

Case Study

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Case Studies of Dairy Based Farmer Producer Companies in Kerala

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ABSTRACT

The aim of the study was to document case studies of dairy based farmer producer companies in Kerala. The present study was purposively conducted in Kerala state. Locationally Kerala divided into three zones namely southern, central and northern. In all the zones there were 11 animal based farmer producer companies working. Among them 5 dairy based farmer producer companies were selected purposively i.e. one from northern, two from central and two from southern region. Finally, 24 members from each selected Farmer Producer Company were personally interviewed by applying simple random sampling technique. Major reason for producer company formation is getting better price for the products by eliminating middleman through direct sale of produce. Major services provided by company to members are organizational, production and marketing. The deciding factors of strength of Producer Company are branding and eco-friendly products. The government, service providers and extension officers should sensitize farmers about the functions and benefits of producer companies. Government should develop programs specifically targeted to dairy farmers to enhance entrepreneurship in dairy farming practices.

Keywords

Dairy,
Farmer, Producer,
Kerala, Middleman

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Introduction

A Producer Organization is a generic name that represents different forms of community organizations/enterprises such as large cooperatives, PACS, SHG, Federation of SHGs, CIG, Farmers Club, Producer Company etc. However, a Producer Company is a special case of producer enterprise that is registered under Section IXA of the Companies Act, 1956. Farmer producer companies can be seen as hybrids between private companies and cooperative societies. The producer-company concept is aimed to combine the efficiency of a company with the

'spirit' of traditional cooperatives. Producer companies aim to integrate smallholders into modern supply networks minimizing transaction and coordination costs, while benefiting from economies of scale (Lanting, 2005). Vanilla India Producer Company Ltd (VANILCO) has been promoted by Indian Farmers Movement (INFARM) of Kerala to cater to the long-term needs and interests of the vanilla farmers. The company procures processes and markets the produce of the members in a most professional manner in order to ensure extremely handsome dividends and bonuses for its shareholders (Murray, 2008). To put an end to exploitation

by middleman, farmers themselves formed Producer Company (Sawiram, 2015). Under the broad definition, [producer] institutions play five potential roles in strengthening markets for commodities produced, bought, and sold by smallholders: reducing transaction costs; managing risk; building social capital; enabling collective action; and redressing missing markets (Torero, 2011). The collectives of farmers in the form of producer companies is gaining popularity among the farmers/producers and promoting agencies primarily due to several advantages, it carries in comparison to the conventional model of producers cooperatives. Apparently the producer companies have inherent advantages over the cooperatives in many areas. Specifically for the producer company there is less government control whereas the cooperative institutions are state controlled.

Materials and Methods

The present study was purposively conducted in Kerala state. Geographically Kerala divided into three zones namely southern, central and northern. In all the zones there were 11 animal based farmer producer companies working. Among them 5 dairy based farmer producer companies were selected purposively i.e. one from northern, two from central and two from southern region. Finally, 24 members from each selected Farmer Producer Company were personally interviewed by applying simple random sampling technique. At the time of investigation respondents must be rearing two dairy animals and active member of company from beginning.

Results and Discussion

Case study-1

Name of the producer company: Sabarmathi Agriculture and Livestock Farmer Producer Company Ltd.

Registration number:

CIN74999KL2016PTC04601

Address: Sabarmathi Agriculture and Livestock Farmer Producer Company Ltd. Venjaramoodu, Thiruvananthapuram-695607, Kerala.

The Company was initiated on 20/07/2016 and within short span of time it spread across the state of Kerala. District cooperative bank, Thiruvananthapuram is promoting company. Key business area of the company is dairy farming and poultry farming. At the time of investigation 1200 members had taken share from this company for share value of 1000 rupees. There are 13 board members. Equity base of the company is 10 lakh rupees. Voting right is based on one member one share principle. Number of shares is base of receiving dividends. External audit is availed. The company has linkage with other agencies like NABARD and animal husbandry department. Main objectives of the company are to provide better employment to rural people, to safeguard the weaker section from exploitation by middleman, to carry on production and marketing of agricultural and livestock products produced by its members of company through natural farming, to provide awareness and training about eco-friendly farming, its principles and techniques. Company conducted training on the areas of scientific dairy and poultry farming, milk value addition and compost making.

The producer company provides one day old chicks to its members at a rate of Rs.25 per chick and after three months it was purchased back at market price. After processing company sell their products through company owned outlets. Members get profit according to number of chicks they have purchased. By this rearing and marketing process company

as well as its members earning money. Company also provides cattle feed at farmers door step at subsidized rate. Goat farming is being done by Joint liability (JLG) group of four members. Company acts as the receiving unit of loan for each JLG group. Company provides goat and cages for each group along with a loan of Rs. 70,000. Producer Company takes back each goat at market age. Farmers get profit according to weight of the goat.

