vegetable and other perishable.

providing education and other welfare activities for members, generation, information transmission and distribution of power, revitalisation of land and water resources, their use, conservation and communications relatable to primary produce, insurance of produce, and other allied or ancillary activities including financing thereof. (ASA,Bhopal)

Formation of Producer Company

Any ten or more individuals, each of them being a producer, that is, any person engaged in any activity connected with primary produce, any two or more producer institutions, that is, producer companies or any other institution having only producers or producer companies as its members or a combination of ten or more individuals and producer institutions, can get incorporated as a producer company.

Salient features of Producer Companies

1. Producer companies registered under Indian companies act 2002, ownership and membership of company held by only primary producers. Members equity can not be traded however it can be transferred with the permission of BOD's.
2. The registered producer company is treated as a private limited company.
3. Producer companies are with limited liabilities and limited only by share capital. The liability of the members is limited to the unpaid amount of the shares held by them.
4. The minimum paid-up authorized capital is Rs.5 lakh for a PC.
5. Minimum number of members required to form a PC is 10 while there is no limit for maximum number of members. During research it has been found that for agriculture based PC 800-1000 farmers is a good size for initial years to make it economically viable and increasing up to 2000 as the company grows.
6. It has been found that there is no government or private equity stake in the producer companies, which implies that PC cannot become a public or deemed public limited company.

III. COMPARATIVE ANALYSIS OF COOPERATIVES AND PRODUCER COMPANIES

	Adhiniyam 1999	Producer Company Act 2002.
4. Area of Operation	Restricted, discretionary.	Entire union of India.
5. Membership	Eligible individuals as per the provision of concerned act.	Any Individual, group or association, producer of goods or services.
6. Share transferability	Non transferable	Limited to members on par value
7. Management style & structure	Democratic. Conventional	Democratic. Professional.
8. Interface with Govt.	Highly patronized to the extent of interference.	Limited to statutory requirements.
9. Extent of autonomy	Limited in real world scenario.	Fully autonomous, self ruled within provision of Act.
10. Privileges	Many to the extent of making dependant	Equivalent to the coops with sense of competitiveness
11. Patronage	Not any such provision in the act for motivation of active members	Act provides excellent provision for the patronagee bonus to the active members in respect to their contribution in institution's business.
12. Compatibility with trade and industry	Compatible and comfortable with cooperative sector only.	Highly compatible with corporate, organized trade and industry.

Source: ASA Manual Volume II

Producer companies have a number of advantages over the cooperatives in many areas. Specifically of the PC there is less government control whereas the cooperative institutions are state controlled. The overriding powers of the Registrar of Cooperative Societies to direct and regulate cooperatives, whenever the government deems necessary, has throttled the growth of the cooperative institutions (EV Murray, Producer Company model: Opportunities for bank finances, CAB Calling, April – June, 2008). Majority of the cooperative institutions currently facing severe financial crisis and heavily dependent on the state's subsidy for existence. The Mutually Aided Cooperative Societies Act (MACS) was introduced to overcome some of these limitation of the cooperatives, however, not many states have adopted the MACS and also not many commodity cooperatives have migrated to the MACS format.

IV. PRODUCER COMPANIES IN MADHYA PRADESH

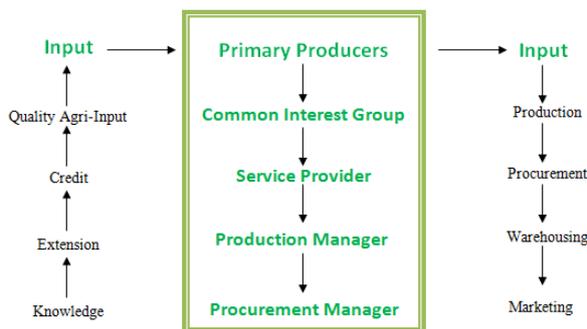
Madhya Pradesh is a leading agriculture state of country and contributing substantially in agriculture GDP of India. MPDPIP (Madhya Pradesh district poverty initiative project) is World Bank funded ambitious poverty alleviation programme of govt. Of Madhya Pradesh started in 2000. This project is implemented in 14 district of the state. The project has adopted a holistic and alternative approach for livelihood and income generation by strengthening market driven process at village level. The project is based on participation development process. The activities of the project facilitated through project facilitation team (PFT) at village cluster level. This demand based project has supported 3.5 lakhs rural families by organizing them in 56 thousands Common Interest Group (CIG). Major investment has been done

