

**INSTITUTIONAL INTERVENTIONS OF VENAD POULTRY  
FARMER PRODUCER COMPANY IN AUGMENTING FARM  
INCOME**

**By**

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(2018-15-004)**

**THESIS**

*Submitted in partial fulfillment of the requirement for the degree of*

*Master of Science in Co-operation & Banking*

**(Co-operative Management)**

**Faculty of Agriculture**

**Kerala Agricultural University**



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2020**

***DECLARATION***

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## DECLARATION

I hereby declare that the thesis entitled “**Institutional interventions of Venad Poultry Farmer Producer Company in augmenting farm income**” is a bonafide record of research work done by me during the course of research and that it has not previously formed the basis for the award to me for any degree/diploma, associateship, fellowship or other similar title, of any other university or society.

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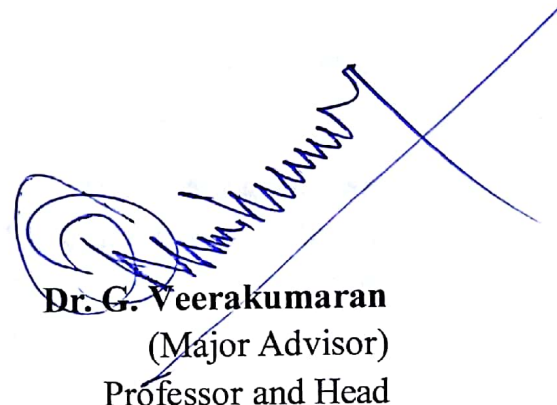
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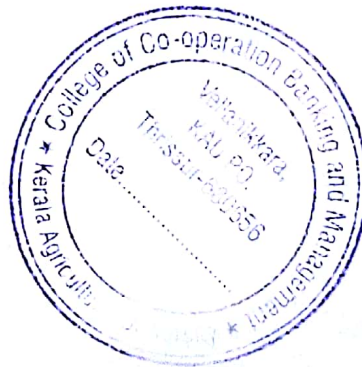


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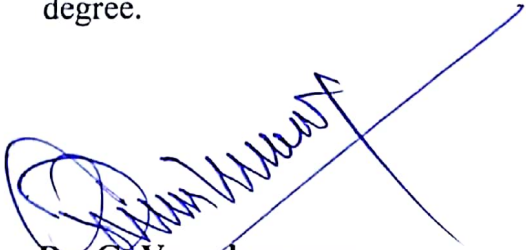
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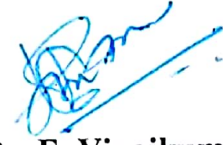


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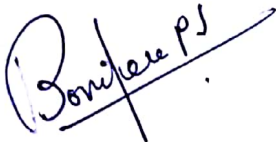
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*Needless to say, I am solely responsible for any errors which may remain...*

**SONI SOLAMAN**  
**(2018-15-004)**

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***CHAPTER – I***  
*Introduction*

## CHAPTER 1

### INTRODUCTION

#### 1.1 Significance

Over the last decade, growth rate of Indian agriculture had been declining and it is a matter of serious concern for all those stakeholders associated with agriculture. In order to meet the food and nutritional security, our country finds difficulty in its ever growing population. It indicates that agriculture in India is at the crossroads. Therefore only radical and innovative policies can help the country to escape from this imminent crisis.

In India, several institutional models were being tried to integrate farmers with value chain. The most common model that enables the farmers to organise themselves as collectives is the producers' co-operatives. For the past several years of development and nation building, Government of India had promoted numerous set ups such as co-operatives, companies, multi state co-operatives, and social organizations with legal sanctity. The strength of our people and nation lies in rural areas and therefore strengthening those areas have a pivotal role of nation building. For the advantage of rural population in inclusive growth, management of natural resources, agricultural productions, value additions, storage and marketing at several levels are yet to take place. The rural farming communities should have a fair stake in the progress and that will strengthen the economy and rural prosperity. Agriculture production by farmer collectives is one of the best instruments under the "inclusive growth" in promoting rural vibrancy and in turn it will sustain the economic strength. It can be achieved through farmer induced quality production, value addition, storage and marketing. The farmer owned companies can be farmer collectives and are relevant under the economic liberalization and market economy. Farmers should have the first economic benefits than investors and middlemen. For the rural revitalisation and removal of poverty, the factors such as finance, technology, infrastructure, marketing and management have to be combined together.

Lack of infrastructural facilities such as intermediate collection centers, transportation facility, godowns, farm implements, technology, quality extension

services, affordable quality inputs, investment on natural resources, secondary agriculture activities, credit facilities and marketing are the major constraints in agriculture sector of rural areas. Certain conducts such as non-repayment of loans and non-fulfillment of promise of subsidies by the departments have created rigorous damage to the actual production of agriculture in terms of both quality and quantity which leads to rural poverty.

One of the most effective pathways emerged to address various challenges in agricultural sector such as access to investments, technology, inputs and markets is the collectivization of producers, especially small and marginal farmers, into producer organisations. Farmer Producer Organisations was recognized as the most appropriate institutional form to mobilize farmers and improve the capacity to increase their agricultural production and marketing potential. These organisations are registered under the special provisions of the Companies Act, 1956 and are identified by the department of Agriculture and Co-operation, Ministry of Agriculture, and Government of India.

A huge number of co-operatives are existing in our country, especially in a wide range of business sector. In India, co-operative experiences have not been a pleasant one because of the promotion of co-operatives by the state with a focus on welfare rather than business on commercial interests. Thus in 2002, the Indian Companies Act 1956 had amended by the Government of India and enacted the Producer Companies, by incorporating a new part IXA in the Indian Companies Act. The objective was to formulate a legislation that would enable incorporation of co-operatives as companies and conversion of existing co-operatives into companies, while ensuring that the unique elements of co-operative business with a regulatory framework similar to that of private companies. The Producer Company is formed with the equity contribution of its member farmers. Board of Directors elected by the general body for a specific tenure will give directions to the allotted professionals in the management of day to day operations of the company. Since the producers are the equity holders, producer companies provide an appropriate framework for owning the company by the farmers themselves. It is a well-established fact that the farmers especially small holders are need to be organised together to satisfy their common

needs as well as to overcome the barriers in agricultural production and marketing. Farmers' organizations have been suggested as a tool to improve the living conditions of farmers by improving their market situation and enhancing the dissemination of information. Therefore, the study of institutional intervention of Venad Poultry Farmer Producer Company in augmenting farm income has a greater significance in this scenario.

## **1.2 Statement of problem**

Agriculture sector had played a deliberate role in the process of economic development and provides sustainability to the overall development of a country. Since India is an agriculture based country, there exist income disparities between people in rural and urban area. To reduce this inequality, it was necessary to accord higher priority to agriculture. According to the annual report of Department of Agriculture, Co-operation and Farmers' Welfare 2019-20, India is an agriculture based country, where 60.4% of the population is engaged in agriculture and allied activities. It is generally accepted that agricultural activity as a noble profession. However, nature's fury, exploitation by market forces and other exogenous and endogenous factors compel the farmers to do away with cultivation. According to NABARD 2019 reports, 21% of the world's small holdings of 450 million are in India ie; 92 million small holdings or nearly. Therefore, the challenges were enormous for India in ensuring the true productiveness of those small holdings and are the main livelihood source for millions of people dependent on it. Today, farmers find it difficult to raise sufficient resources to meet their requirements, since the return from agriculture was insufficient. The escalating cost of cultivation and diminishing income from agriculture confirm the miserable condition of the farmers. The farmers are forced to continue the agricultural activities, since they do not have any alternative. Agriculture and farming operations are mostly not a lucrative venture in Kerala.

Several institutional models were being tried in India as well as in Kerala to integrate farmers with the value chain. Producer's co-operatives were the most common model which enabled farmers to organise themselves as collectives. In spite

of numerous efforts from the Government and various non - government agencies, the basic problems of farmers were still unaddressed.

The Government of India had amended the Indian Companies Act, 1956 in 2002 and incorporated a new section IXA based on the recommendations of the Y.K. Alagh Committee. The committee examined the problems and challenges faced by rural producers within the emerging competitive and liberalised environment particularly owing to lack of resources, value addition, minimum support prices and institutions to solve their problems. The Committee was asked to formulate a legislation that would enable integration of co-operatives as companies and conversion of existing co-operatives into companies, while ensuring the unique elements of co-operative business remain intact in new legislation. Recommendation of the committee for creation of specially devised companies called "Producer Companies", within the ambit of company law was due to the realisation of importance of professionally managed producer owned enterprises to serve rural enterprises, including producers.

Collectivise the farmers for backward linkages such as inputs, credit, insurance, extension services and knowledge and for forward linkages such as collective marketing, processing, market led agriculture production etc are the basic purpose of a Producer Company. Thus it facilitates to reduce the miserable conditions like crop loss, low price and indebtedness of poor peasants. At the heart of this effort is to provide a single window for farmers to increase their income from farm produce and to gain collective bargaining power.

In order to meet the demand of animal nutrition, commercial poultry farming is very necessary. It is one of the traditional homestead and agro based businesses. Due to the numerous benefits of poultry farming, many farmers prefer investments in this business. Generally, people establishes poultry farm for the production of eggs, meat and it in turn generates income for them. Poultry has a huge domestic as well as global demand and provides fresh and nutritious food. Low capital, less maintenance cost and high returns from investments in a short time span attracted more people towards poultry farming. In this scenario, it is important to study the institutional

intervention of Venad Poultry Farmer Producer Company in augmenting farm income.

### **1.3 Objectives**

To examine the structure and operations of Venad Poultry Farmer Producer Company (FPC). To analyse the role of Farmer Producer Company in augmenting farm income and to identify the problems faced by the company.

### **1.4 Utility, Scope and Limitation**

By considering the accomplishment of thesis works amidst of COVID -19 outbreaks, Kollam district was selected for the study. Among the three FPCs' registered in the district (NABARD FPC list, 2019), only the Venad Poultry Farmer Producer Company was undertaking the processing and value addition. Thus, the same company dealing with poultry farming was selected for the study. The study was solely based on primary data obtained from the selected FPC and also from member farmers through survey using structured interview schedule. The sample constitutes 53 member farmers from the company. Apart from this, all the Board of Directors of the company was surveyed using structured interview schedule. The data collected was analysed by administering ratio analysis, index method, simple growth index, compound annual growth rate, percentages and rank method.

Therefore, the study would enable to identify the operations undertaken by Producer Company for promotion and sustainability of farming. More importantly, the farmers can be ensured better income and better standard of living by effective interventions of these companies. So it is important to conduct a study of Farmer Producer Company by studying its operations and it will enable the planners to formulate policies and actions with regard to promotion of the company. Further, the study would be helpful to understand the structure and operations of FPC and to suggest measures for improvement if any. The factors contributing to member satisfaction of FPC could be identified and would help to suggest measures for maintaining the performance as well as to devise methods to check malfunctioning. And the study would also help to identify the role of FPC in augmenting farm income.

Moreover, the study would be useful to identify the problems faced by the company and suggest measures for improvements.

As in the case of any research studies, the present study was also not free from limitations. The study includes the structural and operational activities of FPC, quantitative and qualitative dimensions of the performance of FPC. Since the FPC was registered in June 2016, the reference periods were limited to 3 years and it was confined to only one FPC from Kollam district of Kerala due to the absence of good functioning Farmer Producer Companies in the district and also due to COVID-19 outbreak in the state. The qualitative dimension of the study includes the perception of member farmers and board of directors collected through pre-tested structured interview schedules. As such the study also faced the limitations associated with the recollection syndrome, absence of certain records, missing of some quantitative data and biasness. However, earnest efforts were made to nullify such issues. Due to the special feature of selected FPC, the ratio analysis was limited to certain selected financial ratios.

### **1.5 Organisation of the thesis**

The thesis had been organised in five chapters. The first chapter discusses the significance of the study, statement of the problem, objectives, utility, scope and limitations of the study. The second chapter reviews the available literature on the topic and provides theoretical and conceptual orientation. The third chapter describes in detail the methodology adopted for the study. The results and discussions of the study are organised in the fourth chapter. Finally, the fifth chapter summarises the findings and conclusions of the study.



