https://doi.org/10.59277/AERD.2026.1.02

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EVALUATING FARMERS' PERCEPTIONS TOWARDS FARMER PRODUCER COMPANIES IN RAJKOT DISTRICT, INDIA

ABSTRACT

India's economy still depends heavily on agriculture, but it faces structural problems such as dispersed landholdings, limited market access, and declining smallholder farmer profitability. With the intention of empowering farmers economically through collective enterprise, the Indian government responded by introducing the idea of Farmer Producer Companies (FPCs) under the Companies Act, 2002. Three main goals are the subject of this study, which assesses farmers' opinions on FPCs in Gujarat's Rajkot district: member problems, perceived benefits, and awareness levels. Data were gathered through structured interviews with a sample of 250 farmers (125 members and 125 non-members) spread throughout five blocks. Chi-square tests, t-tests, and frequency analysis were among the statistical methods used for analysis. The findings show that FPC members gain from better market access, lower input costs, more income, and noticeably greater knowledge. Key obstacles still exist, nevertheless, such as lack of general farmer awareness, poor market connections, lack of training, and governance issues. In order to increase the influence of FPCs on rural livelihoods, the study emphasises the need for focused capacity-building, better leadership techniques, and increased institutional support.

Key words: farmer producer companies (FPCs), farmer awareness, collective marketing, farmer perceptions, FPC challenges

JEL Classification: Q13, Q14

1. INTRODUCTION

Agriculture continues to be the foundation of the Indian economy. Nonetheless, the industry is still facing significant obstacles like dispersed landholdings, poor market connections, restricted access to high-quality inputs, and diminishing profitability of smallholder farming. Under the Companies Act of 2002, the Indian government established the idea of Farmer Producer Companies (FPCs) in order to solve these structural problems and give farmers more economic power. FPCs are hybrid organisations that combine the efficiency of private enterprise management with the financial advantages of a cooperative. Input procurement,

marketing, value added, collective production, and access to technology and funding are all things they seek to make life easier in states like Gujarat, where agriculture is a major contributor to the local economy. In this respect, FPCs are particularly pertinent. Semi-arid conditions, a variety of cropping patterns, and a sizable population of small and marginal farmers define the Rajkot district in Gujarat's Saurashtra region. With the help of organisations like the Small Farmers' Agribusiness Consortium (SFAC), NABARD, and other NGOs, several FPCs have been promoted in Rajkot in recent years. Through collectivisation and better market access, these groups seek to raise farmers' incomes. Nevertheless, in spite of these initiatives, many FPCs are facing challenges related to member involvement, governance, financial viability, and low farming community awareness.

By assessing farmers' opinions on Farmer Producer Companies in Rajkot district, this study seeks to close that gap. The goal of the study is to learn how farmers perceive the composition, advantages, difficulties, and operations of FPCs as well as the variables that affect their choice to join or not. Policymakers, promotional organisations, and FPC management teams can use the study results as a useful guide to create more inclusive and farmer-centric collective enterprise models.

2. STATE OF KNOWLEDGE

Singh (2008) investigated the structural effectiveness of Farmer Producer Companies as a substitute for conventional cooperatives in India in his groundbreaking study. The study underlined that although FPCs have more administrative freedom and adaptability than cooperatives, farmer awareness, leadership calibre, and market orientation are key factors in their success. The study found that many FPCs have governance problems, mostly because elected farmer-directors have little administrative ability and general members play a passive role. Singh came to the conclusion that, despite their more recent legal structure, FPCs run the risk of reproducing the inefficiencies of closed cooperatives if effective capacity building and ongoing member participation are not implemented.

Joshi and Mehta (2018) assessed how Maharashtra's Farmer Producer Companies operated and discovered that although most participating farmers recognised observable advantages like group purchasing of inputs and higher market prices, there were serious issues with inclusivity and transparency. According to the survey, only 38% of respondents were satisfied with internal governance and information sharing, despite the fact that 70% of respondents believed that FPCs improved income realisation. The authors emphasised the need for better governance procedures and member training initiatives, pointing out that founding members' domination and centralised decision-making were major obstacles to genuine democratic involvement.