in activities like irrigation infrastructure creation, land reforms, and agriculture productivity enhancement. Under this project producers have been organized through community based business initiatives to reap potential of agribusiness. These initiatives are now established themselves as “producer company registered under appropriate legal framework and provide effective financial , market and knowledge linkages for the rural community. At present there are 18 producer companies in the project area (15 agriculture, 02 dairy and 01 poultry). Maximum producer companies are in agri-business. The core businesses of agri- producer companies are quality seed production, farm produce trading and agri – input supply. Also the producer companies are imparting technical guidance on new technologies of agriculture at farmer's doorstep. They are also engaged in capacity building and strengthening of the community by organizing trainings on different issues. They are benefiting the community by various means like premium distribution, help in receiving subsidy in convergence with Agriculture Department on seeds and supply of agri inputs at subsidized rate etc. The annual turnover of these companies for the financial year 2012-2013 is Rs. 118.92 cr.

The producer companies produced approx. 67,000 Qt. Of quality seeds in the financial year 2012-2013. The total seed production has increased 1.8 times over the previous year. They had helped farmers to receive subsidy of Rs. 1.02 crore in this year. The milk producer company Sagar Shri Mahila Dugdh Utpadakta Company, Jaisi nagar having an association of 1,150 women milk producers had an annual turnover of Rs. 60 lakh this year.the newly formed producer company in shivpuri district had a business turnover of Rs. 47 lakhs. The Mahila Poultry Producer Company is an association of 8 cooperatives in Sidhi, Kesla, Orchha,Jatara, Rajnagar, Dindori,

Lateri & Deori Districts. It is working with 3,207 shareholders with an annual turnover of 100.00 crores.

ROLE OF PRODUCER COMPANIES



Producer’s company play important roles as an aggregator, as a farmer’s institution and as a knowledge focused entity. As an aggregator company extends its support to market as well as marginal farmers for aggregation of input demand, quality unified farm produce, and cost effective purchasing of agri-input through elimination of middleman.

As a farmer’s institution company is involved in interventions to bring about maximum innovations and exposures for the market and members of producer company in the field of rural business by coordinating knowledge, financial and marketing linkages.

Producer’s company as a knowledge focused entity initiates internal training programmes for farmers, board of directors, members , staff and discussion of key constraints/ challenges for the sector and draws lessons from these for practical application.

Figure 1: Role of producer companies

List of Producer companies in Madhya Pradesh

Producer Company	Location	Commodities dealt
Luvkush Crop Producer Company Ltd.	Gairatganj (Raisen)	Seed and grain production
Hardol Agriculture & Marketing Producer Company Ltd.	Shivpuri	Seed and grain production
Samarth Kisan Producer Company Ltd.	Agar (Shajapur)	Seed and grain and bio-fertilizer production
Khujner Agriculture & Crop Producer Company Ltd.	Rajgarh	Seed and grain production
Narsingh Crop Producer Company Ltd.	Narsinghpur	Seed, grain peas, sugar cane and turmeric production
Sagar Samridhi Crop Producer Company Ltd.	Deori (Sagar)	Seed and grain production
Govind Seeds & Crop Producer Company Ltd.	Damoh	Seed grain and potato production
Khajuraho Crop Producer Company Ltd.	Chhatarpur	Seed grain and chilli production
Nowgong Crop Producer Company Ltd.	Chhatarpur	Seed grain and chilli production
Karnawati Agri. Producer Company Ltd.	Panna	Seed and grain production
Ramraja Crop Producer Company Ltd.	Tikamgarh	Seed, grain ,ginger and chilli production
Rewa Crop Producer Company Ltd.	Rewa	Seed grain and chilli production