***CHAPTER – II***  
*Review of Literature*

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## **CHAPTER 2**

### **REVIEW OF LITERATURE**

This chapter is intended to provide the available literature on the subject. With a view to conduct the study, it was felt necessary to have an idea of the methodology and findings of the earlier research studies. Such a review of literature connected with the different institutional interventions in agriculture in India and abroad and the impact of such interventions in the rural agricultural and economic development were collected and presented in the following headings:

1. Institutional interventions in agriculture
2. Doubling of farmer's income
3. Role of Farmer Producer Companies in augmenting farm income

#### **2.1 Institutional interventions in agriculture**

The review of available literature on institutional interventions in agriculture, farm production, adoption of new technologies and their impact were discussed in this section. Studies conducted by individuals, international organizations like World Bank, Government Departments and Non-Governmental Organisations in India and abroad, Co-operatives and Farmer Producer Organisations were also included.

Integrated Research and Action for Development (2007) studied the impact of a hypothetically extended procurement system i.e., bringing new states and more districts of existing states under procurement net of food grains at both macro and micro levels on the level of procurement, the consequent changes in fiscal outlay, impact on local retail price, and consequently change in producers' income and consumers' expenditure on food grains, under ceteris paribus. District wise procurement of rice and wheat quantity and farm harvest price along with market price were analysed to see the likely impact of extended procurement system on the volume of procurement and local market price. Unit value i.e., ratio of household monthly consumption expenditure on wheat and rice and their respective quantity consumed, obtained from NSS 55<sup>th</sup> (FY 1999-00) and 60<sup>th</sup> (FY 2004) round survey

data was taken as proxy for the market prices of wheat and rice. The market price was related as a function of per capita production and farm harvest price. The implication of extended procurement regime was worked out. Change in procurement quantity, change in market price, and consequent change in gains or loss to producers of rice and wheat and consumers were calculated under *ceteris paribus*. Fiscal outlay in terms of subsidy which is the difference between procurement, including operational cost and transport cost, and Public Distribution System (PDS) price was calculated. The important fact that emerged from the study was that the fiscal support extended to carry out extended procurement is translating into a gain to a large section of poor farmers. But Government subsidy is benefiting only small pockets of farmers residing in the areas covered under procurement operation throughout the State.

Acuna (2008) examined the effect of agricultural subsidies on farm labour, capital expenses and the market for agricultural labour, specifically immigrant agricultural labour. The analysis used confidential data of the United States Department of Agriculture, viz; Agricultural Resource Management Survey, the current population survey, and the National Agricultural Statistics Service Quick Stats Database. Farm and state level data before and after the enactment of the 1996 Farm Bill were used to identify the effect of subsidies on farm expenses and the labour market. The 1996 Farm Bill separated production decisions and prices from subsidy payments. The farm-level analysis indicated that farm subsidies increased farm labour and capital expenses. The study found that subsidies had a larger impact on labour expenses for farms that produce relatively more labour intensive commodities such as rice and sorghum. The state level results indicated that agricultural subsidies had a positive effect on the hours worked by immigrant agricultural labour. The author concludes that the agricultural subsidies increase the immigrant agricultural labour force.

Kirwan (2008) examined the effects of US Agricultural subsidies on farm land rental rates. Stratified sample was used to draw the sample of 59,934 farmers who were paying cash rent. A fixed effect estimation equation was used to examine the effect of subsidies. Total amount paid in cash as rent and the total acres rented on cash, share, or free basis were selected as the dependent variables and subsidy was the

independent variable. The analysis demonstrated that landlords capture about one fifth of the marginal subsidy dollar through higher rental rates. Seventy of the remaining 80 percent were accounted for in the tenants' net returns. Approximately, 25:75 ratio holds between land lords and tenants with respect to subsidy across farm sizes and across regions in the US. The same pattern holds immediately following a subsidy change and in the medium to long run. The farm policy appears to accomplish its stated purpose to increase farmers' income. This effect occurs directly, rather than indirectly through increased asset values, thereby benefitting all farmers, tenants and owner operators alike.

Rupasena et al. (2008) examined the government intervention policies on rice marketing since independence in 1948 to 2005 with a view to identify policy changes made in pre and post liberalization period in Sri Lanka. Various marketing policies were grouped into procurement policy, distribution policy, buffer-stock policy, trade policy and market regulation policy. Major changes made in post liberalization period were closing down of paddy marketing board, along with guaranteed price scheme, promotion of forward trading, replacement of universal rice rationing scheme into targeted food stamp scheme, price stabilization through trade instead of maintaining buffer stock, liberalization of rice imports and establishment of food supply monitoring system. These policy changes indicated that focus on government intervention in rice marketing shifted from direct intervention to indirect intervention during post liberalization period. Two major weaknesses found in the study were lack of public – private partnership and absence of think tank institute responsible for marketing. The study therefore stressed the need to set up a marketing organization for agri-business promotion. It is essential to have a strong institutional mechanism to realize the benefit of liberalization, globalization and privatization.

Catalyst Management Society (2009) conducted a study on impact assessment of agricultural intervention in the tribal areas of Madhya Pradesh with the objectives of understanding and assessing the impact and sustainability of agriculture intervention in the state. The study covered 200 villages in twelve districts and the agricultural interventions in the tribal areas were analysed from four key dimensions – economic, political and institutional, socio-cultural and environmental. There were

two level of changes measured in the impact assessment study – primary (impact) and intermediate (outcomes and results). Overall, the study answered five primary ultimate impact indicators and thirteen intermediate impact indicators. The major findings of the study were that agriculture was showing signs of becoming not a very viable economic enterprise, beyond subsistence, for vast majority of farmers in tribal areas and the reach of agriculture interventions in tribal areas was very weak. At best, an agriculture development scheme had reached five to ten percent of villages or benefitted 10 to 15 percent of farmer households in tribal areas. The study suggested that, improving reach and program efficiency required addressing the delivery constraints, community based institutional mechanism for delivery of agriculture interventions, capacity building of tribal leadership, improving planning systems, establishing performance and accountability systems and using different models of extension including private and NGO driven.

Dorward (2009) opined that there should be a rethinking about agriculture subsidies in rural economics. Conventional wisdom on difficulties with input subsidies were their costs and very difficult to control. This depends partly on the way that subsidies were delivered, and particularly the case with general subsidies for particular types of inputs, for example, fertilizer production or import subsidies. Targeting of input subsidies to particular farmer types was very difficult, with problems of diversion and leakage – for example from small holder to large scale farmers, and across borders to neighbouring countries. These problems both expand the cost of a subsidy programme and reduce its efficiency. Subsidy benefits may also be regressive in that they tend to benefit larger farmers who can afford subsidized inputs, whereas the poorest farmers may not be able to afford inputs even though they were subsidized. Finally, the market distortions introduced by subsidies, and particularly parastatal involvement in subsidized input delivery, also tend to crowd out and inhibit private sector investment in input markets and provide opportunities for corruption, and hence impede sustainable development.

The World Bank (2009) in its policy note on "Belarus agricultural productivity and competitiveness: Impact of state support and market intervention" analysed the productivity and competitiveness of agriculture in Belarus and how sector

performance is influenced by state interventions. Tabular and graphical trend analysis was used to analyse the productivity and structural trends. Evolution of policy and institutional frame work was studied by qualitative analysis based on the review of governmental policies and other relevant documents. Overall sector performance was measured by calculation of key parameters such as output growth, land and labour productivity, and yields, based on official statistics. Farm level performance indicators were used for disaggregated calculation and presentation of distributions of Total Factor Productivity (TFP) change and Private and Social Cost Benefit (PCB and SCB) ratios at farm level, based on the Belarusian farm database comprising panel data for all large commercial farms. The links between TFP change and a set of explanatory variables describing the farms, including the subsidies received, were analyzed using regression methods. The PCB ratio is a measure of profitability at financial prices and the SCB ratio is a measure of competitiveness at economic prices. The study concluded that through a re-orientation of the agricultural policy framework towards less distortive measures, Belarus could achieve higher efficiency, competitiveness and growth without compromising on its food security and rural incomes objectives, and could possibly even reduce budgetary expenditures.

Chibwana et al. (2010) measured ‘the impact of Malawi’s 2009 Farm Input Subsidy Program (FISP) on fertilizer use and maize yields in Central and Southern Malawi’. The first estimation strategy used was 3 Multi Nominal Logistic (MNL) regressions to predict the probability of participation in mutually exclusive categories of the programme. The second strategy relied on computing the aggregate value of all coupons received by a household. This constructed variable had the virtue of providing a household-specific, scalar measure of the magnitude of the programme treatment. Using three rounds of panel data and instrumental variables regression strategies to control for endogenous selection into the subsidy program the authors found positive and statistically significant correlation between participation in the FISP and fertilizer use intensity. Fertilizer use was found to be higher among households that planted improved maize varieties than among those that planted traditional varieties. Results were broadly robust to the inclusion of fertilizer intensity to control for household-specific differences in fertilizer use. Nevertheless, the results

revealed that the subsidy program for maize had helped increased fertilizer use among benefiting households.

Weerahewa et al. (2010) made a case study on the Fertilizer Subsidy Program in Sri Lanka. The fertiliser subsidy program is one of the long lasting, most expensive and most politically sensitive policies implemented to promote rice cultivation in Sri Lanka. It was initiated in 1962, at the onset of the Green Revolution, with the main objective of encouraging farmers to switch from traditional rice varieties to high-yielding varieties (HYVs) that were highly responsive to chemical fertilizers. Since then, however, the provision of the subsidy has become customary, and successive governments had been under tremendous pressure to continue the subsidy despite budgetary constraints. The fertiliser subsidy has led to increased land productivity and encouraged farmers to expand the land under paddy cultivation (Central Bank of Sri Lanka, various years). It has, however, resulted in certain policy failures too. Once purchased, fertiliser is also applied to paddy that is cultivated on lands without legal titles as well as to crops other than paddy. Furthermore, the media often report on inefficiencies associated with the distribution of fertiliser by the Agrarian Services Centers (ASCs) of the Ministry of Agricultural Development and Agrarian Services. Paddy cultivation provides livelihood opportunities for more than 1.8 million farmers in the country, and hence the government has been under constant pressure to continue the fertilizer subsidy.

Wiggins (2010) studied the use of input subsidies in developing countries. The broad argument that input subsidies can lead to higher incomes, reduced poverty and improved food security is based on specific claims with respect to a range of underlying objectives. Most of these underlying objectives had either an economic efficiency rationale or were concerned with reallocating income to a particular constituency. The main economic objectives of these subsidies were to stimulate agricultural production, compensate for high costs of transport from port or factory to farms that raise costs of inputs, improve soil quality and combat soil degradation in the case of fertilizer, offset high costs of supplying inputs when markets had low volumes, and economies of scale in logistics cannot be achieved and make inputs affordable to farmers who cannot buy them, owing to poverty, lack of access to credit,

and inability to insure against crop losses. But this programme is criticized on the ground that subsidies may be ineffective in raising use of inputs and increasing yields. The study suggested that input subsidies need to be contemplated with caution, with a clear consideration of the costs and benefits compared with conventional best practice of addressing market failures directly and using social policies to address social objectives with respect to poverty and food insecurity.

Afolami et al. (2011) examined the impact of farmers' membership of co-operative societies on rice production, against the backdrop that the promotion of membership of cooperative society among farmers would give them better access to agricultural inputs and consequently improve their income. Multistage sampling technique was employed to select a total of 310 rice farmers. Data collected were analysed using descriptive statistics, budgetary technique and inferential statistics. Budgetary analysis was used to determine the profitability of rice production by both co-operative and non-co-operative members. The Probit regression analysis was used to determine the factors that influence farmers' membership of a rice production group. Farmer's production was the dependent variable and the independent variables include socio economic factors, accessibility of inputs, credit and extension services. The study revealed that co-operative members were more intensive users of purchased inputs like fertiliser and pesticides as compared to the non-cooperative members. Further revelation from the study was the fact that membership of cooperative society was found to be influenced by household size, access to extension services, number of rice farms owned, access of rice farmers to herbicide and quantity of rice output. The non-significant difference in the gross margin of co-operative and non-cooperative members despite the greater intensity of use of purchased inputs viz., fertilizer and pesticide by cooperative members suggests the need for monitoring of rice farmers who were cooperators in order to ensure that the substantial inputs were rightly channeled.