Patel and Chauhan (2019) looked into the awareness and participation of farmers in FPCs in Central Gujarat in a region-specific study. According to their findings, just 47% of farmers were clearly aware of the composition and operations of FPCs, and awareness levels were highly correlated with exposure to extension services, landholding size, and education. The majority of members had a favourable opinion on FPC due to its ability to lower input costs and provide group marketing advantages, although many did not participate in decision-making processes. To close the knowledge gap and promote more meaningful engagement, the study suggested more outreach initiatives like training camps and materials in local language.

A study in Andhra Pradesh by Rao, Babu and Reddy (2020) evaluated the effect of FPC membership on farmers' financial results and satisfaction levels. According to the results, active members – those who participated in meetings and group marketing – reported greater revenue gains and more positive opinions on the FPC concept. Passive members, on the other hand, complained about poor communication, little participation in governance, and little openness. There is a need for more inclusive management techniques, as only 51% of polled farmers thought their opinions were taken into account when making decisions. The study came to the conclusion that institutionalising regular feedback mechanisms and participative leadership is necessary for FPCs to be successful.

Sharma and Shankar (2017) investigated why some farmers decided not to take part in FPCs even though they were eligible in a field study carried out in Rajasthan. According to their research, the main deterrents were prior bad experiences with cooperatives, low awareness, and lack of trust in management. Of those who took part, 62% agreed that group marketing and procurement had certain advantages, but only 29% had faith in the leadership's capacity to handle money openly. In order to increase member trust and enhance governance, the study emphasised the necessity of external audits, accountability frameworks, and leadership training.

3. MATERIAL AND METHOD

Objectives of the study:

1. To evaluate farmers' awareness levels regarding FPCs in Rajkot District
2. To evaluate the benefits perceived by member and non-member farmers in Rajkot District
3. To identify challenges and limitations faced by FPCs members in Rajkot District.

Locale of the study: Different blocks of Gujarat are selected for the study.

Selection of regions and respondents: Based on convenience sampling, 25 member farmers and 25 non-member farmers of FPCs are selected from different 5 blocks. The total sample size is 250 farmers.

Table 1

Selection of blocks and farmers

SI. NO.	Blocks	FPCs Members	Non FPCs Members
1	Gondal	25	25
2	Dhoraji	25	25
3	Jasdan	25	25
4	Jetpur	25	25
5	Kotda Sangani	25	25
	Total	125	125
	General Total	250	

Source: Author's findings from Interviews in Rajkot District

Data collection:

- The data was collected through personnel interview method with the help of interview schedule. It consists of various items concluded with the objective of the study.
- Statistical tools:
  Objective 1: Frequency, percentage, and Chi-square test
  Objective 2: Mean, Standard Deviation, T-test
  Objective 3: Frequency, percentage, Likert scale, Rank

4. RESULTS AND DISCUSSIONS

4.1. RESULTS

4.1.1. Objective 1: To evaluate farmers' awareness levels regarding FPCs in Rajkot District

From Table 2 we can notice the following points:

- Comparative awareness levels of seven important metrics between Farmer Producer Company (FPC) members and non-members are shown in the table. The findings indicate that FPC members had a consistently greater level of awareness than non-members. The chi-square (χ^2) values show that all the differences between the two groups are statistically highly significant ($p < 0.001$).
- **FPCs are known:** Only 76% of non-members reported having the same level of awareness as FPCs members, compared to 100% of FPC members. The statistically substantial difference ($\chi^2 = 38.1$, $p < 0.001$) suggests that FPC concepts are effectively communicated and reached among members.
- **Function awareness:** 92 percent of members knew what FPCs did, compared to 55 percent of non-members. This disparity is not the result of

chance, as confirmed by the high chi-square value ($\chi^2 = 43.9$). Acknowledge the company's legal position: 80% of members knew the FPCs legal status, whereas only 25% of non-members did ($\chi^2 = 61.2$, $p < 0.001$), indicating that non-members had little legal literacy.