Churahat Crop Producer Company Ltd.	Sidhi	Rice and tomato production
Neshkala Crop Producer Company Ltd.	Guna	Seed grain and coriander production
Sironj Crop Producer Company Ltd.	Sironj (Vidisha)	Seed and grain production
Hardol Milk Producer Company Ltd	Shivpuri	milk
Sagar Sri Mahila Crop Producer Company Ltd.	Jaisinagar (Sagar)	Milk production and processing
M.P. Mahila Murgi Producer Company Ltd.	Orchha (Tikamgarh)	poultry

Source: DPIP, Panchayat & Rural Development Department, Govt. Of Madhya Pradesh

Experience Of Asa (Action For Social Advancement) In Establishing Pc's In M.P.

ASA as facilitating organization promote the concept of producer company in Madhya Pradesh. As author discussed with monitoring and evaluating coordinator of producer companies , he told that ASA (NGO) hired by MPDPIP for promoting and providing technical support to producer companies in Madhya Pradesh in 2004. Approx 40 lakh Rs. given to him for establishment of PC's concept in M.P. Several efforts have made by ASA to bring policy changes in favour of producer organisation in M.P. MP Government have provided tax related relaxation to producer organisations and management cost support to a PC with minimum three year and a one time working capital support of Rs. 25 lakh to each producer company.

Sustainability of the producer companies determined by financial viability and institutional sustainability. the success of the producers collectives would largely depend on the skill and commitment of the promoting agency. Main challenge faced by ASA is how to connect the individual producer to the governing system of the producers organisation. The agency promoting the producers organisation has to pursue both the social and economic objectives simultaneously. It is therefore a long drawn agenda irrespective of the legal format under which these institutions are formed. An enabling legal format can facilitate the process well but cannot ensure a vibrant institution without a proper process followed.

V. REVIEW OF LITERATURE

Venkattakumar and Sontakki (2012) discussed the experience and implication of producer companies in India. They analysed the role of cooperatives vs. Producer companies. They found cooperative system in India is infected by several inadequacies while

producer company model in india is scaling up and changing the life of farmers. They also discussed various challenges faced by producer companies in india. Singh (2008) described the producer companies as new generation cooperatives. In this article author discussed how producer companies as new generation cooperative turn out to be different over traditional cooperatives. Murray (2008) discussed the present condition and future scenario of producer company model. In this paper author provided detail analysis over producer companies and discussed how value addition in agricultural commodities change the life of farmers. Sukhpal (unpublished study) examined the experience of producer companies in india where they have been in existence from a longer time . Under this study author compare and contrast the producer companies with co-operative structure in India and than compare the process of setting up PCs and their performance , promotion and management of PCs based on case studies of 24 PCs in four different sates of India. Author found that PCs model in Madhya Pradesh is doing good than other states. Dwivedi and joshi (2007) discussed the role of producer company in ensuring food security, creating marketable surplus , better income leading to livelihood improvement in the life of farmers. In this article author talked about producer companies initiated by Madhya Pradesh District Poverty Initiative Project (MPDPIP). Here author analyzed future strategies of these companies and identified various issues which companies are facing. Nayak (2009) analysed the underlying imbalance in design, structure and objective between traditional firm and producer company and it would lead to exploitation of marginal producer under the current structure of production and trade relationship between the two. Author suggested that any enterprise system or model to be sustainable for all in a community has to ensure the sustainability of the poorest in the community.

VI. OBJECTIVES OF THE STUDY

This study is an attempt to assess the performance of producer companies in Madhya Pradesh one of India's largest state where 70% population lives in rural area and depend on agriculture. The main objective of this study is to evaluate the performance of producer companies in Madhya Pradesh on the basis of indicator like number of shareholders, net profit and annual turnover of the companies. This study also highlights the challenges faced by producer companies in Madhya Pradesh.

VII. RESEARCH METHODOLOGY-

The study undertakes to recognize the objectives by employing a well-structured approach and more appropriate methodology. The study is based on interviews of DPM (District Project Management), CEO and BOD of few producer companies and monitoring and evaluation co-ordinator of producer companies (DPIP) and secondary data sources. Secondary data sources involved various research papers, debates, deliberations of workshops, proceedings and available case studies on producer companies.