Badiani and Jessoe (2011) developed and empirically tested a model that describes the channels through which electricity subsidies impact agricultural productivity. To isolate the impact of electricity prices on groundwater extraction and agricultural revenues, the study exploited year-to-year variation in state electricity



prices across districts that differ in hydro-geological characteristics. It was found that a ten percent decrease in subsidies would reduce groundwater extraction by 4.3 percent, costing farmers thirteen percent in agricultural revenues. Electricity subsidies increased agricultural productivity along with both, intensive crop yields and extensive crop acreage margins. According to the authors, in India, expenditure on electricity subsidies for agriculture, an input subsidy aimed at improving agricultural productivity and the incomes of the agricultural work force, exceeds that spent on health or education. Yet the benefits and beneficiaries of these policies had remained unexplored. If the Government of India implemented these subsidies simply to transfer money to agricultural users, then this policy might be effective to redistribute income. The authors concluded that it remains to be explored which agricultural users actually benefit from this policy.

Bardhan and Mookherjee (2011) examined the role of delivery of subsidised seeds and fertilisers in the form of agricultural mini kits by local governments in three successive farm panels in West Bengal spanning 1982-95. The paper provides empirical estimates of the effectiveness of subsidized farm input programs, based on the experience of the Indian state of West Bengal during the last two decades of the 20<sup>th</sup> century when it witnessed rapid growth in food grains production and yields. The study was based on data from cost of cultivation surveys carried out by the Department of Agriculture of the state government. The farm data were complemented by village data on landholding, cultivation, caste, literacy and occupation of all households collected from a variety of sources. Ordinary Least Squares was used to analyse the effectiveness of programmes on productivity and farm income. The estimates were robust to possible endogeneity of programme placement, controls for farm and year effects, and other programmes of agricultural development, local weather and price shocks. The effects were uniform across farms of varying size, and raised farm employment of hired workers. The kits delivery programme significantly raised farm value added per acre, accounting for almost two third of the observed growth. The effects of the programme over shadowed the effects of other rural development programs including the tenancy registration programme of the State.

Chirwa et.al (2011) analysed the factors that influence access to agricultural input subsidies in Malawi using the Probit Model. The study used data for the period 2007-08 to 2008-09 of the Malawi Agricultural Input Subsidy Programme (MAISP) collected from 1,982 rural households drawn from all livelihood zones in the country, covering 14 of the 29 districts. The dependent variables in the model were access to fertilizer coupons and quantity of subsidized fertilizers acquired by the households. The explanatory variables included household characteristics, farmer characteristics, poverty and vulnerability variables and other control variables. The results showed that vulnerable households such as the poor and elderly-headed were less likely to receive fertiliser coupons and receive less of the subsidised fertilisers. A positive relation between participation in other social safety networks and access to subsidised fertiliser coupons was found implying that households with multiple accesses to different types of social protection programmes were not excluded from the MAISP by virtue of benefiting from other social protection programmes.

Independent Evaluation Group (2011) of the World Bank Group conducted a study on the topic 'Impact evaluations in agriculture: an assessment of the evidence'. The study described the state of impact evaluation literature in agriculture, provided taxonomy of agricultural interventions to organize results, and examined performance patterns for lessons to inform the design of future interventions. The interventions covered by agriculture, Impact Evaluations (IE) were grouped into eight categories, such as land tenancy and titling, extension services, irrigation, natural resource management, input technology, marketing arrangements, microfinance and others including rural roads or infrastructure, community driven development and safety net programmes. The evaluations of agricultural interventions use a counterfactual, to measure the change resulting from the intervention the majority relies on quasi-experimental or non-experimental methods. The only common denominator for comparing results was whether an intervention has a positive impact on the targeted outcomes. More than half of all intervention types covered in the analysis had positive impacts on various agricultural outcome indicators, mostly yields, income, or input use. Interventions that sought to improve yields or farm income by addressing market-

linkage failures, easing access to technologically enhanced inputs, and promoting farmer knowledge through advisory services had the highest share of positive impacts.

The Policy and Operations Evaluation Department of the Ministry of Foreign Affairs, Netherlands (2011) made a systematic review on the topic ‘Improving food security: A systematic review of the impact of interventions in agricultural production, value chains, market regulation, and land security’ with a research question of seeking the evidence for, and nature of, the impact of development interventions on food security in developing countries. Interventions aimed at increasing agricultural production, developing value chains, reforming market regulation, and enhancing land tenure security were selected as the impact path ways. The study focused on food access and stability as impact indicators, household income and food security as proxy-impact indicators, while each of the four different impact pathways had their own specific outcome indicators. It was concluded that one particular pathway will be more likely than another to make an impact on food security for two reasons. First, not all impact pathways to food security were included in this review, and some included pathways were under represented by the lack of good evaluations. Secondly, improvements in food security were often the result of synergies between different interventions and pre-conditions: production, markets and land security.

Quisumbing et al. (2011) evaluated the long-term impact of antipoverty interventions in Bangladesh. The author provides an overview of a research project that assessed the long-term impact of three antipoverty interventions in Bangladesh the introduction of new agricultural technologies, educational transfers, and microfinance on monetary and non-monetary measures of well-being. The core of the evaluation problem was how to assess the counterfactual i.e., what would have happened to the beneficiaries in the absence of the intervention or treatment. Random assignment of the treatment to a pool of equally eligible individuals or households followed by a comparison of outcomes for the treatment and control groups before and after treatment was used to solve the evaluation problem. The quantitative methodology used was an observational approach, which constructed comparable treatment and comparison groups using a type of covariate matching, Nearest

Neighbor Matching (NNM). NNM estimated the counterfactual outcomes for the treatment group by constructing a statistical comparison group of households that did not get the treatment with similar observable characteristics in the baseline survey round, which in this case is after the intervention started. The study found that both government and civil society interventions had the potential to reduce poverty in Bangladesh; but that their household-level and individual impacts differ in the short and the long-term because of differences in the time path of net benefits from the interventions and spillover effects.

Thomas (2011) prepared a field report by reviewing the policy initiatives of the State and local governments over the last few years that have helped to revive rice cultivation in Palakkad. The report was based on interviews with farmers, government officials and leader of mass organisations in Palakkad. The study examined the price and procurement policy, processing supports, support of local institutions like Padukham Smithis and also the long term challenges to paddy cultivation. The report found that farmers have benefited greatly from the procurement of paddy by Supplyco. Based on the receipt of paddy issued by the agents, Supplyco transfers money to the bank account. State government policies on prices and procurement had helped farmers to receive steady prices. Similar inventions by the public or co-operative sectors in rice-processing could provide greater security to Farmer's incomes.

Dano and Samonte (2012) examined public sector interventions in Malaysian rice industry. The three primary objectives of the different policies on rice were to ensure food security, raise farm income and productivity, and ensure food supply to consumers at reasonable costs. In Malaysia, the government intervenes in the rice market through its production policy and subsidization policy by providing guaranteed minimum price, fertilizer subsidy programmed, paddy rice subsidy scheme, credit program, and also through its trade policy and price stabilisation policy. The Malaysian Government has adopted price stabilisation schemes as its major platform in balancing the potential trade-offs between protecting small rice producers and attaining food security for the population.

Salunkhe and Deshmush (2012) had an overview of government subsidies to agriculture sector in India with the help of provisions of funds for agriculture in Five Year Plans and Annual Budget. The authors also studied different types of agriculture subsidies and their distribution criteria in India. Total subsidies and gross cropped area in India, plan expenditure on agriculture and allied sectors, and irrigation for the period 1980-81 to 2008-09 were used as secondary data for the analysis. The amount of agricultural subsidies is increasing year by year in India. But there is large amount of decrement in the provision of funds towards agriculture sector in Five Years Plan and Annual Budgets. This is responsible for slow growth of agriculture in India and less contribution in GDP of country. The Government of India has taken serious measures for development of agriculture sector and agriculture subsidies were one of vital tools to help the growth of agriculture sector in India.

Shahadfar (2013) examined the state intervention policies to boost rice production in Iran by using multinomial logistic and ordinal regression application and multi-co linearity cautiousness so as to re-structure them in a more effective and competent form. Ordinal and multinomial logistic regression applications were applied to test the model by predictor variables. To measure effects of the super-variables of the model on rice production in Iran, all rice farmers in the state of Mazandaran were studied. To collect the data, questionnaire with different type of statements were developed in Likert Scale. The dependent variable of the study was rice production development and the independent variables were market regulations, farming technologies, infrastructure development, trade and marketing, and financial support. The authors concluded that there is association between the dependent and independent variables.

The review indicates that there was a positive impact on farm production, investment and income through interventions. Many researchers had found that subsidies were having significant impact on the price of commodities, farm revenues, production and trade. Initial subsidies in credit, fertiliser and irrigation had been crucial for small farmers to adopt new technologies. Some of the authors had also been doubtful about the benefits of institutional interventions accruing to the small and marginal farmers. According to them, subsidy benefits may also be regressive in

that they tend to benefit larger farmers who can afford subsidised inputs, whereas the poorest farmers may not be able to afford even inputs even where they were subsidised. It is recommended that more focus should be given to qualitative aspect of subsidies rather than on their quantitative aspects. In international development, impact evaluation is principally concerned with final results of interventions, programmes, projects, policy measures and reforms, on the welfare of communities, households, and individuals, including taxpayers and voters. Impact evaluation is one tool within the larger toolkit of monitoring and evaluation including broad programme evaluations, process evaluations, ex ante studies etc. No single method is the best for addressing the variety of questions and aspects that might be part of impact evaluations. However, depending on the specific questions or objectives of a given impact evaluation, some methods had a comparative advantage over others in analysing a particular question or objective. Many of the researchers studied pre and post effects of subsidies and programmes to examine the impact of institutional interventions. Multi logistic Regression Models, Ordinary Least Square Method, Randomized Control Trial Approach and Nerlove Supply Model were mainly used for analysing the impact of interventions.

## **2.2 Doubling of farmer's income**

Kakade (2015) prepared a report by observing the trend in the income of farmers and it states that the market mechanism failed to provide just and remunerative prices for farm produce and pushed the farmers in debt and poverty. The income gap between the farm sector and non – farm sector widened and the inflation hit hard to the farmers. The trends in income of farmers are inadequate but show decisive trends of deceleration in the last decade. The income of non-farm sector workers was higher and increasing while of the farmer's income is lower and falling. The challenge of doubling farmer's income can be tackled by stepping up the co-ordinate efforts to raise both agricultural income and income from outside the agriculture. It needs a wider and varied institutional structure dedicated to the task of raising the income of farmers. The measure to raise income within the agricultural sector includes improving the farm productivity and reducing the cost of production through resource use efficiency. The co-operative sector has shown its strength in

transforming the rural economy and raising the income of farmers. But unfortunately the policy makers are keeping the co-operative sector as untouchable due to political reason. The promise of doubling of farmer's income in the 75<sup>th</sup> year of independence is not a mission impossible. The approach paper prepared by NITI Ayog clearly puts the plan of action but seriously ignores the role of co-operatives. The most important source of transforming low income to high income constitutes in use of modern knowledge to increase the value addition in farm sector. This calls for a policy modification by putting additional responsibilities and resources for co-operative sector.

Niranjana (2016) examined the local initiatives in the development of agriculture especially pepper development scheme in Vandanmedu Grama Panchayat (VGP) of Idukki district. The objectives of the study were to evaluate the comprehensive pepper development scheme in augmenting income of pepper cultivators and to identify the problems if any, faced by the pepper cultivators. The study adopted simple random sampling procedure for selection of sample farmers. The study was done completely based on the primary survey conducted among 40 pepper farmers in VGP. The study used percentage analysis, rank order scale, indices, average annual growth rate and compound annual growth rate. The study concluded that the Grama Panchayat is not taking initiative to contribute much more to agriculture sector. By measuring the production, productivity, employment and income generation of the farmers and matched up with the pre performance of the scheme, it was found that the scheme has not supported to reduce the cost involved in pepper cultivation by providing subsidised inputs. However, there is no change in returns before and after the scheme. The major problem faced by the farmers was price fluctuation which may even result in change in their cropping pattern. In addition, pest attack and crop disease, climate fluctuations and high labour charge also contributed to the decline in pepper production.

Dhirendra (2016) examined that timely and adequate availability of credit is a critical input for agriculture operations, especially for small and marginal farmers. Co-operative banks were setup just for meeting the basic requirement of the cultivators and farmers. Analysis of ground level credit flow data brings out that there

has been an impressive increase in flow of ground level credit to agriculture during last five years. However, the impressive growth has been led by the commercial banks which had almost eclipsed the two traditional Rural Financial Institutions (RFIs) viz; co-operative banks and RRBs as major purveyor of credit. Despite this, co-operatives continue to be most strategically located and most suited for taking care of agricultural credit needs of the small and marginal farmers and hence had an important role in doubling of farmer's income. The strategy to achieve this rejuvenation has to be multi-pronged encompassing interventions on various fronts such as, governance (greater responsibility and accountability of board members), organisational (skilled manpower, all round improvement in systems and procedures), resource management and most importantly, brand image which help the co-operative banks to retain their existing customers and attract new ones.