Case study-2

Name of the producer company: Konni Dairy producer Company Ltd

Registration number:

U01210KL2016PTC040201

Address: Konni Dairy producer Company Ltd, Konni, Pathanamthitta, Kerala

Company was initiated on 24/02/2016 and spread in Konni and Parakodu Block in Pathanamthitta districts of Kerala. Sevaseas socio economic development society, Konni (Pathanamthitta) is the promoting institution of this company. Key business area of this company is dairy products. At the time of investigation, 120 members had taken share from this company for a share value of rupees 1000. There are 10 board members. Equity base of company is 1,00,000. Voting right is based on one member one share principle. Number of shares is base of receiving payment of dividends. External audit is availed by this company. The company has linkages with external agencies like NABARD, animal husbandry department and ATMA. Main objectives of company are to supply healthy milk products, to promote industrial development, to provide employment to rural people, to protect the weaker section from exploitation by larger sellers and create job opportunities. Company

conducted training on the areas of milk products preparation, milking machine handling, feeding, diseases and its prevention, various Government schemes, NABARD Schemes, Bank Loans for purchasing cow, financial support etc. Company conducted field visits at cattle farm, buffalo farm, dairy cooperative etc. Way of making profit is as follows, Company helps the members for purchasing cows (Finding good quality breeds) from various farms. Farmers sell fresh milk through five milk collection units at reasonable rate which is better than market milk price. Company makes benefits through selling of milk products like ice-cream, buttermilk, ghee etc. They are also selling packets of dried cow dung through few selected retail outlets.

Case study-3

Name of the producer company: Imasree milk Producer Company Ltd.

Registration number:

U01403KL2015PTC039044

Company was initiated on 24/08/2015 and spread in Nedumkandam block of Idukki district. Kudumbashree district mission, Idukki is the promoting institution of this company. Key business areas of the company are cattle feed, medicine and feed supplements. At the time of investigation 206 members had taken share from this company for a share value of 1000 rupees. There are 6 board members. Equity base of company is 169000. Voting right is based on one member one share principle. Number of shares is base of receiving payment of dividends. External audit is availed for this company. The company has linkages with external agencies like NABARD, animal husbandry department and ATMA. Main objectives of this company are to produce high quality milk with low

expenditure, to produce value added products of milk, to provide supports to CIG members, to create job opportunities, to facilitate better income generation for its members. Company conducted training on the areas like dairy farming and fodder cultivation. Company conducted exposure visit to different cattle farm, buffalo farm, dairy cooperative, etc. Way of making profit is as follows, Company provides cattle feed and medicine in a subsidized rate to member farmers. Farmers started selling milk products (sip up) to markets. They are also selling cow dung in kilogram packs.

Case study-4

Name of the producer company: Jan Kissan Producer Company Limited.

Registration number:

U01403KL2016PTC039973

Company was initiated on 27/1/2016 and spread in Nemmara block of Palakkad district. Gangotri charitable cultural and educational trust is the promoting institution of this company. Key business areas of the company are dairy products and agriculture products. At the time of investigation 181 members had taken share from this company for share value of 1000 rupees. There are 9 board members. Equity base of company is 25 Lakh. Voting right is based on one member one share principle. Number of shares is basis of receiving dividends by the members. External audit is availed for this company. This company has linkage with external institutions like NABARD and department of animal husbandry. Main objectives of this company are to carry out production, marketing and processing of agricultural products produced by members of the company through natural farming, to provide awareness and training in eco-friendly

farming, its principles and techniques, to render technical services, consultancy services, training, research and development for the up-liftment of company members, to engage in conservation, preservation and effective usage of natural farming, to produce organic manure and bio-fertilizer, to establish and manage market centers, seed banks, processing units laboratories, research institution, factories, workshops, training centers etc., to promote and encourage joint liability groups, self help groups of collective farmers and various farmer clubs of NABARD, encourage farmers in adopting scientific management practices in cattle farming and encourage farmer to take up dairying as a business activity and to increase the number of productive animals in our cattle wealth. Company conducted trainings on the areas like organic farming, goat farming, dairy farming, leadership and motivation. Ways of making profit is as follows, through Rural Mart (Shop opened by company), farmers sell milk, milk products (Curd, Ghee), cow dung products (Jeevamrutham, Panchagavyam, distilled cow urine-organic fertilizers) and crop based products at a remunerative price.

Case study-5

Name of the producer company: BANA Agroand Allied Producer Company Ltd

Registration number:

U01403KL2013KL2013PTC035700

Address: Room no-203, Kudumbashree office, Padinjarathara P.O, 673575, Kerala

Company was initiated on 15/03/2014 and spread in Padinjarathara panchayath of Wayanad district. Key business area of the company is dairy products. At the time of investigation 105 members had taken share

from this company for share value of 1000 rupees. There are 10 board members. Equity base of company is 75000. Voting right is based on one member one share principle. Number of shares is basis of receiving dividends by the members. External audit is availed for this company. This company has linkage with external agencies like NABARD, Department of animal husbandry, Kudumbashree and KTPC (Tourism promotion council). Main objectives of company are to safe guard the weaker section from exploitation by middle man, to produce high quality milk with low expenditure. To produce value added products of milk. Company conducted training on the areas like entrepreneurship development and dairy farming. Way of making profit is as follows, Company member's pool and sale daily milk to consumer. They have started preparing milk products like paneer, sip up and ghee. Their target area of marketing is tourism areas of Wayanad.

The above mentioned companies were formed recently. Major reason for producer company formation is getting better price for the products by eliminating middleman through direct sale of produce. Major services provided by company to members are organizational, production and marketing. The deciding factors of strength of Producer Company are branding, eco-friendly products. The government, service providers and extension officers should sensitize farmers about the functions and benefits of producer

companies. Government should develop programmes specifically targeted to dairy farmers to enhance entrepreneurship in dairy farming practices. The success case study for farmer producer companies as well as individual members should be documented and published for motivation and interest of other famers.

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