



**"A Study on the Facilitating factors affecting the Functioning of Farmer
Producer Companies in Junagadh District"**

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Abstract— A key institutional tool for increasing the collective strength and negotiating power of farmers, particularly smallholders, is the Farmer Producer Company (FPC). The primary goal of this study is to identify and examine the major enabling elements that affect the effective operation of FPCs in Gujarat's Junagadh district. A systematic survey that covered organizational and technical aspects and was completed by FPC members and stakeholders served as the basis for the study. A Likert scale was used to assess elements including member engagement, training, technical assistance, member coordination, dynamic leadership, and member coordination. To ascertain the relative significance of each component, statistical techniques such as mean scores and ranking were used. The findings show that organizational elements, especially members' diligence and dynamic leadership, are the main drivers of success. Technical assistance and skill-based training come in second and third, respectively. These results imply that strong internal governance frameworks and ongoing capacity building are essential to the long-term viability of FPCs. Policymakers, NGOs, other promotional organizations can use the study's practical insights to improve FPCs' operational structure and support farmer empowerment and rural development. This study adds to the expanding body of knowledge regarding farmer collectivization and the function of enabling factors in boosting agricultural entrepreneurship and revenue production.

Keywords: *Farmer Producer Companies (FPCs), Facilitating Factors, Organizational Development, Agricultural Collectives, Rural Empowerment*

➤ **Introduction**

The need to improve farmer income, market accessibility, and overall sustainability has led to major structural changes in India's agricultural industry in recent decades. The establishment of Farmer Producer Companies (FPCs), among other institutional changes, has been crucial in bolstering the combined strength of small and



marginal farmers. FPCs allow farmers to pool their produce, obtain inputs at reduced prices, and participate in value-added activities by fusing the social goals of cooperatives with the commercial effectiveness of private companies. FPCs have become essential organizations in Gujarat, especially in the Junagadh area, for boosting rural development and farm-level profitability. However, a number of factors, including infrastructure, leadership, and government support, as well as obstacles such as a lack of technical expertise, restricted financial resources, and inadequate governance frameworks, contribute to the broad variations in the efficacy and success of FPCs.

Examining these facilitating and impeding elements that impact FPC operations in the Junagadh district is the goal of this study. Additionally, it aims to offer a more thorough comprehension of the workings of FPCs and suggest methods to improve their sustainability and influence on farmer well-being in the long run.

➤ **Review of literature**

- **Patel et al. (2016)**

In their thorough assessment of Gujarat's farmer producer companies, Patel et al. (2016) underlined the value of institutional support, particularly in the early phases of establishment and operation. According to the study, FPCs supported by government or non-profit-led programs had a higher chance of gaining access to capital, inputs, and markets. However, after external hand-holding ceased, many of them found it difficult to operate on their own. According to the authors, long-term sustainability required enhancing internal procedures and developing managerial skills.

- **Deshpande (2017)**

Deshpande (2017) looked at structural and policy-level problems that FPCs in western India face. The study was clear that bureaucratic obstacles and intricate registration procedures hindered the establishment and efficient operation of FPCs, even in the face of advantageous programs and subsidies. It also noted that poor involvement was caused by farmers' ignorance of the company's benefits and operations. Deshpande suggested awareness campaigns, ongoing training, and streamlined regulatory procedures as essential measures to raise the caliber of governance and member involvement.

- **Ranjan and Kumar (2020)**

The effects of digital literacy and leadership on FPCs' operational efficiency were investigated by Kumar and Ranjan (2020). Based on a sample from Gujarat and Madhya Pradesh, their study revealed that FPCs with proactive and knowledgeable directors performed better in market linkage, record-keeping, and procurement. They discovered that while digital tools aided in increasing communication and transparency, one of the main obstacles was the board members' lack of digital expertise. The



authors came to the conclusion that youth involvement, ICT training, and leadership development might greatly improve the growth trajectory of FPCs.

- **Singh and Singh (2014)**

According to Singh and Singh's (2014) research, FPCs in northern India have a number of persistent problems, including low financial literacy, restricted access to credit, inadequate infrastructure, and little exposure to contemporary farming methods. The scalability and performance of FPCs were greatly impacted by these limitations. The study suggested focused interventions such as financial aid, market facilitation services, and technical training.