Pitchai (2018) observed that agriculture and its allied sectors play a very vital role in the economy of Tamilnadu and around 42 percent of the state's workers rely on cultivation or on agricultural wage labour. Tamilnadu is a highly water constrained state, given that it has access to only about three percent of India's fresh water resources and has also been at the mercy of multiple weather shocks over the last decade particularly. Understanding the importance of agriculture sector in household economy and state economy and the increasing constraints specific to the agriculture sector, the Tamilnadu State Government had declared 'Doubling yield, and tripling income' as its goal. With this background, it was planned to study an agricultural co-operative marketing society in the state of Tamilnadu and with a broad objective to find out the ways in which the co-operatives had helped to double the farmer's income. Still the members opined that the society needs to play a role of 'Hub and Spoke' concept, so as to fulfill the requirement of members in all aspects.

Veerakumaran et.al (2018) examined how to double the paddy farmer's income in Kerala through Co-operatives. The core process of paddy value chain consists of input provision, cultivation and procurement, processing and marketing. Primary Agricultural Credit Co-operatives at the village level are mainly providing required input to the farmers. PACS and Marketing and Processing co-operatives are the nodal agencies for the procurement of paddy, and absence of youth in agricultural



operation. Though the government and co-operatives are extending support for farmers, still the input costs are very high. For the purpose of the study, both primary and secondary data were collected and used. Primary data were collected from the Palakkad District Paddy Procurement, Processing and Marketing Co-operative Society Limited (PADDICO), Peringandur Service Co-operative Bank and Pullazhy Kolepadavu Co-operative Society Ltd and office of the Principal Agricultural Officer, Thrissur and purposively selected few progressive farmers in Thrissur and Palakkad districts. The objectives were role of co-operatives in the paddy value chain, constraints in doubling farmers' income and required intervention in doubling farmers' income. Post-harvest management was a herculean task for co-operatives. Role of co-operatives in sharing the pie of consumers can be ensured through collective bargaining and value addition at all levels of paddy value chain. Single commodity aggregators succeeded in the attempt to increase the income of farmers. In addition to the operations of PACS, formation of Kerala Co-operative Rice Marketing Federation Ltd will ensure increased income to the farmers and good quality rice to the consumers at a fair price.

Navin (2018) discussed a variety of new age co-operatives (SHG – federations/ livelihood collectives) that had emerged at the cluster levels under IFAD supported project in Uttarakhand state. The main problems discussed in the paper were small land holdings results into production of small quantities and absence of market access and value addition weakens the bargaining power of farmers, non-existence of price discovery mechanism due to poor access to market information and transformation of inputs and produce is difficult and has high cost in hilly regions. Some of the co-operatives had also undertaken financial intermediation services in addition to other business activities. A total of 201 women co-operatives from 11,470 SHGs/ PGs/ VPGs existing in 3106 villages are supported under the IFAD project (till 2018). Self-reliant co-operatives are engaged in a range of business activities that include – supply of inputs i.e. seeds, pesticides/insecticides, supply of cattle feed, take home ration business, Rural Non-Farm Sector (consumer business activity) etc. The success of doubling farmer's income through Self Reliant Co-operatives functioning as federations of groups is worth replicating. Support in the form of share capital

grant, technical support, inputs supply and arrangements of infrastructure and marketing is needed by the farmers and it can be done through SRCs. Individually, small and marginal farmers do not have capacities to sustain. Changes in the MACS/SRC Act can give a boost to strengthen co-operatives. A more holistic approach of associating all the households in villages will be useful so diversified services from SRCs is required for financial and organisational sustainability.

Karunakaran (2018) examined that in Ethiopia, the existing income generating capacity of fruits as compared to its immense potentials at the macro and micro levels is not encouraging, but currently the Chencha area is serving as a resource base for the promotion of highland fruits to the rest of the country. Considering this fact, the study was focused on the contribution of apple co-operatives towards member's livelihood improvement in Checha Woreda, Gamo Gofa zone. To achieve this objective, the study has applied multi stage sampling technique to get 190 representative apple co-operative members. Both quantitative and qualitative research methods were adopted. Both descriptive and inferential statistics were used for data analysis. The qualitative data collected through focus group discussion, and key informant interview were interpreted and analysed in narration to triangulate the data which were collected and analysed by using quantitative method. The cumulative findings revealed that apple marketing co-operatives had significantly contributed for the livelihood improvements of members include change in life style in terms of frequency of eating, types of houses, health services used, clothing, attending to school by children, amount of production, supply and income. The challenges that hinder the contribution of apple marketing co-operatives include; shortage of grafting and pruning equipments, shortage of credit, diseases like apple scab and climate change.

Parameshwari (2018) examined that farming is a complex and risky business in the wake of increasing water scarcity, land degradation and climate change. Its success heavily depends on the attributes of the land, weather, markets, knowledge, and access to inputs, support services, capital and infrastructure. There exists a need to understand the complexities of agricultural system. Given the need to raise agricultural income, and given the economies of scale that mechanisation and credit constraints bring to agriculture it may appear paradoxical that farm sizes would

continue to decline. Hence solutions need to be flexible in terms of being able to tailor them to local needs and production situations and scaling them through ‘Agricultural Co-operatives’. In the context of trade liberalisation and globalisation, the co-operative approach is one of the best means of self – protection for small farmers mainly due to its self-help concept and members' economic participation. It is therefore vital for government to strengthen co-operative credit and improves the efficiency of agriculture credit supply. Further in view of diverse demand of new innovations, new products, new information and new extension services, there is a need to shift from ‘top-down’ to ‘bottom up’ approach, involving farmers’ participation at the grass root level while ensuring confidence building among farming communities to take risk and adopt more scientific and resilient agriculture. In this process agricultural co-operatives can extend their services by providing farm guidance, to improve their farm management, production technology and enhance agricultural income.

The review made it clear that the interventions by co-operatives in the agricultural sector were made a tremendous growth in the income of farmers. Primary Agricultural Credit Societies (PACS) at the village level are mainly providing required input to the farmers. PACS and Marketing and Processing co-operatives are the nodal agencies for the procurement of raw materials from the farm. Though the government and co-operatives are extending support for farmers, still the input costs are very high. Despite this, co-operatives continue to be most strategically located and most suited for taking care of agricultural credit needs of the small and marginal farmers and hence had an important role in doubling of farmer’s income. Many of the researchers pointed out the importance of credit in agriculture, especially agricultural co-operatives can extend their services by providing farm guidance, to improve their farm management, production technology and enhance agricultural income.

### **2.3 Role of Farmer Producer Organisation in augmenting farm income**

Prabhakar et al (2012) examined that the growth rate of Indian agriculture over the last decade has been declining and it is a matter of serious concern for all those stakeholders associated with agriculture. The country finds itself in a difficult

situation in meeting the food and nutritional security of its ever growing population. It indicates that the Indian agriculture was at the crossroads and only radical and innovative policies would help to pull the country out of this imminent crisis. A much discussed topic in Indian agriculture was how to integrate the farmers, especially the small farmers with the value chain so that the net return at the farmers' end would be remunerative enough for them to remain in agriculture. Several institutional models were tried in India to integrate farmers with the value chain. The most recent model is the producers' co-operatives, which enable farmers to organize themselves as collectives. The cooperative experience in India has not been a pleasant one, as co-operatives had largely been state promoted, with a focus on welfare rather than business on commercial lines. Even though several states had introduced parallel cooperative laws, and the union laws, too, had been made more liberal, the pace of reform has been far too slow. Several states had resisted all efforts at reforms. In this context, a new chapter on producer companies (PC) was introduced in 2002, to the Companies Act. The profits in companies are normally shared on the basis of shareholding, whereas PC distributes profits based on patronage of services. Voting rights for members in PC is on the basis of one member, one vote philosophy. Although no comprehensive data-base on the number of producer companies established in India and their performance exists, rough estimates suggest that there would be fewer than hundred such companies as on date. This review based paper attempts to highlight the various issues related to the origin, growth, performance and challenges of these PC along with strategies to make them more effective in present context.

Patel and Jigar (2016) reported on their study of perception and satisfaction of member farmers of Farmer Producer Companies that co-operative success parameter such as marketing and business, management, customer services, member commitment, public interest and involvement and competitive environment were perceived well by the members. Members were selected using simple random sampling and satisfaction index were used for data analysis. Most of the members were male belongs to middle age and middle income group. Satisfaction level among members was neutral to high. The major constraints were lack of training and

awareness programme, poor sorting and grading practices and inefficient farming implements.

Kandeeban and Prabhavati (2017) states that India is predominantly dominated by small and marginal farmers and the growing trend of sub-division and fragmentation of landholdings continues to fuel the proliferation of small and marginal farmers. The concept of Farmer Producer Companies (FPCs) is a way forward to address several problems of small and marginal farmers. Two farmer producer companies (FPCs) from Karnataka state and three FPCs from Telangana state were taken for the study. Marketing costs, marketing margins, marketing efficiency and price spread were analysed from the major two marketing channels viz., FPC channel and Farmers channel. It was observed that marketing efficiency and producer share in consumer rupee was higher in FPC channel due to reduction in transaction costs. Moreover, FPC farmers received better prices compared to MSP and modal prices in both Telangana and Karnataka states for the year 2014-15 compared to 2015-16, which indicates farmers forming as producer companies had added advantages in terms of increase in income level and supply chain efficiency.

Shivam (2017) attempted to assess the Farmer Producer Companies of Northeast India and carried out the study to identify whether these companies are performing and earning sufficient returns to sustain business. The paper proposed a Performance Score Method to measure the performance of FPCs considering financial ratios and analysed four FPCs. The financial ratios were further assigned performance scores on the basis of efficiency and effectiveness. The financial statements of four FPCs were used for the study. The results of the study reveal that the FPCs had been performing poorly in terms of solvency, efficiency and profitability during the three years under study. The liquidity positions of the companies were at marginal level. The overall performances of the FPCs were also in poor category.

Challuri (2018) made an attempt to study the impact of Farmer Producer Companies on marginal and small farmers in Osmanabad district of Maharashtra. The study was aimed to find the status of FPCs in the study area, analysed the impact of FPCs on small and marginal farmers and suggest policy measures at micro, meso and

macro level. For the study, 150 member farmers were selected by using multi stage stratified random sampling method, out of 150 farmers, 75 were small farmers and 75 were marginal farmers. The impact of the study was assessed by using a five-point scale. The study found that the farmers under FPCs in the study area are not getting adequate support from the FPCs. The FPCs were providing services out of which marketing, value addition, technological services and pre-harvest services were good, agricultural advisory services, capacity building and credit services were poor. Thus, the study came up with ACITM (Agricultural Advisory Services, C- Capacity Building Services, I- Intuitional Services, T- Technology Services and M- Marketing Services) model to address farmers' problems immediately. The proposed model can be executed through a consortium of FPCs named FPCDN (Farmer Producer Companies Development Network) where the FPCs will be the members. The consortium had a specific purpose to deliver services and address FPCs problems at the district level.

Deshpande (2018) examined some experiences of some banks about financing FPOs and brings out some key policy bottlenecks. It concludes that the FPOs, well nurtured by the institutions, provide a sizeable opportunity to the co-operatives including credit co-operatives. Similarly integrating of fertiliser co-operatives (like IFFCO) and membership of APMC (Agricultural Produce Market Committee) will also help FPOs in achieving their objectives of helping the farmer members. FPOs offer an immense potential of credit and business of entire value chain to be tapped for a sustainable and desirable purpose by the co-operatives. However, the policy bottlenecks relating to support from 'Equity grant and credit guarantee fund scheme' need to be removed to make them inclusive for co-operatives and co-operative banks. Co-operative banks need to look into FPOs as a socially desirable as well as a commercially viable business. In fact, in view a lot of efforts of SFAC, NABARD and many other agencies, the FPO business appear to be a low hanging fruit for the co-operatives. A systematic campaign might be needed to increase awareness among co-operatives including the co-operative bankers to look at the FPOs as business opportunity right from the national level, state level (involving SLBC), and district level and block level.