- **Learn about membership eligibility:** there was a notable knowledge gap, with 78% of members understanding the requirements for joining, compared to only 24% of non-members ($\chi^2 = 57.7$).
- **Recognise the profit-sharing guidelines:** 76% of members knew how earnings are allocated, compared to 13% of non-members ($\chi^2 = 69.2$). This indicates that members are more financially mindful.
- **Know the board members:** A significant gap in non-members' organisational familiarity was revealed by the fact that 54% of members were able to identify board members, compared to only 3% of non-members ($\chi^2 = 85.1$).

Table 2

Farmers' awareness levels regarding FPCs

Awareness Indicator	% Yes (FPC Members)	% Yes (FPC Non-Members)	χ^2	Significance Level
FPCs are known	100%	76%	38.1	***
Aware of functions	92%	55%	43.9	***
Recognise the company's legal status	80%	25%	61.2	***
Learn about your eligibility for membership	78%	24%	57.7	***
Understand the rules for profit sharing	76%	13%	69.2	***
Know the board member	54%	3%	85.1	***

Note: *** $p < 0.001$ (highly significant based on chi-square tests).
Source: Author's findings from interviews in Rajkot District.

The chi-square results across all indicators confirm that the differences in awareness between members and non-members are statistically significant at the 0.001 level. This strongly suggests that FPC membership significantly enhances farmers' awareness and understanding of the organisation's structure, functions, legal framework, and governance.

4.1.2. Objective 2: To evaluate farmers' awareness levels regarding FPCs in Rajkot District

From Table 3 we can notice the following points: For ten important benefit indicators, mean scores and independent t-tests were used to compare benefit views. The findings demonstrate that, in comparison to non-members, FPC members consistently reported noticeably higher mean ratings across all benefit categories. For each benefit item, the changes were statistically significant at the $p < 0.001$ level.

Table 3

The benefits perceived by member and non-member farmers in Rajkot District

Benefit Indicator	Mean (Members)	Mean (Non-Members)	t-value	Sig. (p-value)
Better price realisation	4.2	3.1	6.12	*** (p<0.001)
Access to quality inputs	4.05	2.9	5.84	***
Reduction in input cost	3.95	2.75	5.67	***
Improved market access	4.1	2.95	6.03	***
Access to training	3.8	2.6	5.22	***
Credit facilities	3.6	2.4	5.05	***
Timely availability of inputs	3.85	2.65	5.43	***
Better bargaining power	3.9	2.5	6.1	***
Collective decision-making	3.7	2.45	5.88	***
Income improvement	4	2.8	6.25	***

Source: Author's findings from Interviews in Rajkot District

- **Better price realisation:** With a very significant t-value of 6.12, FPC members (mean = 4.2) felt that their prices were significantly better than those of non-members (mean = 3.1). This suggests that members were able to obtain greater rates for their produce through cooperative marketing and sales.
- **Access to high-quality inputs:** With a significant t-value of 5.84, members reported having more access to high-quality agricultural inputs (mean = 4.05) than non-members (mean = 2.9). This indicates the efficacy of FPCs' bulk procurement and distribution.
- **Decrease in input cost:** As a result of group purchasing strategies, FPC members (mean = 3.95) reported greater cost reductions than non-members (mean = 2.75).
- **Better market access:** A strong t-value of 6.03 indicates that members believed they had better access to markets (mean = 4.1) than non-members (mean = 2.95).
- **Access to training:** Members' responses (mean = 3.8), which were significantly higher than those of non-members (mean = 2.6), with a t-value of 5.22, demonstrated the training and capacity-building assistance offered by FPCs.
- **Credit facilities:** The relevance of FPCs in financial intermediation was highlighted by the fact that FPC members (mean = 3.6) felt they had better access to credit services, whereas non-members fell far behind (mean = 2.4).
- **Timely input availability:** Members (mean = 3.85) also reported that inputs were more readily available on time than non-members (mean = 2.65), which is crucial for productivity.
- **Improved bargaining power:** One important institutional advantage was that, with a significant t-value of 6.10, members (mean = 3.9) believed they

had more bargaining power in market transactions than non-members (mean = 2.5).