➤ **Research methodology**

Objectives of the study

1. To study the Catalysts and Challenges in the Functioning of Farmer Producer Companies in Junagadh District

Locale of study: Junagadh District

Selection of regions and respondents:

Based on convenience sampling 4 Farmer Producer companies were selected

Table 1: Selection of Companies

SI. NO.	Name of Company
1	Aksharmendarda Farmer Producer Company
2	Sasan Gir Farmer Producer Company
3	Girnandan Farmers Producer Company
4	Porash Farmer Producer Company

➤ **Data Collection:**

- This study employed an ex-post facto research design. 200 randomly chosen members of the eight FPCs were the source of the data. To guarantee data triangulation, important informants were interviewed in-depth. Care was taken to ensure that the data was recorded in a way that was impartial and comfortable for the respondents. Four categories—technical, organizational, economic, and infrastructure—were used to identify and classify the variables that facilitated the expansion of FPC. One denoted least importance, two denoted less importance, three denoted moderate importance, four



denoted importance, and five denoted highest importance. Each facilitating factor's weighted mean score was calculated, and each item's weighted mean score was used to rank the items.

➤ Data Analysis

Facilitating Elements for FPC Growth

The four aspects of technological, organizational, economic, and infrastructure were used to identify and categorize the enabling variables associated with the expansion of FPC. Knowledge and information technology-related variables are considered technical enabling factors.

understanding of the topic, business, people, and information technology for managing the business are one of the most crucial factors in growth of any organization.

Table 2: Technical facilitating factors

Technical Factors	Least Important (%)	Less Important (%)	Moderately Important (%)	Important (%)	Most Important (%)	Mean	SD	Rank
Proper knowledge of recent technologies	4 (2.00%)	10 (5.00%)	25 (12.50%)	55 (27.50%)	106 (53.00%)	4.24	0.86	I
Technical guidance and linkage	10 (5.00%)	15 (7.50%)	42 (21.00%)	65 (32.50%)	68 (34.00%)	3.83	1.01	III
Skill training of members	3 (1.50%)	8 (4.00%)	30 (15.00%)	65 (32.50%)	94 (47.00%)	4.18	0.93	II
Computer proficiency of officials	15 (7.50%)	28 (14.00%)	50 (25.00%)	57 (28.50%)	50 (25.00%)	3.5	1.12	IV
Knowledge about IPR issues	25 (12.50%)	38 (19.00%)	64 (32.00%)	40 (20.00%)	33 (16.50%)	3.08	1.19	V
Knowledge about business administration (audit/book keeping)	30 (15.00%)	45 (22.50%)	65 (32.50%)	40 (20.00%)	20 (10.00%)	2.87	1.16	



- The most important technical component was proper knowledge of new technologies (Mean = 4.24, SD = 0.86, Rank I). Most respondents (53%) said this factor was "Most Important," while another 27.5% thought it was "Important." This implies that increasing productivity and operational efficiency inside FPCs is made possible in large part by technological awareness. Second place went to member skill training (Mean = 4.18, SD = 0.93, Rank II). With 47% of respondents rating this factor as "Most Important," it is clear that members' technical and decision-making skills need to be regularly improved through training.
- The third rank was achieved by technical direction and linkage (Mean = 3.83, SD = 1.01, Rank III). Given that 34% of respondents rated it as "Most Important" and 32.5% as "Important," the data suggests that institutional and expert support for agriculture is crucial to the long-term viability of FPCs. A moderately important rating was given to officials' computer proficiency (Mean = 3.50, SD = 1.12, Rank IV). A comparatively smaller 25% of respondents chose "Most Important," whereas 28.5% said it was "Important." This would suggest that FPC operations are placing an increasing, but not yet predominantly, focus on digital skills.
- The mean score for respondents' knowledge of IPR issues was lower (Mean = 3.08, SD = 1.19, Rank V), suggesting that they were not as aware of or thought the issues were relevant. Even though it could be crucial for innovation and branding, just 16.5% of farmers selected it as "Most Important."
- The lowest rating of any factor was given to knowledge of business administration (audit/bookkeeping) (Mean = 2.87, SD = 1.16, Rank VI). Only 10% thought it was "Most Important," while 32.5% rating it as "Moderately Important." This suggests that there may be a lack of awareness regarding the need of managerial and financial literacy in FPC operations.