Jayalakshmi and Gangadevi (2018) observed that the Farmer Producer Company (FPC) can serve as a potential alternative to improve the socio-economic condition of the farmers. The study was conducted with Velliangiri Uzhavan Producer Company Limited (VUPCL), located at Thondamuthur block in Coimbatore district. The primary data were collected through personal interview from 50 members and 50 non-members of selected Farmer Producer Company (FPC). The study revealed that membership in the company directly affected the socio-economic conditions of the coconut farmers in the study area. Using various statistical techniques, it was found that members of the Farmer Producer Company (FPC) were highly benefitted compared to non-members of the company. A significant difference between the members and non-members was also observed in terms of socio-economic conditions.

Manisha and Praveen (2018) focused to explore the best practices of successful FPOs and to document those practices which can be replicated to other FPOs. The study was based on the case study method in which two FPOs – Nachalur Farmer Producers Company Limited, Trichy and Nadayanur Agricultural Producers Company Limited, Karur in Tamil Nadu state had been studied. The study was supplemented by secondary data and literature review on how well-being and success of farmers is achieved through FPOs. The results revealed that the FPO model would be a road map for farmers' empowerment. The role of FPOs in terms of increased net income of farmers through informed decision making, improved access to inputs and agro services, institutional credit, marketing facilities and enhanced efficiency in the farming operations is remarkable, however there are challenges and policy gaps in the eco system.

Sabarisakthi and Rajendran (2018) observed in their study that FPOs are appropriate mechanism for capacity building of the farmers from the agro – production based profession to agro manufacturing profession through making value added products and collective marketing. Around, 2074 FPOs are registered and actively doing business in agriculture and allied activities in India. However, FPOs are facing some major issues that need to be addressed. Particularly, the banks are unaware of the policies regarding FPOs for providing loan. Therefore, all stakeholders are to be educated about the benefits of FPOs. It enhances market potential and

branding of the products. The FPOs are the major factor for increasing the farmers' income through agro-manufacturing process. It has tremendous possibility to become a model for doubling the shareholding farmer's income by 2022, if the major challenges are addressed.

Subhash (2019) examined the trends, patterns and performance of Farmer Producer Companies (FPC) in India. Data provided by NABARD and SFAC were used to explore the trends and pattern. A cross case analysis was done to assess the performance and to draw inferences on critical common factors for success. The study showed that FPCs are emerging among other legal forms of FPOs. They are prominent in few states, which had enabled the environment, enterprising farmers and had a history of collective action. The study shows heterogeneity in the product, functioning, how they work, deal with the issues and mechanisms of FPCs. The paper proposed the establishing of 'incubators' to handhold and support FPCs and different modes and categories for financing them.

Anirbhan et.al (2019) explored the impact of poultry based Farmer Producer Company on uplift of rural people. The present study was conducted by selecting Madhya Pradesh Women Poultry Producer Company Ltd. founded by a team of rural women. An Ex-Post Facto research design was used. Difference in different technique was utilised to estimate the actual impact of FPCs. To measure the effectiveness and its impact, two indices viz. effectiveness index and livelihood wellbeing index were prepared. The study was conducted in Orchha district of Madhya Pradesh from 37 randomly selected poultry growers' members and 15 non-member respondents from the same locale. The company was found highly effective with overall effectiveness score of 71.88. Joining the FPC has improved the poor rural women's human, social and political dimensions of livelihood empowerment in addition to a significant economic gain.

The review concludes that the role of FPOs in terms of increased net income of farmers through informed decision making, improved access to inputs and agro services, institutional credit, marketing facilities and enhanced efficiency in the farming operations is remarkable, however there are challenges and policy gaps in the



eco system. Farmer Producer Company (FPC) can serve as a potential alternative to improve the socio-economic condition of the farmers. A systematic campaign might be needed to increase awareness among co-operatives including the co-operative bankers to look at the FPOs as business opportunity right from the national level, state level (involving SLBC), and district level and block level. The researchers mainly used ratio analysis and index method for the analysis. It could be concluded that the FPO model would be a road map for farmers' empowerment.

## **2.5 Research gap**

The review of literature validates that the majority of earlier studies were related to the intervention of government, policies, banks, co-operatives etc in agriculture and the problems and prospects faced by those institutions while implementing the strategies and the results in general. A few studies were focusing on the performance of Farmer Producer Organisations in India. However, specific studies on the institutional intervention of Farmer Producer Companies in state Kerala were almost absent. Hardly a few or no studies had attempted to study the intervention of Farmer Producer Companies in poultry sector. Therefore, the present study was an endeavor to cover those lacunas.

***CHAPTER – III***

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*Materials and Methods*

## **CHAPTER 3**

### **MATERIALS AND METHODS**

The study entitled "Institutional interventions of Venad Poultry Farmer Producer Company in augmenting farm income" had been carried out with the following objectives of examining the structure and operations of Venad Poultry Farmer Producer Company, to analyse the role of Farmer Producer Company in augmenting farm income and also to identify the problems faced by the company. This chapter elucidates the data, data sources and methodology adopted in conducting the study, which are presented in the below sequence.

1. Concepts used
2. Locale of the study
3. Method of study
4. Data source
5. Data collection tool
6. Period of study
7. Selection of sample
8. Variables and statistical tools used for the study

#### **3.1 Concepts used in the study**

The major concepts used in the study are explained below.

##### **3.1.1 Financial Efficiency**

It is the efficiency of Farmer Producer Company to translate to its financial resources into mission related activities through appropriate financial practices. The financial efficiency can be measured using ratio analysis and it is used to study the operations of the company.

##### **3.1.2 Efficiency in mobilization**

It is the efficiency of the company in mobilising funds through various means which is an important pre-requisite for its sound financial and business transactions and other requirements. The major source of the company constitutes owned fund and

borrowed fund. The former consist of share capital, reserves and undistributed profits whereas, the latter consist of borrowings only.

### **3.1.3 Member farmers**

Producer organization (PO) is an organization of producers, especially the primary producers. All the primary producers residing in the relevant geography, and producing the same or similar produce, for which producer organization has been formed, can become the members of the PO. All members enjoy equal rights.

### **3.1.4 Primary producer**

Any person engaged in activity connected with or related to any primary produce (produce of farmers from agriculture and allied activities) will be treated as primary producer.

### **3.1.5 Member satisfaction**

Satisfaction is defined as persons' feelings of pleasure or disappointment resulting from comparing a products' perceived performance or outcome in relation to his or her expectations, Kotler [2000]. As far as a producer company is concerned member farmers are their strong foundation in which they could grow up. The member satisfaction can be measured using SERVQUAL model.

### **3.1.6 SERVQUAL model**

The model of service quality is developed by a group of American authors, A. Parasuraman, Valarie.A. Zeithaml and Len Berry in a systematic research program carried out between 1983 and 1988. The model identifies the principal dimensions of service quality and proposes a scale for measuring service quality (SERVQUAL). The SERVQUAL questionnaire has been described as the most popular standardized questionnaire to measure service quality. It is widely used by service firms, most often in conjunction with other measures of service quality and satisfaction. The model developers originally identified ten dimensions of service quality, but after testing and retesting, some of the dimensions were found to be auto correlated and total number of

dimensions was reduced to five namely; tangibility, reliability, responsiveness, assurance and empathy.

### **3.1.7 Tangibility**

Tangibles are the physical evidence of the service for instance the appearance of physical facilities, tools and equipment used to provide the service, the appearance of personnel and communication materials etc.

### **3.1.8 Reliability**

Reliability is the ability to perform the promised services dependably and accurately.

### **3.1.9 Responsiveness**

Responsiveness is the willingness of employees to help the member farmers and provide prompt services.

### **3.1.10 Assurance**

Assurance is the knowledge and courtesy of employees and their ability to convey trust and confidence in member farmers.

### **3.1.11 Empathy**

Empathy is the provision of caring and individualized attention to members.

### **3.1.12 Operational problems**

While adopting appropriate business practices in order to increase the services to their members and to keep them intact, the producer company faces certain problems before them, generally known as operational problems. It includes functional problems, political and legal issues etc.

### **3.1.13 Managerial problems**

The management and decision making along with the administration of Producer Company is vested with its general body and Board of Directors. Therefore, in order to

undertake the decision making power as well as the administrative power, right management practices should be adopted by the company, where they face certain problems generally known as managerial problems. It includes administrative problems, structural problems, human resource related problems etc.

### **3.2 Locale of the study**

The study area was Venad Poultry Farmer Producer Company in Kollam district of Kerala.

### **3.3 Data source and methodology**

#### **3.3.1 Method of study**

The present study was analytical in nature. The study was solely depends upon primary data obtained from the Venad Poultry Farmer Producer Company. The data collection techniques and methodology adopted is explained under specific headings for clarity and easy comprehension.

#### **3.3.2 Data source**

The study was based on primary data obtained from the company. The data was collected from the annual reports and financial statements of the company for a reference period of three years ie; from 2016-17 (company established year) to 2018-19 for the examining of structure and operations of Venad Poultry FPC. Apart from this, data obtained by conducting survey among the member farmers was also used to analyse the role of Farmer Producer Company in augmenting farm income. Likewise, the primary data for identifying the problems faced by the company was collected from the Board of Directors by using pre-tested structured interview schedule.

#### **3.3.2 Data collection tool**

The data was collected from the reports and financial statements of the company after having a detailed discussion with the company officials. Primary data were collected using a pre-tested structured interview schedule. The survey schedule was framed with questions set separately for second and third objectives. The responses to questions were plotted on a five point Likert scale. The first scale used responses such

as Strongly agree, Agree, Moderately agree, Disagree and Strongly disagree. The second scale responses used to study third objective was Chronic, Severe, Risk, Tolerable and Negligible. The scores are assigned to both the scales of rating was 5,4,3,2, and 1 respectively.

### **3.3.4 Period of study**

The survey of Board of Directors and member farmers was conducted during the month of April-May 2020 (Covid -19 pandemic lock down period).

### **3.3.5 Selection of sample**

#### **a) Selection of district**

By considering the accomplishment of thesis amidst of Covid -19 outbreaks in Kerala, native district was selected for the successful completion of work. Thus Kollam district of Kerala was selected.

#### **b) Selection of company**

From the district, the FPC was selected based on the active status of operations. Out of the three listed FPCs in Kollam district by National Bank for Agriculture and Rural Development (NABARD) in 2019, only Venad Poultry Farmer Producer Company has been conducted processing and value addition. Hence the same producer company was selected for the study.

#### **c) Selection of member farmers**

Fifty three member farmers from the bank were randomly selected for the study.

#### **d) Selection of Board of Directors**

All members of the board of directors of FPC were selected and constitute five directors.

### **3.3.6 Variables and statistical tools used for the study**

Objective –wise variables used for the study are listed below.

**I. To examine the structure and operations of Venad Poultry Farmer Producer Company**

- a) Organisational Structure
- b) Share capital
- c) Borrowings
- d) Deposits if any
- e) Gross profit/loss
- f) Net profit/loss
- g) Procurement
- h) Processing
- i) Sales

Variables were studied with the help of financial ratios, CAGR, percentage analysis and simple growth index.

**II. To analyse the role of selected Farmer Producer Company in augmenting farm income.**

- a) Input supply
- b) Extension services
- c) Product
- d) Pricing
- e) Marketing channels / place / distribution
- f) Promotion
- g) Marketing cost
- h) Storage facilities
- i) Cost - benefit

Variables were studied with the help of statistical tools such as percentage analysis, index and rank method.

**III. To identify the problems faced by the company**

- a) Administrative problems
- b) Structural problems
- c) Human resource related problems



- d) Functional problems (Problems in procurement, processing and marketing, Political and legal issues etc)

Variables were studied with the help of statistical tools such as index, percentage and rank method.

In order to get a detailed understanding about the statistical tools administered, each one of them is described below.

### 1) Financial ratios

Sl.No.	Name of the ratios	Formula
<b>Liquidity Ratios</b>		
1.	Current ratio	$\text{CurrentAsset} / \text{CurrentLiability}$
2.	Quick ratio	$\text{QuickAsset} / \text{CurrentLiability}$
<b>Profitability Ratios</b>		
3.	Gross profit ratio	$\text{Grossprofit} / \text{Netsales} * 100$
4.	Net profit ratio	$\text{Netprofit} / \text{Netsales} * 100$
5.	Basic Earning Power	$\text{EBIT} / \text{TotalAsset} * 100$
6.	Return on Asset	$\text{NetIncome} / \text{TotalAsset} * 100$
7.	Return on Equity	$\text{NetIncome} / \text{EquityFund} * 100$
<b>Solvency/Leverage ratios</b>		
8.	Debt-Equity ratio	$\text{Debt} / \text{Equity}$
9.	Financial leverage	$\text{TotalAsset} / \text{Shareholders'Equity}$
<b>Activity (Turn over) ratio</b>		
10.	Inventory TO ratio	$\text{Net Sales} / \text{AverageInventory}$
11.	Fixed asset TO ratio	$\text{NetSales} / \text{FixedAsset}$

12.	Total asset TO ratio	$\text{NetSales} / \text{TotalAsset}$
13.	Receivables TO ratio	$\text{Total Revenue} / \text{Averageaccountsreceivables}$
14.	Day Sales Outstanding	$\text{Accountsrecievables} / \text{Averagecreditsalesperday}$
15.	Inventory to sales ratio	$\text{Inventory} / \text{Sales}$

EBIT = Earnings Before Interest and Tax, TO = Turn Over

## 2) Percentage analysis

Percentage distribution of respondents in different categories on all variables was worked out by dividing the frequency in each category with total number of respondents and multiplying it by 100.