VIII. ANALYSIS AND DISCUSSION-

On the basis of few indicators like number of shareholders, annual turnover and net profit the performance of producer companies in Madhya Pradesh is evaluated. Below given Table 2 shows the performance of 18 producer's company in terms of number of shareholder's , annual turnover and net profit for three financial years. Author got this data with the help of monitoring and evaluating controller of producer's company in DPIP.

Graph 1 in appendix (see appendix 1) shows the performance of companies in terms of number of shareholders. Companies which are having maximum number of shareholders, they are doing good in their district by providing benefits to more number of people. Author analyzed the graph and found that Samarth Kissan Producer Company has maximum number of shareholder 6,552 in comparison to other companies. In all the three years company have same number of shareholders. After Samarth, Khajuraho

Crop Producer Company has 4625 shareholders. number of shareholders consistently increased year by year in Rewa Crop Producer Company And M.P.Mahila Murgi Producer Company Limited. Minimum number of shareholders noted in Hardol Milk Producer Company Limited.

Graph 2 in appendix (see appendix 1) shows the performance of Producer companies in terms of annual turnover. Author analyzed the graph and found that maximum turnover is noted in M.P.Mahila Murgi Producer Company ltd., the reason behind that this producer company is association of 8 cooperatives in 8 different district of M.P. and in 2012-13 its turnover was 100.00 crores. Another company Rewa Crop Producer Company Ltd. performed good in financial year 2011-12 and maximum turnover was 497 lakhs , but in 2010-11 and 2012-13 company performed average. During analysis author examined that Hardol Agriculture, Khujner, Khajurah, Karnawati, Ramraja and churhat producer's company turnover increasing consistently at a slower pace. Sagar sanridhi, govind seeds and nowgong producer companys turnover decreasing consistently and not performed well.

Graph 3 in appendix 1 (see appendix 1) shows the performance of company in terms of net profit. During analysis author found that in the last financial year 2010-11 and 2011-12 six producer companies of district Damoh, Narsinghpur, raisen, sagar, tikamgarh and vidisha were in loss. Now except two companies i.e. Damoh and Sagar all the companies are in profit without any financial support from the project. Manoj saxena (evaluating and monitoring coordinator) discussed with author regarding the performance of companies and said " companies are now capable to bear their administrative expenses, now companies are moving towards self sustainability".

In this way author analyzed the data and noted that mostly companies are doing good in all the three parameters. Few companies are trying to be sustainable. DPM of a company said " this project started few years back and earlier companies faced a number of problems , now companies are in a position to manage all their operational expenses without any support".

Shareholder's View On the producer's Company

Shyam singh, a shareholder farmer of agribusiness producer company in village Silvani in Raisen district said "The Company has given us new hope to live our life. From last few years we are receiving good quality seeds and branded fertilizers from the company at a reasonable rate. The company provides proper market to sell the farm produce. The company also provide trainings on agriculture practices. Productivity of my land increased from 2 to 3 times. now my input cost has reduced and agricultural production has doubled with quality and regular supply of seeds and fertilizers. I saved my time and money by selling all my produce to the company. I received extra premium of Rs. 50-100 per quintal on selling soybean, gram and wheat as compare to local market. Now, I purchase all my agriculture inputs from the company. I am satisfied with the performance of the company, like me many other shareholders have the same perception about the company,.