Table 3: Organizational facilitating factors

Organizational Factors	Least Important	Less Important	Moderately Important	Important	Most Important	Mean	SD	Rank
Dynamic leadership in organization	0 (0.00%)	3 (1.50%)	6 (3.00%)	42 (21.00%)	149 (74.50%)	4.69	0.56	I
Hard work of members	0 (0.00%)	0 (0.00%)	12 (6.00%)	38 (19.00%)	150 (75.00%)	4.71	0.55	II
Coordination among members	0 (0.00%)	6 (3.00%)	55 (27.50%)	139 (69.50%)	0 (0.00%)	4.66	0.52	III



Life skill training to members	0 (0.00%)	22 (11.00%)	70 (35.00%)	71 (35.50%)	37 (18.50%)	4.01	0.88	IV
Promotion of members' security	0 (0.00%)	30 (15.00%)	65 (32.50%)	70 (35.00%)	35 (17.50%)	3.95	1	V
Linkages with other FPCs	0 (0.00%)	23 (11.50%)	52 (26.00%)	43 (21.50%)	82 (41.00%)	3.59	0.95	VI

- The most important organizational feature was the members' diligence (Mean = 4.71, SD = 0.55, Rank II). Seventy-five percent of those surveyed said it was "Most Important," and 19 percent said it was "Important." This suggests that members strongly believe that the FPC's success depends on their combined commitment and hard work. The organization's dynamic leadership was ranked very tightly (Mean = 4.69, SD = 0.56, Rank I). About 74.5% of those surveyed said it was "Most Important," while 21% said it was "Important." This illustrates how effective FPC guidance and strategic decision-making are thought to be based on strong, visionary, and proactive leadership.
- Third place went to member coordination (Mean = 4.66, SD = 0.52, Rank III). Although none of the respondents chose "Most Important," the vast majority (69.5%) thought it was "Important," and 27.5% thought it was "Moderately Important." This emphasizes how important member cooperation and internal communication are to maintaining efficient operations.
- The mean score for members who got life skill training was moderately high (Mean = 4.01, SD = 0.88, Rank IV). Even though just 18.5% of respondents ranked it as "Most Important," more than 70% still thought it was "Important" or "Moderately Important," suggesting that while soft skill development is valued, it is not yet widely emphasized.
- Fifth place went to promoting members' security (Mean = 3.95, SD = 1.00, Rank V). Even while 35% of respondents thought it was "Important" and 17.5% thought it was "Most Important," a significant 15% thought it was "Less Important," suggesting that different respondents had different perspectives on the relevance of social security in the context of the FPC.



Table 4: Economic facilitating factors

Economic Factors	Least Important	Less Important	Moderately Important	Important	Most Important	Mean	SD	Rank
Enough seed capital at initial phase	20 (10.00%)	25 (12.50%)	30 (15.00%)	55 (27.50%)	70 (35.00%)	3.65	1.22	III
Financial assistance by banks	0 (0.00%)	26 (13.00%)	40 (20.00%)	58 (29.00%)	76 (38.00%)	3.92	1.11	II
Low cost of inputs for bulk purchase	0 (0.00%)	35 (17.50%)	50 (25.00%)	43 (21.50%)	72 (36.00%)	3.94	1.06	I

- The most important economic facilitator was found to be low input costs for large purchases (Mean = 3.94, SD = 1.06, Rank I). This suggests that the opportunity to buy materials collectively at a discount, which lowers production costs and boosts profit margins, is highly valued by FPC members. There was broad consensus regarding its importance, with roughly 36% of respondents rating it as "Most Important" and 21.5% as "Important."
- Second place went to bank financial aid (Mean = 3.92, SD = 1.11, Rank II). The fact that 38% of respondents rated it as "Most Important" and 29% as "Important" shows that banks' prompt and easily available financial credit is viewed as an essential support system for FPC operations, especially when it comes to growing operations, purchasing infrastructure, or managing operational liquidity.
- The third rank went to the initial phase with sufficient seed cash (Mean = 3.65, SD = 1.22, Rank III). A sizeable percentage (10% Least Important and 12.5% Less Important) expressed a rather divided opinion, despite 35% of respondents rating it as "Most Important." This could imply that although initial capital is crucial, continuous financial assistance and input cost savings are seen as having greater relative importance.