## 3) Index

For the examining of role of Farmer Producer Company in augmenting farm income and to identify the problems faced by the company, member satisfaction index and problems/constraints index were calculated based on five point Likert scale. The formula for calculation of index is presented below.

$$\text{Index} = \left( \frac{\text{Actual score obtained}}{\text{Maximum obtainable score}} \right) * 100$$

Based on the index obtained, the results were compared to a standard derived;

Index	Satisfaction category	Problems category
0-20	Very poor	Negligible
21-40	Poor	Tolerable
41-60	Moderate	Risk
61-80	Good	Severe
81-100	Excellent	Chronic

## 4) Compound Annual Growth Rate

The year over the year growth rate in the operational performance of the selected bank is analysed using the formula;

$$\text{CAGR} = \frac{\text{EndingValue}}{\text{BeginningValue}}^{1/\text{No.ofyears}} - 1$$

#### **5) Simple Growth Rate**

Simple growth rate or the year to year growth rate calculates the percentage change during the past twelve months. Its formula is mentioned below;

$$\text{SGR} = \frac{\text{Endingvalue} - \text{Beginningvalue}}{\text{Beginningvalue}} * 100$$

The methodology adopted in this chapter was used to analyse the objectives and the results obtained are discussed in the upcoming chapters.

## *CHAPTER – IV*

### *Results and Discussions*

## CHAPTER IV

### RESULTS AND DISCUSSIONS

The following section deals with the results and discussions on the topic "Institutional interventions of Venad Poultry Farmer Producer Company in augmenting farm income" under taken with the following objectives:

- a) To examine the structure and operations of Venad Poultry Farmer Producer Company (FPC).
- b) To analyse the role of Farmer Producer Company in augmenting farm income.
- c) To identify the problems faced by the company.

As a prelude to study the institutional intervention of Venad Poultry FPC, brief profile of the selected FPC is given below;

#### **4.1 Profile of Venad Poultry Farmer Producer Company**

Venad Poultry Farmer Producer Company is a Farmer Producer Organisation situated in the Kollam district of Kerala state. With the objective of ensuring stable income for farmers, Venad FPC got registered on 2<sup>nd</sup> June, 2016. The company started functioning on 16<sup>th</sup> October, 2016. It is classified as Non-Government Company and is registered under Registrar of Companies, Ernakulam. Its authorized share capital is Rs. 50,00,000 and paid up capital is Rs. 45,22,000 as on 31<sup>st</sup> March 2020. The brand name of the company is "Venad Signature Chicken". The nature of business is the production and marketing of source traceable eggs and meats. Also the company undertakes supply of inputs, integration of broiler farming, dressing plant, chilling and freezing plants. At the time of registration, the company was situated in Kottarakkara region of Kollam district with no branches at all. After one year of incorporation, they had established 3 branches at Karunagappally and Kadampanadu of Kollam district and Irinavu in Kannur district. Also the company had a franchise at Kadanappaly in Kannur district of Kerala. The company had forcefully closed one branch at Karunagappally in Kollam district during 2018-19 due to high operating expenses. Now they have only two branches; one at Kadampanad in Kollam district

and the other at Irinavu in Kannur district of Kerala. Both the branches and head office are successfully fulfilling the needs of the farmers effectively and efficiently.

Source traceable eggs and meat are their specialty. They have introduced this technology in the year 2017 and got appreciations and recognitions from all parts of the country. It is the first Farmer Producer Company in India introducing the technology called "Source traceability using QR code". The company is supported by NABARD and Kerala Agricultural University (KAU). In 2018, company got best Farmer Producer Company award from the honorable chief minister of Kerala, Shri. Pinaray Vijayan. During COVID-19 pandemic lockdown period in the state of Kerala, the Venad FPC had supplied products and inputs at the door steps of poultry farmers as per customer demands.



#### **4.1.1 Business model of Venad Poultry Farmer Producer Company**

Venad Poultry Farmer Producer Company procures BV380 birds and poultry inputs like medicines, feeds, vaccines and equipments from Bangalore, Tamilnadu and Hyderabad. The company provides these inputs and birds at subsidized and affordable rates to the farmers. The farmers are allowed to nurture the birds with help of facilities provided by the company. The farmers can market eggs and meat in the market directly. The unsold culled chicken meat from the farmers has taken by the company and converted into frozen meat suitable for different restaurant dishes. Apart from this, the company also procures the eggs and grown birds from their member farmers. The eggs and birds produced in the households are collected and marketed by the company. The grown birds were taken to the dressing plant at Poruvazhy of Kollam district for cleaning and cutting. And finally the meats and eggs are marketed through

the fifteen company outlets in the brand name of Venad Signature Chicken with QR codes.

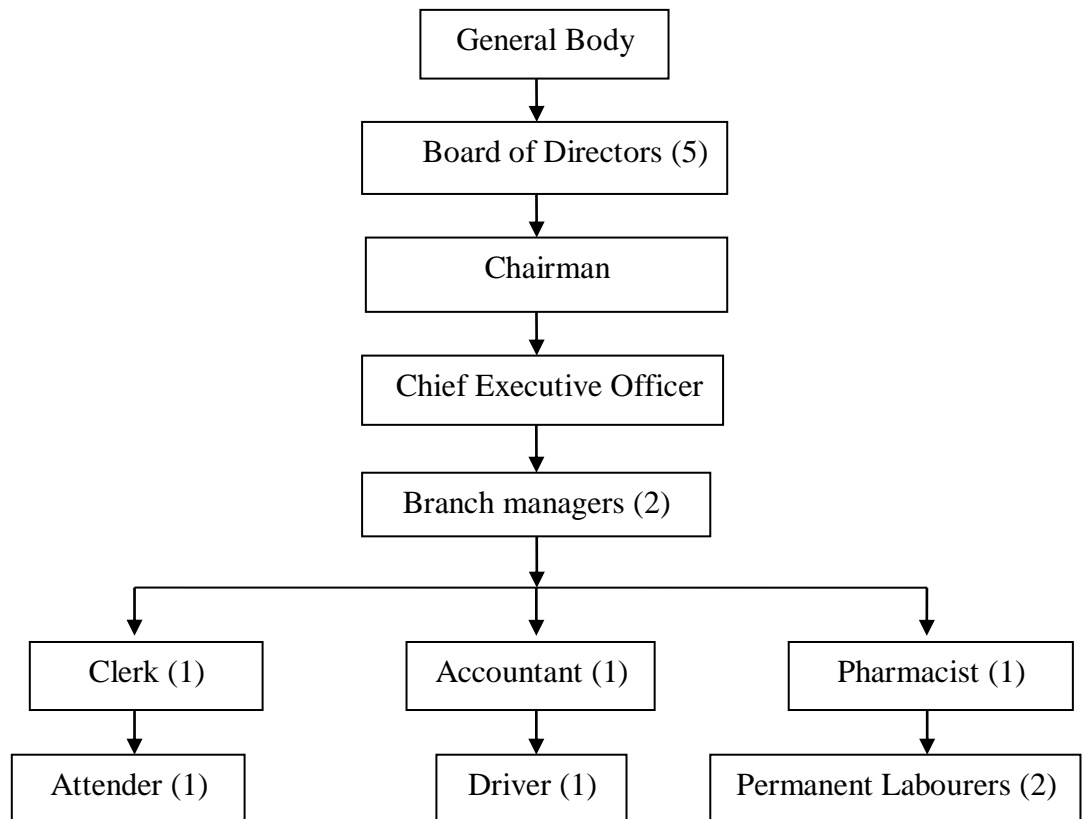
#### 4.2 Structure and Operations of Venad Poultry Farmer Producer Company

For a Producer Company is concerned, the structure and its operation is very important. The structure and the operation guidelines are mentioned under Section 581(C) of Indian Companies Act, 1956, as amended in 2013. In this section, scrutinizing whether the structure and operations of Venad Poultry Farmer Producer Company is as stipulated by law or not. In order to study this objective, ratio analysis, growth index and compound annual growth rate were used.

##### 4.2.1 Organisational Structure

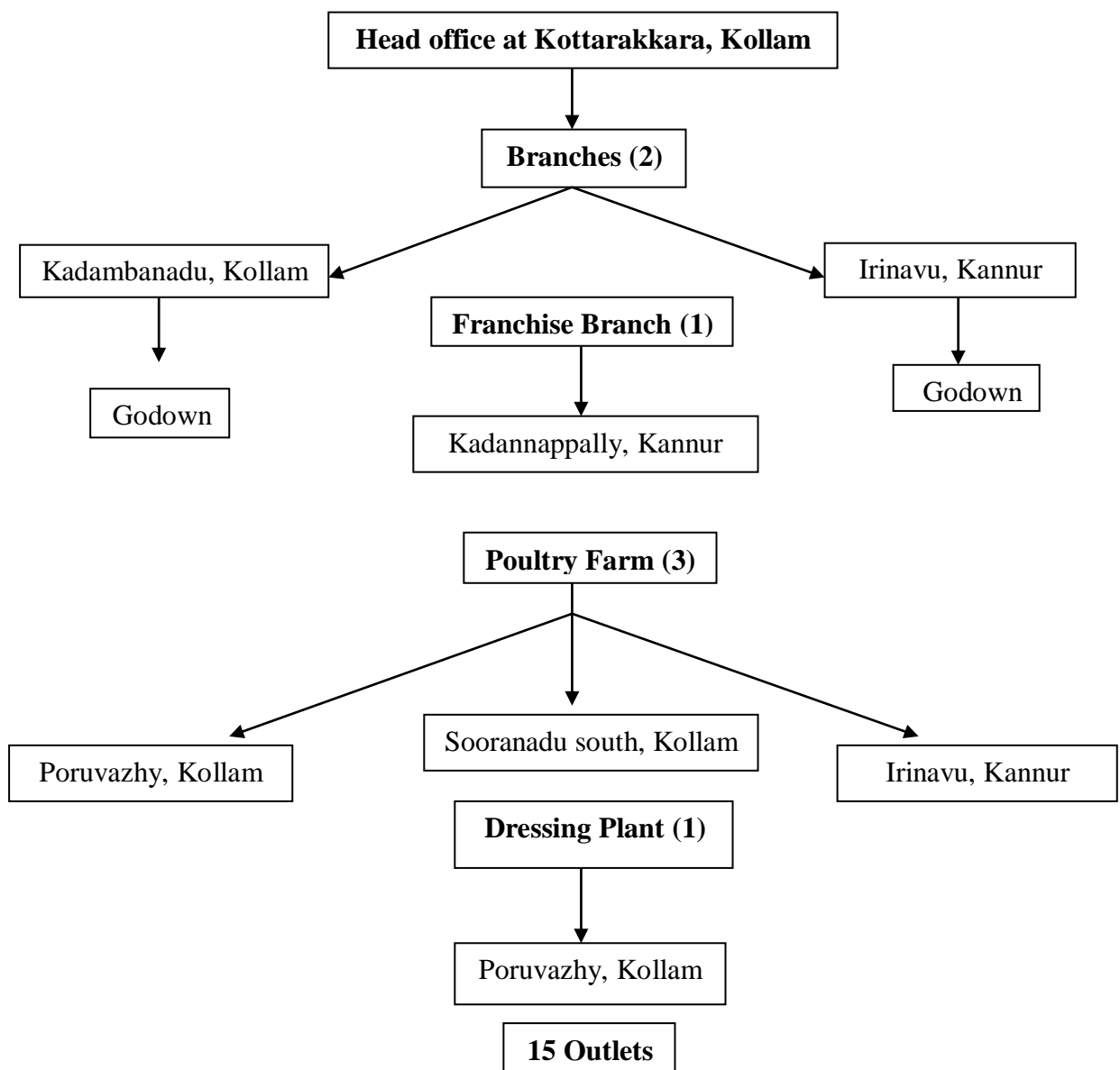
Organisational structure is the foundation of the company in which the actual strength inhabits. To study the variable, certain factors such as vision, mission, company departments, human resources, members and membership were need to be considered.

