

MARKETING OF BALCK GRAM THROUGH FARMER PRODUCER COMPANY- A CASE STUDY

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Abstract: The study focused on Farmer Producer Company in the marketing of black gram in Gingee block of Villupuram district. The study was conducted using data collected from the selected Farmers Producer Company members and non – members in Gingee block. For comparison, 30 members 30 non-members were selected randomly. The main objective of the study was to analyse the marketing efficiency, perception level of respondents and response for preference. The statistical tools like price spread analysis, scaling techniques and ranking analysis were used. The results are revealed that the highest profit was earned by wholesaler in channel I (Rs. 29/Kg). The second channel was identified as an efficient channel because it would be profitable to the farmers and reasonable to the consumers. 87 per cent of members had high level perception and they were well aware of feature of Farmer Producer Company. Reasons for the preferring Farmers Producer Company were in the first order of nearest one respectively. The limitation for membership was the major constraints for non-preference of Farmer Producer Companies can help small holder farmers participate in emerging high – value markets, such as the export market and the unfolding modern retail sector in India. The study concluded that the producers who are not selling their produce through Farmer Producer Company will also be benefitted by increasing the number of members and extending their area of operation.

Index Term: *Farmer producer company, marketing efficiency, perception level, scaling techniques, export market*

INTRODUCTION

A producer company is basically a corporate body registered as Producer Company under companies act 2013 and shall carry on or related to any of following activities classified broadly. It has production, harvesting, processing, procurement, grading, pooling, handling, selling and export of produce of the members or import of goods or services for their benefit. Also give technical services, consultancy services, training, education, research and development and all other activates for the promotion of interests of its members.

There are 445 Farmer Producer Company in the country, out of which, Tamilnadu is leading with 51 Farmer Producer Company, Madhya Pradesh with 48 and Telungana with 40. The Tamilnadu state's first Farmer Producer Company was opened in June 2012 at Karur. Nagapattinum district leads with seven numbers Farmer Producer Company followed by Erode (four) Villupuram (three), Dindigul (three), Chennai (three) and Madurai (three). The basic purpose of the farmer producer company is to help small farmers in the form of a) backward linkage for inputs and b) forward linkage such as collective marketing, processing, market led agricultural production etc. At the heart of this effort is to gain collective bargaining power for small farmers.

Realising the importance of farmer Producer Company, an attempt has been made to study the role of farmer Producer Company in the marketing of black gram in Gingee block of Villupuram district. In this block, 40 per cent of net sown area is under black gram and hence this crop was selected for study.

STUDY UNIT

The study covers Raja Desing farmer Producer Company limited in Gingee block and it covers 18 villages. Total number of company members is 1000 i.e., 50 groups; each group contains 20 members. Each member carries 10 shares worth of Rs.1000 which is said to be his share. State and central government gives Rs. 10 lakhs grant for starting of company. Pulses and millets are major products handled by the company. Price is fixed by the procurement directors based on price at regulated market. Nature of business is procurement → processing → storage → sales.

The selected company has 10 directors for smooth functioning and sharing of responsibilities; there are five sub committees to manage the whole gamut of business. Members are availing loan of Rs. 10000/ head with interest rate of two per cent. The profit is shared among members with ratio of 50:30:20 i.e., 50 per cent for company business development, 30 per cent is kept as reserve and 20 per cent is share for farmers.

METHODOLOGY

Study was conducted using data collected from the selected farmer producer company members and non - members in Gingee block. For comparison, 30 members and 30 non - members were selected randomly. The data were collected from respondents by personal interview method using a pretested structured schedule. The collected information was analysed using the following tools of analysis.

(i) Price spread analysis

$$(a) \quad C = C_f + C_{m1} + C_{m2} + C_{m3} + \dots \dots \dots C_{mn}$$

Where,

C= Total Market Cost

C_f = Market Cost incurred by producer (Rs/Kg)

C_{mn} = Market Cost incurred by middleman (Rs/Kg)

$$(b) (A_{mi}) = P_{ri} - (P_{pi} + C_{mi})$$

Where,

A_{mi} = Absolute margin of i^{th} the middleman

P_{ri} = Selling Price of i^{th} middleman (Rs/Kg)

P_{pi} = purchase price of i^{th} middleman (Rs/Kg)

C_{mi} = Cost incurred by i^{th} middleman (Rs/Kg)

$$(c) \quad P_p = P_f - C_f$$

Where,

P_p = Producer's price (Rs/Kg)

P_f = Price at primary market (Rs/Kg)