Table 5: Infrastructural facilitating factors

Infrastructural Factors	Least Important	Less Important	Moderately Important	Important	Most Important	Mean	SD	Rank
Storage facilities	0 (0.00%)	45 (22.50%)	50 (25.00%)	70 (35.00%)	35 (17.50%)	3.76	1.17	I
Processing facilities	0 (0.00%)	40 (20.00%)	50 (25.00%)	72 (36.00%)	38 (19.00%)	3.72	1.18	II
Processing plants	0 (0.00%)	25 (12.50%)	50 (25.00%)	60 (30.00%)	65 (32.50%)	3.66	1.10	III
Power supply	0 (0.00%)	20 (10.00%)	30 (15.00%)	130 (65.00%)	20 (10.00%)	3.52	0.70	IV
Established marketing channel	0 (0.00%)	35 (17.50%)	30 (15.00%)	75 (37.50%)	60 (30.00%)	3.49	1.07	V
Road connectivity to market	0 (0.00%)	45 (22.50%)	45 (22.50%)	30 (15.00%)	80 (40.00%)	3.13	0.58	VI

- Out of all the infrastructure factors, storage facilities were given the greatest priority (Mean = 3.76, SD = 1.17, Rank I). 52.5% of those surveyed said it was "Important" or "Most Important." This emphasizes how important it is to have a sufficient infrastructure for post-harvest storage in order to minimize losses, preserve product quality, and keep pricing stable.
- Second place went to processing facilities (Mean = 3.72, SD = 1.18, Rank II). FPC members value having access to value addition infrastructure, which can aid in product differentiation and higher income realization, as seen by the 36% who rated it as "Important" and the 19% who rated it as "Most Important."
- Third place went to processing plants (Mean = 3.66, SD = 1.10, Rank III). A desire for decentralized or local-level processing units to lower transportation costs and increase profitability was shown by the 62.5% of respondents who evaluated it as either "Important" or "Most Important."
- Fourth place went to the power supply (Mean = 3.52, SD = 0.70, Rank IV). Just 10% of respondents chose "Most Important," while 65% rating it as "Important." This implies that while if reliable energy is necessary, it can be seen more as a basic necessity than a key component of strategic progress.



- Fifth place went to established marketing channels (Mean = 3.49, SD = 1.07, Rank V). Even while 67.5% of respondents said it was at least "Important," the somewhat lower mean indicates that some FPCs might still rely on conventional selling channels or middlemen, suggesting room for improvement in institutional or direct marketing.
- Out of all the infrastructure enablers, road connectivity to markets received the lowest rating (Mean = 3.13, SD = 0.58, Rank VI). Even though 40% of respondents said it was "Most Important," 45% said it was "Less" or "Moderately Important." This could mean that, in comparison to the needs for processing and storage, road access is either not regarded as a major priority or is already adequate in many places.

➤ **Finding and Suggestions**

The study looked into the four main facilitating variables that affect the efficient operation of Farmer Producer Companies (FPCs) in the Junagadh district: technical, organizational, economic, and infrastructure. Important conclusions include:

Technical Aspects:

Knowledge of modern technology was the most important technical enabler (Mean = 4.24), demonstrating the vital role that technical awareness plays in operational effectiveness. Prioritizing technical connections and skill training further demonstrates the necessity of ongoing capacity building.

Organizational Elements:

The main factors influencing organizational success were members' diligence (Mean = 4.71) and dynamic leadership (Mean = 4.69). Although life skill training and connections with other FPCs were viewed as less important, member coordination was still a major feature.

Economic Aspects

The most supportive economic elements were bank financial assistance and the benefits of bulk purchase (Mean = 3.94). Although initial seed money was crucial, it was viewed as less significant than continuing financial assistance.

Factors related to infrastructure:

Facilities for processing and storage were given priority (Mean = 3.76, 3.72). Despite being important for market access, road connectivity and marketing channels scored lower, indicating inadequate rural infrastructure.

➤ **Conclusion**

According to the study's findings, strong organizational elements including member engagement and leadership are the main drivers of Farmer Producer Companies' successful operation in Junagadh. These are



followed by efficient technical training and institutional assistance. Economic advantages like lower input costs and financial aid are important facilitators, while infrastructure shortcomings like inadequate connectivity and a shortage of processing facilities continue to be major obstacles. A multifaceted approach including infrastructure development, policy support, capacity training, and stakeholder collaboration is necessary to attain long-term sustainability and guarantee farmer empowerment. In Gujarat and elsewhere, bolstering FPCs on these fronts can greatly enhance rural livelihoods and agricultural competitiveness.

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