##### 4.2.1.1 Organisational structure in terms of human resource.



The supreme authority of the company is its General Body. The company consists of members/ shareholders, Board of Directors (BoDs) and office bearers. BoDs are elected by the members and may act collectively through meetings. The minimum number of BoD required is 5 directors and not more than 15 directors. And the company satisfies the criteria of Board of Directors with 5 members. An office bearer is a person who is appointed to look after the day to day affairs of the PC. They include Chief Executive Officer (CEO), Managers, Accountants, clerk and other staffs.

#### 4.2.1.2 Organisational structure in terms of company departments





The company head office is situated at Kottarakkara in Kollam district. The company has two branches at Kadambanadu region of Kollam district and Irinavu of Kannur district. The company has a franchise in the Kadanappally region of Kannur district of Kerala. The company owns three poultry farm at Poruvazhy and Sooranadu south of Kollam district and Irinavu in Kannur district. Apart from the poultry farm, the company also procures the eggs and grown birds from their member farmers. The eggs and birds produced in the households are collected and marketed by the company. The grown birds were taken to the dressing plant at Poruvazhy of Kollam district for cleaning and cutting. Finally, the meats and eggs are marketed through the fifteen company outlets in the brand name of Venad Signature Chicken.

#### 4.2.1.3 Company Vision, Mission, Members and Memberships

i. The Vision of Venad FPC:

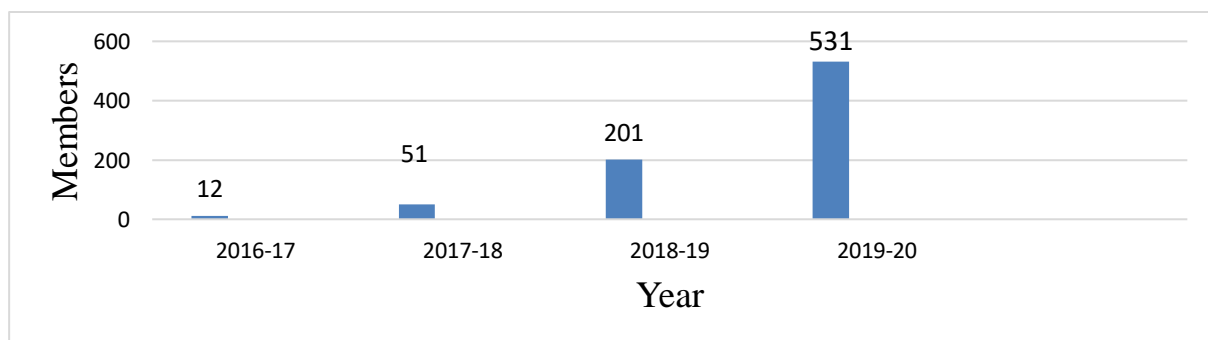
Stable income for farmers and provide safe to eat egg, meat and milk to public.

ii. The Mission of Venad FPC:

Introduce traceability for eggs and chicken meats. Increase the income of small farmers and building confidence among consumers by bringing them closer to the farmers through traceability of their produces using QR code.

iii. Members and Membership:

Any individual, group, association, producer of goods or services can be the members of a Producer Company (PC). All the primary producers residing in the relevant area, and producing the same or similar produce, for which producer organization has been formed, can become the member of the Producer Organisation. All members enjoy equal rights.



**Figure 4.1 Membership of Venad Poultry FPC from 2016-17 to 2019-20**

It is evident from the figure 4.1 that, the Venad FPC had fulfilled the minimum requirements in membership as stipulated by the law. Minimum number of members required to start a PC is 10. They initially started the company with twelve members and there was a drastic increase in the number of members for the past three years. The gradual growth and sustainability of the company in the technology development and implementation attracted more people towards the company.

#### **4.2.2 Operations of the Venad Poultry Farmer Producer Company – Parameter wise**

The operations of the producer company are studied using the growth in their share capital, borrowings, deposits, profit/loss, procurements and sales. Ratio analysis, growth index and compound annual growth rate were used for the analysis. The graphical representation of data was deployed using bar graphs.

##### **4.2.2.1 Share capital**

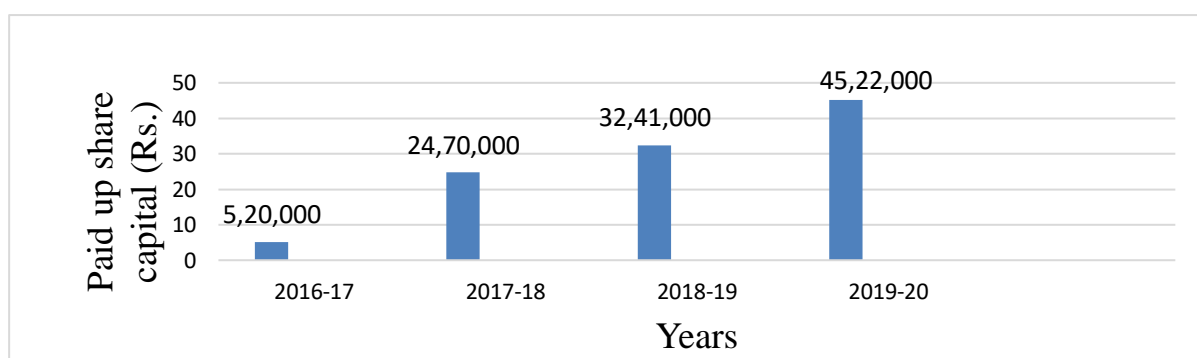
Share capital is the money a company raises by issuing common or preferred stock. The company must specify the total amount of equity it wants to raise and the base value of its shares, called par value. Authorized share capital is the maximum amount a company has been approved or allowed to raise. This does not limit the number of shares a company may issue but it puts a ceiling on the total amount of money that can be raised by the sale of those shares.

The minimum paid up capital for a Producer Company is Rs. 1 lakh and the minimum authorized capital is Rs. 5 lakh. The authorized capital of the company can be more than Rs. 5 lakh as indicated in the Memorandum of Association (MoA). The authorized share capital should be sufficient for carrying out the objects mentioned in the memorandum. The authorized share capital should be realistic. The authorized share capital of Venad Poultry Farmer Producer Company is Rs. 50,00,000.

**Table 4.1 Share capital of the Venad Poultry Farmer Producer Company (Rs.)**

Year	Paid up share capital	Simple Growth Index (%)
2016-17	5,20,000	100
2017-18	24,70,000	475
2018-19	32,41,000	623
2019-20	45,22,000	870
<b>CAGR (%)</b>	<b>105.6</b>	

Source: Data compiled from the Financial Statements.



**Figure 4.2 Share capital of Venad Poultry FPC from 2016-17 to 2019-20**

It is clear from the table 4.1 and figure 4.2 that Venad Poultry Farmer Producer Company had satisfied the share capital criteria stipulated in the Act. During 2016-17, the share capital of the company was Rs. 5,20,000 which means five hundred and twenty equity shares of Rs. 1000/- each fully paid up during the year. Two thousand four hundred and seventy equity shares of Rs. 1000/- each fully paid up of which 150 shares are issued for consideration other than cash during 2017-18. In 2018-19, the share capital of the company had grown to Rs. 32,41,000. Afterwards, there was a huge increase in the paid up share capital and as on March 31<sup>st</sup> 2020, Venad FPC has a paid up share capital of Rs. 45,22,000 which indicates a sound base of the company in their owned fund.

#### **4.2.2.2 Borrowings**

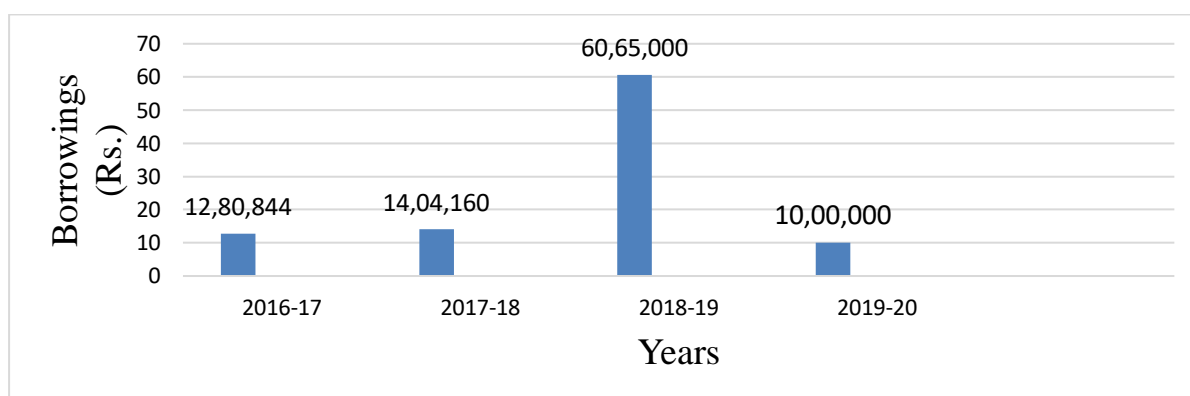
Borrowings are the sum of money borrowed from a bank or any other financing agencies or other sources for specific purposes or it is an act of taking

money from a bank and paying it back over a period of time. Based on the period of time, borrowings are of three types; short term, medium term and long term borrowings. A company usually takes loans for business purposes like expansion of infrastructure, branch expansion, product expansion etc.

**Table 4.2 Borrowings of the Venad Poultry Farmer Producer Company (Rs.)**

Years	Long term borrowings				Total	Simple Growth Index (%)
	Bank Over Draft	Loan from directors	Loan from others	Unsecured loan		
<b>2016-17</b>	-	-	-	1280843.75	12,80,844	100
<b>2017-18</b>	-	4,00,000	1,004,160	-	14,04,160	109.6
<b>2018-19</b>	50,00,000	4,00,000	6,65,000	-	60,65,000	473.5
<b>2019-20</b>	10,00,000	-	-	-	10,00,000	78
<b>CAGR(%)</b>					<b>-7.9</b>	

Source: Data compiled from the Financial Statements.



**Figure 4.3 Borrowings of Venad Poultry FPC from 2016-17 to 2019-20**

Table 4.2 and figure 4.3 indicates that the Venad FPC was established during 2016-17 by availing a loan amount of Rs. 12,80,844 from Kerala Grameen Bank to meet their establishment cost and other expenses in the initial year. The company took long term loan in the year 2017-18 because they had started their branches in the same year. During 2018-19, a huge amount of loan compared to that of previous year had taken because company started retail outlets in different parts of the state and introduced new technology in the poultry sector of farming. In the year 2019-20, loan amount outstanding was only Rs. 10 lakh which means they had reached a successful

position to repay those huge loan amounts. The current long term loan is for a period of ten years.

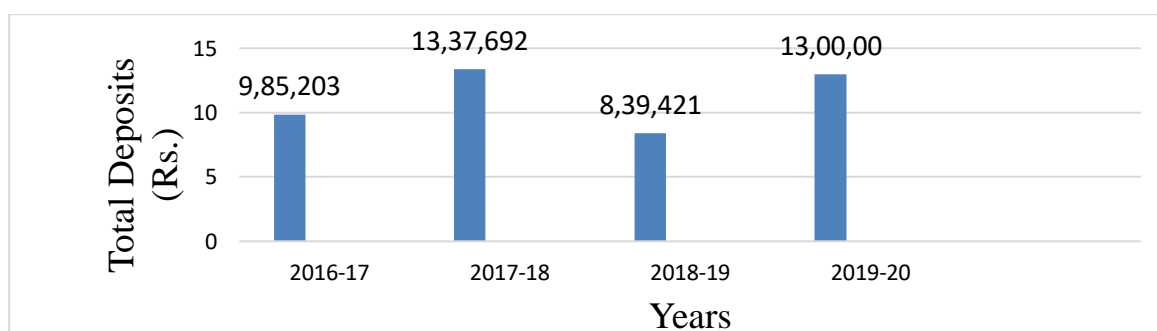
#### 4.2.2.3 Deposits

Deposits are sum of money paid into a bank for the future benefits and to meet any emergency. Deposits are of different types with different rate of interest and period. Different types of deposits are fixed deposits, savings deposit, current deposit, recurring deposits etc. A company after meeting the expenses and investments, the remaining revenue obtained from their operations will deposit in a bank to meet any eventuality.