C_f = Marketing cost incurred by farmer (Rs/Kg)

$$(d) \quad P_s = P_p / P_r * 100$$

Where,

P_s = Producer share in consumer rupee

P_p = Producer's price (Rs/Kg)

P_r = Retailer's price (Rs/Kg)

$$(e) \quad ME = P_p / TMC + TMM$$

Where,

ME = Marketing Efficiency

P_p = producer's price (Rs/Kg)

TMC= Total marketing cost (Rs/Kg)

TMM = Total Marketing margin (Rs/Kg)

(ii) Scaling technique

Scaling technique was used to analyse the perception level of members and non- members. Summated scales consist of a number of statements which express either a favourable or unfavourable attitude towards the given objective to which the consumer is asked to react. Each statement is provided with five point continuum of excellent to very poor with the score of 5,4,3,2,1 respectively for positive statements and 1,2,3,4,5 for negative statements.

(iii) Garret ranking technique

It is used to rank the reasons for preference and constraints for non - preference using the formula,

$$\text{Percent position} = \frac{100 * (R_{ij} - 0.5)}{N_{ij}}$$

Where,

R_{ij} = Rank given to the i^{th} attribute by the j^{th} individual

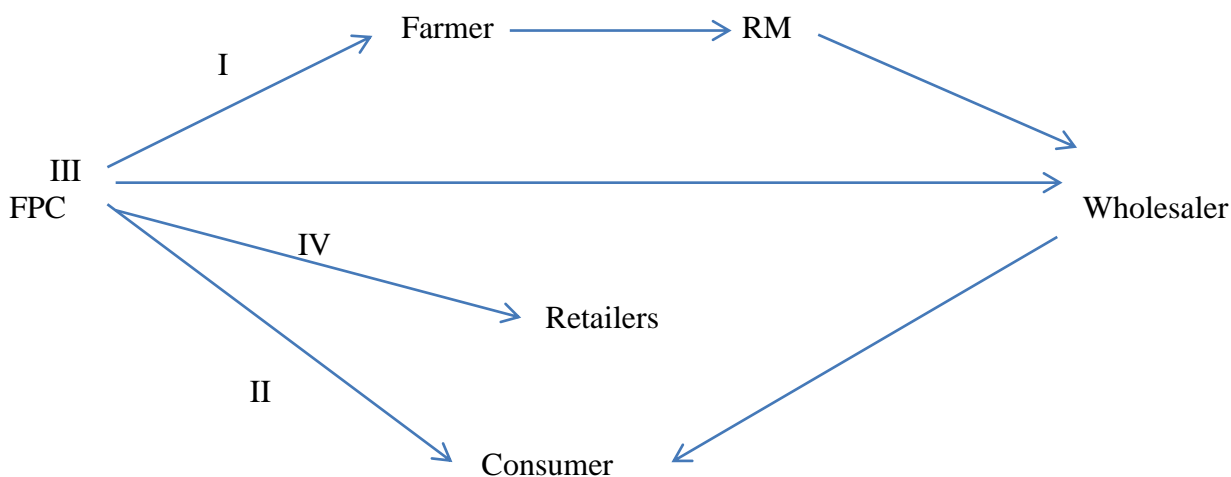
N_{ij} = Number of items ranked by the j^{th} individual.

RESULTS AND DISCUSSION

Results were discussed under five heads viz., marketing channel, price spread analysis, perception level of respondents, reasons for preference and constraints for non - preference.

i) Marketing channel:

Four channels were identified in the study area for marketing of black gram. They are presented below.



Where,

RM – Regulated Market

FPC – Farmers Producer Company

ii) Price spread analysis:

The Marketing costs incurred by producer, Farmer Producer Company, wholesaler and retailer were calculated. The profits earned by different intermediaries were also worked out and the details are given in Table 1.

Table 1
Marketing Cost and Marketing Margin (Rs/Kg)

S.No	Particulars	Channel I		Channel II		Channel III		Channel IV	
		Amount	%	Amount	%	Amount	%	Amount	%
I Marketing cost									
A	Producer								
1	Transport	0.50	0.53	0.20	0.24	0.20	0.21	0.20	0.19
2	Labour	0.20	0.21	-	-	-	-	-	-
3	Packing	0.35	0.37	0.35	0.41	0.35	0.37	0.35	0.33
	Sub Total	1.05	1.11	0.55	0.65	0.55	0.58	0.55	0.52
B	Farmer Producer Company			10.00	11.76	10.00	10.53	10.00	9.52
C	Wholesaler								
1	Transport	0.50	0.53			0.50	0.53		
2	Labour	0.95	1.00			0.95	1.00		
3	Packing	6.25	6.57						
	Sub Total	7.70	8.10			1.45	1.53		
D	Retailer								
1	Transport							1.50	1.42
2	labour							1.50	1.42
3	Packing							1.25	1.21
	Sub Total							4.25	4.05
II Marketing Margin									
a	Farmer Producer Company			17.00	20.00	17	17.89	17	16.20
b	Wholesaler	29.30	30.84			8.55	9.00		
c	Retailer							15.75	15.00
III	Producer price	56.95	59.95	57.45	67.59	57.45	60.47	57.45	54.71
IV	Consumer rupee	95	100	85	100	95	100	105	100