- **Collective decision-making:** Members were more likely than non-members to participate in decision-making processes (mean = 3.7 *versus* 2.45), indicating that collective governance can lead to greater empowerment.
- **Income improvement:** The highest t-value of 6.25 among all advantages indicates that FPC members (mean = 4.0) felt their income levels had improved more than non-members (mean = 2.8).

The t-test results unequivocally show that FPC members view income, market access, input-related, economic, and institutional benefits as being substantially higher than those of non-members. These results underline the significance of encouraging membership and active engagement in FPCs and provide compelling evidence of their efficacy in providing participating farmers with real benefit.

4.1.3. Objective 3: To identify challenges and limitations faced by FPC members in Rajkot District.

From Table 4 we can conclude the following:

- According to 82% of FPC members, the biggest issue facing farmers is the lack of awareness, which may impede growth and participation.

Table 4

Challenges and limitations faced by FPC members

Challenge Area	% of Members Reporting (Yes)	Rank
Lack of awareness among fellow farmers	82%	1
Inadequate market linkages	78%	2
Lack of training opportunities	72%	3
Delays in profit distribution	68%	4
Poor governance or leadership	65%	5
Financial service access issues	60%	6
Bureaucratic hurdles	55%	7
Low participation in decisions	50%	8

Source: Author's findings from Interviews in Rajkot District.

- Significant barriers include inadequate market connections (78%) and inadequate training (72%), indicating a need for more robust institutional and logistical support.
- Problems like weak leadership (65%) and profit-sharing delays (68%), for example, indicate internal operational difficulties in certain FPCs.
- External system constraints are shown in bureaucratic delays (55%) and limited access to financing (60%).

- Members' trust and sense of ownership may be impacted by the low decision-making involvement rate of 50%.

DISCUSSIONS

The results show the need for:

- **Boost awareness campaigns:** To inform the larger farming community on the advantages and operations of FPCs, start localised awareness campaigns using farmer-friendly media and vernacular languages.
- **Improve capacity-building programmes:** Plan frequent training sessions for board directors and members on leadership, market access, finance, and governance.
- **Enhance market links:** To increase access to domestic and foreign markets, support collaborations with cooperatives, agribusinesses, and e-market platforms.
- **Boost governance mechanisms:** Implement democratic member participation in decision-making procedures, frequent audits, and transparent and accountable leadership practices.
- **Institutional assistance and policy alignment:** Improve assistance from organisations like SFAC and NABARD and better align FPC operations with government programmes (such as eNAM and PM-KISAN).
- **Financial inclusion and credit access:** Work with banks to provide FPC members with specialised financial solutions and streamline credit processes.

CONCLUSIONS

The study unequivocally shows that FPC participation in the Rajkot district has a favourable impact on farmers' awareness, their ability to obtain loans and inputs, and economic outcomes like higher income and better prices. Across a variety of metrics, FPC members consistently reported greater perceived benefits than non-members. Nevertheless, despite these advantages, FPCs continue to confront formidable structural and operational obstacles. Lack of training, inadequate market connections, low awareness among non-members, and shortcomings in internal governance are the most urgent problems. These issues limit FPCs' capacity for inclusivity, sustainability, and scalability. Consequently, even if FPCs have become a successful model for farmer empowerment and collectivisation, their long-term viability depends on resolving organisational and systemic issues both inside and outside the company.

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