Company name	Shareholder			Turnover (in lakhs)			Net profit (in lakhs)		
	2010-11	2011-12	2012-13	2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
Luvkush Crop Producer Company Ltd.	2001	2001	2001	52.2	45.81	73.9	-1.3	-0.65	0.83
Hardol Agriculture & Marketing Producer Company	3378	3378	3378	200	260	365	8.13	10.15	24
Samarth Kisan Producer Company Ltd.	6552	6552	6552	189.1	92	189	5.39	2.5	10.4
Khujner Agriculture & Crop Producer Company Ltd.	3074	3074	3074	100.5	116	151	1.42	1.77	6.66
Narsingh Crop Producer Company Ltd.	2872	2872	2872	27	26	48	0.3	-1.41	0.96
Sagar Samridhi Crop Producer Company Ltd.	1265	1265	1265	70.1	70	24	-2.36	-0.8	-0.3
Govind Seeds & Crop Producer Company Ltd.	3073	3073	3073	12.5	25	10	-3.9	-6.7	0
Khajuraho Crop Producer Company Ltd.	4625	4625	4625	22.5	95	170	0.14	2.5	8.1
Nowgong Crop Producer Company Ltd.	1040	1040	1040	54.7	45	37	0.15	0.03	0.03
Karnawati Agri. Producer Company Ltd.	3240	3240	3240	65	122	128	3.59	1.92	1.65
Ramraja Crop Producer Company Ltd.	1764	1764	1764	15	23.78	74	-0.92	0.25	8
Rewa Crop Producer Company Ltd.	1600	1800	3141	242.4	497	250	0.9	0.69	0.78
Churahat Crop Producer Company Ltd.	1700	1700	1700	9.2	38	63	0.02	0.32	0.6
Neshkala Crop Producer Company Ltd.	800	927	1059	157.5	121	142	0.72	1.13	2
Sironj Crop Producer Company Ltd.	1910	1910	1910	126.8	92	61	0.72	-0.47	2.92
Hardol Milk Producer Company Ltd	390	390	700		25	47		0.03	1
Sagar Sri Mahila Crop Producer Company Ltd.	1150	1150	1150		59	60		-6	1
M.P. Mahila Murgu Producer Company Ltd.	1000	1100	3207		800	1000		21.09	24

Table 2: Performance (Yearwise) of the Producer Companies
Source: DPIP, Madhya Pradesh

Challenges faced by producer companies

Despite its various advantages, the producer companies have its own challenges. Majority of the customer of these companies are small and marginal farmers. They are illiterate with poor awareness on importance of quality seeds and other agri-inputs. The purchasing capacity of these farmers is very low. The villages that are poorly connected to producer companies also faces great challenges. Companies conduct various training programmes for capacity building of farmers but it is impossible to provide training to all farmers at a time. The producer companies need a large amount of working capital for procurement, value addition and marketing as well as extending credit, loan and advances (Venkattakumar & Sontakki, 2012). In M.P. government provide funds to these producer company for official and administrative expenses up to five years. As author talked to District Project Manager of Lavkush crop producer company, Raisen, "Government provide Rs. 25 lakhs for the working capital of producer companies, this amount is given to the companies in the form of fixed deposit, against this amount company can take loan from the bank. But companies need more than this amount for smooth running of business. Lavkush company CEO said, we don't have proper infrastructure for storage of farm produce. In Madhya Pradesh DPIIP provide infrastructure support to few producer companies. During company visit author felt that major decision related with company

taken by professionals, role of BOD member is very low as they are illiterate and unaware about various things. In producer companies there is vigorous need for forward linkages and backward linkages. Banks and financial institutions do not lend producer companies as they are not having collateral security. Another company CEO said we do not have sufficient manpower to run the company operations. Company do not have sufficient fund to hire more professionals and at the same time it is difficult to retain them.

Future prospects of the companies

producer company model developed by MPDPIIP in Madhya Pradesh is successful model where government support these companies by providing start-up and working capital. dpiip is also in planning to allot fun to these company for their future activities. producer companies planned a number of things for doing in future. They are in process of developing network of service providers and delivery system in all DPIIP villages to increase the outreach. Expansion of agri-input business in entire district through retail outlet. Construction of warehouses for storage of seed and grains. Establishment of central seed processing unit at each company level. companies are in process to get fund from the M.P. Government for expansion and diversification of business. Establishment of company's product brand and market development. Lavkush crop producer company took initiative in Madhya Pradesh for branding of product.