It could be observed from the table that the marketing cost incurred by the non – members who are selling black gram through regulated market was Rs. 1.05/kg which was double the amount paid by members of farmer producer company.

The wholesaler incurred Rs.7.70/kg in I channel but in III channel he incurred only Rs.1.45/kg because of getting processed produce in channel III. The retailer incurred Rs.4.25/kg towards marketing of black gram in channel IV. The highest profit was earned by wholesaler in channel I (Rs.29/kg). The summary of price spread analysis is presented in Table 2

Table 2
Summary of price spread analysis

S.No	Particulars	Channel I		Channel II		Channel III		Channel IV	
		Amt	%	Amt	%	Amt	%	Amt	%
1	Producer Price	56.95	59.95	57.45	67.59	57.45	60.47	57.45	54.71
2	Total Marketing cost	8.75	9.21	10.55	12.41	12	12.64	14.80	14.09
3	Total Marketing Margin	29.30	30.84	17	20	25.55	26.89	32.75	31.20
4	Consumer Rupee	95	100	85	100	95	100	105	100
5	Marketing Efficiency	1.50		2.09		1.53		1.21	

It could be seen from the table that the producer has got Rs.57.45/kg in all channel except first one. The producer realized 68 per cent of consumer rupee in II channel followed by III channel and IV channel. Non - members realized 60 per cent of consumer rupee. The marketing efficiency ratio was 1:2.09. The second channel was identified as an efficient channel because it would be profitable to the farmers and reasonable to the consumers.

iii) Perception level of respondents

To identify the perception of members and non-members about the features of farmer Producer Company, five dimensions were used viz., availability of inputs, dividend, loan facility, communication and training programs. The respondents were asked to factorise each dimension into five different scales as excellent, very good, good, poor and very poor. After getting these responses, members were categorized into three groups having poor, moderate and high perception level. The results are given in table 3.

Table -3

Perception level of respondents

S.No	Perception level	Number of respondents			
		Member	Percentage to total	Non Member	Percentage to total
1	Poor	0	0	18	60
2	Medium	4	13.33	8	26.67
3	High	26	86.67	4	13.33
	Total	30	100	30	100

It could be observed from the table that 87 per cent of members had high level of perception and they were well aware of features of Farmer Producer Company. Whereas, 60 per cent of non - members had poor level of perception and only 13 per cent of non - members have got high level of perception.

iv) Reasons for preference

Members were asked to rank reasons for preference and results are given in Table 4

Table 4

Reasons for preferring Farmer Producer Company

S.No	Reasons	Mean score	rank
1	Training program	59.20	6
2	Nearest	77.86	1
3	Loan arrangement	70.80	3
4	Voting power	61.73	5
5	Dividend	75.79	2
6	Availability of inputs	62.26	4

Garret ranking analysis showed that the main reasons for preferring Farmer Producer Company were in the order of nearest one, dividend, loan arrangement, availability of inputs, voting power and training program.

v) Constraints for non - preference

The responses from non-members were collected for non – preference and analysed using garret ranking technique. The results are given in Table 5.

Table 5

Constraints for non - preference of farmer producer company

S.No	Constraints	Mean score	rank
1	Fear of failure	75.86	2
2	Limitation of membership	77.76	1
3	Land holding	72.53	4
4	Delayed payment	73.66	3
5	Poor communication	71.10	5

It could be inferred from the table that the limitation for membership was the major constraint for non - preference of farmer producer company.

CONCLUSIONS

An attempt has been made to study the role of Farmer Producer Company in marketing of black gram as a case study. The results of the study revealed that the members of Farmer Producer Company were earning more than non - members. Channel II was identified as an efficient one and 87 per cent of members were well aware of features of Farmer Producer Company. Limitation for membership was one of the major constraints for non - preference of farmer producer company. Hence, the study concluded that the producers who are not selling their produce through Farmer Producer Company will also be benefitted by increasing the number of members and extending their area of operation.

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