Product branding

Lavkush crop producer company private limited in Raisen district set an example for other producer companies. company launched their own brand Ajeevika and started to produce Ajeevika chakki fresh Aata and Besan. Marketing and manufacturing of these products done by company itself. Company also tied-up with Vindhya Valley (M.P. Khadi Gramodyog) and selling the product as Vindhya Valley Aata and Vindhya Valley Besan. Both are Agmark product. Company CEO said "association with vindhya valley is mutually beneficial and value adding relationship for us."

Companies want to develop resource and training centre in each district for providing training to farmers on agriculture practices and empower them with updated information. Every company set targets for increasing the production of quality seed, for this companies are doing lot of efforts.

IX. CONCLUSION

Producer companies in M.P. based on graduation model of decentralized institution building that follows the principle of aggregation i.e. forming small groups, networking them and then federating upwards to enable better strength of voice, collective bargaining and economies of scale (Ghosh & Sen). Overall objective of this business is to provide improved access to new agricultural technology, markets, financial and non-financial support to poor and

marginal farmers. Producer company model of M.P. set an example for other states. In Madhya Pradesh 18 producer companies are in the project area (15 agriculture, 02 dairy and 01 poultry) and most of them are doing good. Government of Madhya Pradesh has provided long term support by reforming 12 major policies in favour of strengthening these federations.

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Appendix 1

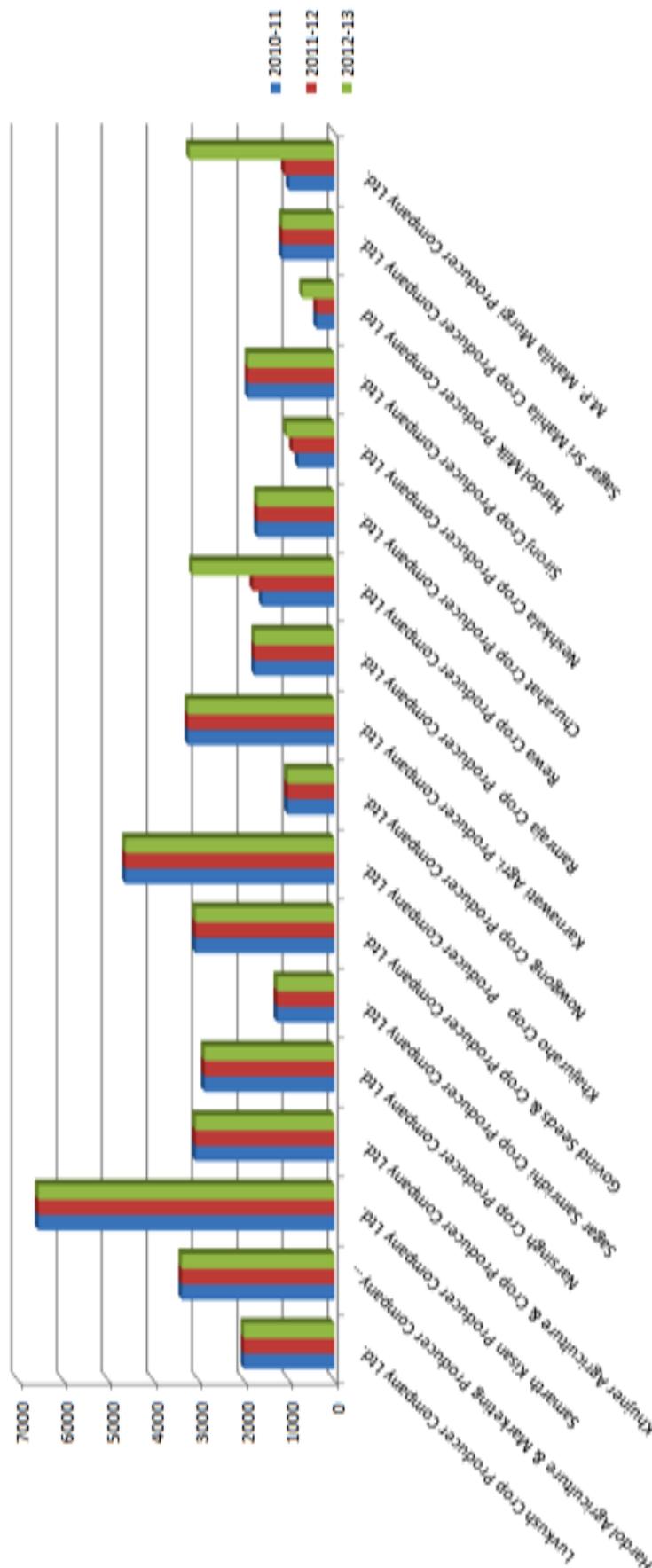


Figure 2: Number of Shareholders in Producer Companies

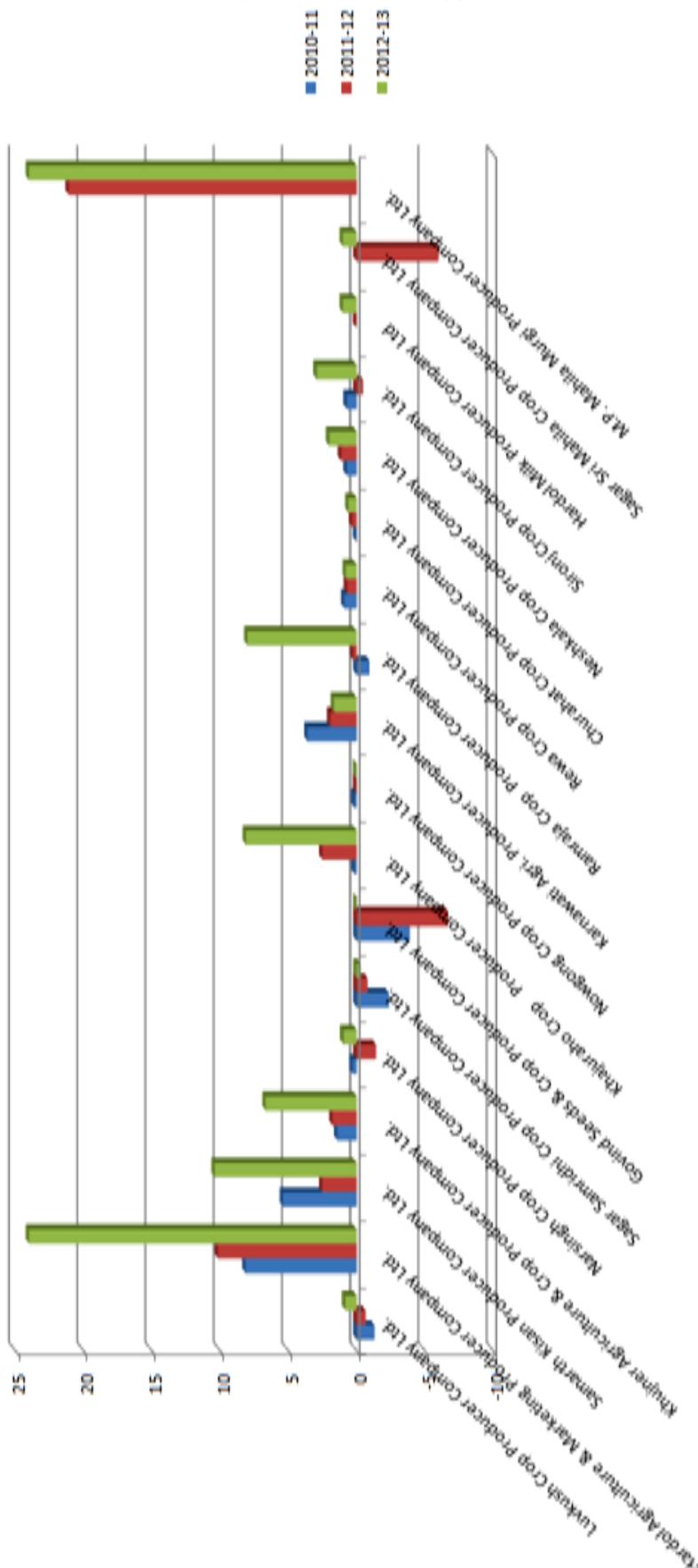


Figure 4: Net profit of the Producer Companies