**Table 4.3 Deposits of the Venad Poultry Farmer Producer Company (Rs.)**

Particulars	2016-17	2017-18	2018-19	2019-20
Fixed Deposit	4,24,155	10,64,212	5,64,421	10,00,000
Savings Deposit	5,61,048	2,73,480	2,75,000	3,00,000
Total Deposit	9,85,203	13,37,692	8,39,421	13,00,000
<b>Simple Growth Index(%)</b>	100	135.77	-48	132
<b>CAGR(%)of total deposits</b>	<b>9.6</b>			

Source: Data compiled from the Financial Statements.



**Figure 4.4 Total deposits of Venad Poultry FPC from 2016-17 to 2019-20**

Table 4.3 and figure 4.4 summarizes that in case of Fixed Deposits, the year 2017-18 witnessed a drastic increase followed by a decline in the year 2018-19. But in 2019-20, the fixed deposit was increased to 10 lakh. While considering the Savings Deposit, there were a drastic decline from the initial year and followed by a slow

increase in the deposit. As on 31<sup>st</sup> March, 2020, Venad FPC has a savings deposit of Rs. 3 lakh.

In case of total deposit of Venad Poultry Farmer Producer Company, the growth index obtained in the year 2018-19 was negative means the growth rate of deposit was almost nil in comparison to the previous year. This was the indication of deposit utilization in investments during that year in turn gave a positive growth of revenue in the succeeding year. Thus during 2019-20, the growth index was higher than that of previous years which indicate the increment of total deposit of the company. The deposits directly depend upon the sales, profit and operations undertaken by the company.

#### 4.2.2.4 Gross Profit and Net Profit

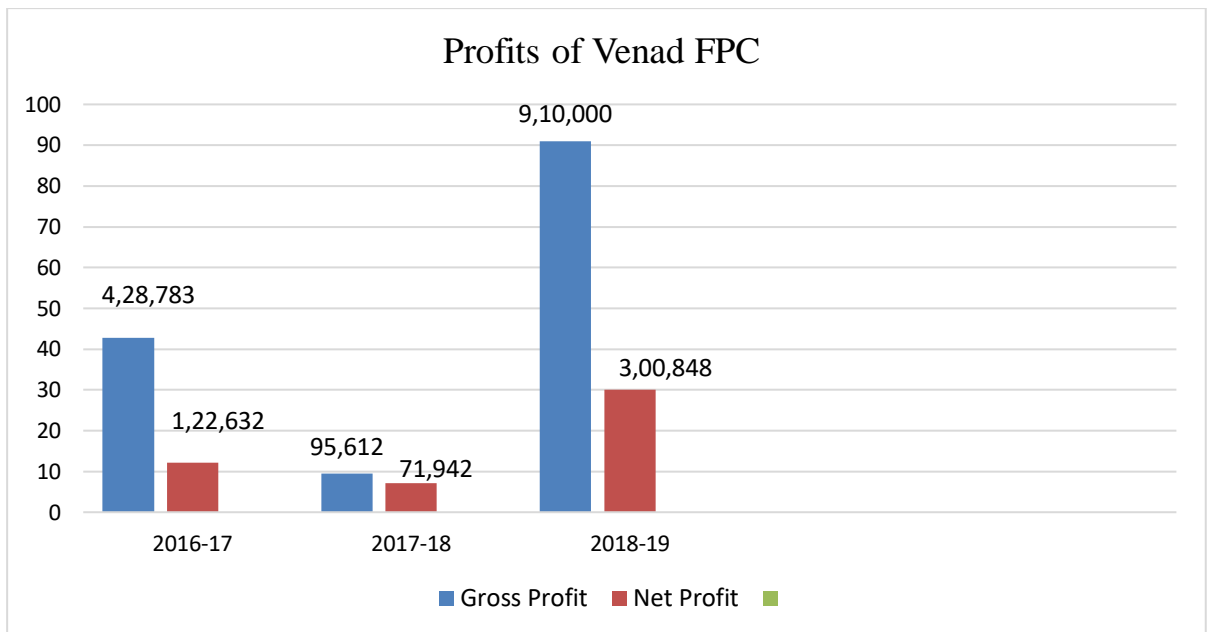
Gross profit is the profit a company makes after deducting the costs associated with products, or the costs associated with providing its services. Gross profit will appear in the company's income statement and can be calculated by subtracting the cost of goods sold from revenue. It assesses a company's efficiency at using its labor and supplies in producing goods or services.

A company's profit is called net income or net profit. Net profit reflects the total residual income that remains after accounting for all cash flows, both positive and negative. It can be calculated by deducting all expenses and costs from revenue. It is arguably the most important financial metric, reflecting a company's ability to generate returns for the owners and shareholders alike.

**Table 4.4 Profits of the Venad Poultry Farmer Producer Company (Rs.)**

<b>Year</b>	<b>Gross Profit</b>	<b>SGI (%)</b>	<b>Net Profit</b>	<b>Simple Growth Index (%)</b>
2016-17	4,28,783	100	1,22,632	100
2017-18	95,612	-42.96	71,942	58.67
2018-19	9,10,000	112	3,00,848	245
<b>CAGR (%)</b>	<b>28.5</b>		<b>35</b>	

Source: Data compiled from the Financial Statements.



**Figure 4.5 Profits of Venad Poultry FPC from 2016-17 to 2018-19**

Table 4.4 and figure 4.5 indicates that a negative growth rate in gross profit as well as net profit in the year 2017-18 was due to the increase in the initial expenses incurred by the company. Expenses include cost of materials consumed, employees benefit expenses, finance cost, depreciation and amortization expense and other expenses. As far as the company is concerned, 2017-18 is the year in which they expanded their branches, outlets, farms, freezing plants and other infrastructures which lead to a high establishment cost in the year. And also they adopted unique and pioneer technology called "source traceable chicken" which also leads to cost escalation. Cost escalation in the sense that GST registration, drug and trade license, export-import license and FSSAI license and so on. But the next year onwards they reaped what they sown which was understandable from the positive hike of the graph. Gross profit and net profit had obtained a tremendous growth index during the next year ie; 2018-19.

#### **4.2.2.5 Procurement and Processing**

Procurement in the simplest sense, involves a series of activities and processes that are necessary for an organization to acquire necessary products or services from the best suppliers at the best price. Such products or services that are procured include raw materials, office equipment, service and supplies, furniture and facilities,

technical equipment and support, telecommunications, printed collateral, contingent worker recruitment, testing and training and travel related services, among many others. It is otherwise a process of buying raw materials for the active engagement of production activities. The company may procure raw materials based on its quality, price and availability in the market.

Processing is the process of converting the raw materials into fine products according to market demand and customer wants. It is a value adding process of converting raw materials into finished goods through the use of tools, human labor, machinery and chemical processing. And it allowed businesses to sell finished products at a higher cost over the raw materials used.

While considering the Venad Poultry Farmer Producer Company, majority of their products are procured from Tamil Nadu which include poultry feeds, medicines, vaccines, equipment and day old broiler chicks. Hi-tech cages are procured from Hyderabad and BV380 chicks from Bangalore.

In case of processing, the company processed the broiler meat as frozen and marketed the meat according to customer demands. They converted the frozen meats adoptable for different chicken dishes in restaurants. The eggs produced in households are collected, and marketed with traceability using hologram and QR code label in Venad brand.

#### **4.2.2.6 Sales**

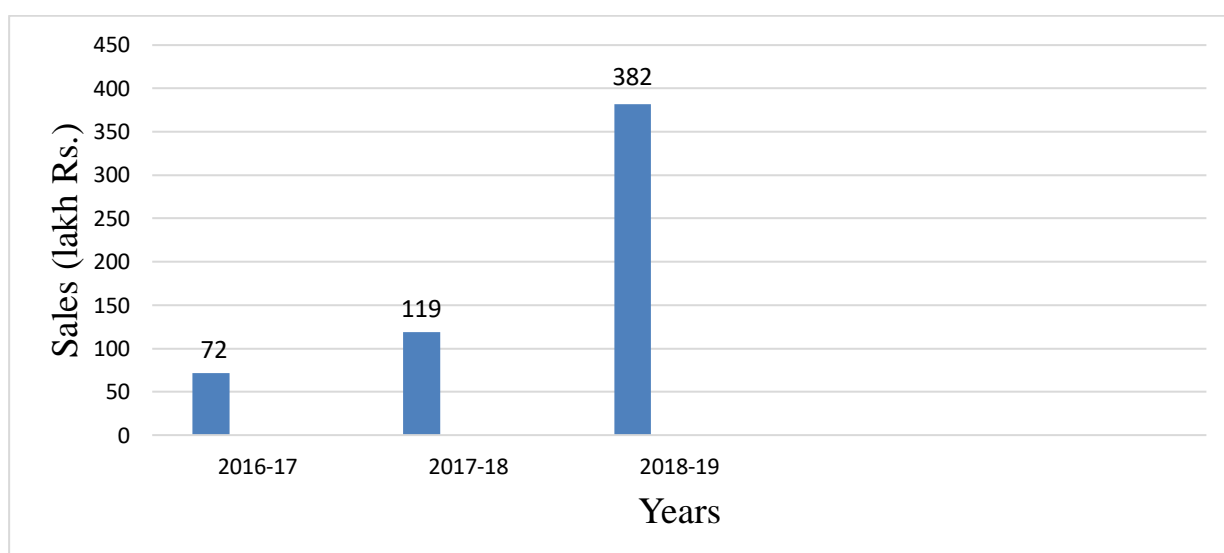
A sale is a transaction between two or more parties in which the buyer receives tangible or intangible goods, services or assets in exchange for money. In the financial markets, a sale can also refer to an agreement that a buyer and seller make regarding the price of commodities. In addition, the goods or services that are being offered have to actually be available to purchase and the seller has to have the authority to transfer the item or service to the buyer.



**Table 4.5 Sales of the Venad Poultry FPC (lakh Rs.)**

Year	Products				Total Sales	SGI (%)
	Poultry feeds	Hi-tech cages	BV380 birds	Medicines/vaccines		
<b>2016-17</b>	50	12	7	3	72	100
<b>2017-18</b>	79	24	12	4	119	165
<b>2018-19</b>	252	69	54	7	382	531
<b>CAGR (%)</b>					<b>74.4</b>	

Source: Data compiled from the Annual Reports.



**Figure 4.6 Sales of Venad Poultry FPC from 2016-17 to 2018-19**

It is evident from the table 4.5 and figure 4.6 that the total sales had a positive and increasing movement. From 2017-18 to 2018-19 there was a tremendous hike in the sales leads to a growth index of 531 which was higher than that of the preceding year index. This incredible growth in the sales was due to the introduction of traceability in their products which increases the company loyalty and in turn leads to high confidence among customers regarding the trustworthy products.

Availability of these poultry farming inputs at an affordable rate attracted more people towards this sector and thus it resulted in a drastic growth in the sale of poultry feeds, BV380 birds and Hi-tech cages. From the second year to third year, all

the products had a sale of 3-4 times than that of first year. It indicates a higher and irreplaceable position of the company in the current market.

#### **4.2.3 Operations of Venad Poultry Farmer Producer Company – Ratio Analysis.**

A ratio is a mathematical number calculated as a reference to relationship of two or more numbers and can be expressed as a fraction, proportion, percentage and a number of times. Ratio analysis is indispensable part of interpretation of results revealed by the financial statements. It provides users with crucial financial information and points out the area which requires investigation. It is a technique which involves regrouping of data by application of arithmetical relationships. It helps to understand the efficacy of decision which means whether the company had taken the right kind of operating, investing and financing decisions. It helps in comparative analysis and great deal in exploring the trends visible in the business. And also it helps in the identification of problem area as well as the bright area of business. The diagrammatic representation of data was deployed using bar diagrams.

##### **4.2.3.1 Analysis of Operations of Venad FPC in terms of Liquidity.**

Liquidity ratios are used to measure the liquidity of the company that is to measure the short term solvency of the business. It is the firm's ability to meet its current obligations and claim as and when they become due. The short term obligations are met from current floating or circulating assets. Cash and near cash items are most liquid assets. This ratio is an indicator of whether a company's current asset will be sufficient to meet the company's current liabilities. Low liquidity may lead to reduced rate of return, missing of possible business opportunities etc. These ratios include current ratio and quick ratio.

##### **1. Current ratio**

Current ratio depicts the relationship between current assets and current liabilities. It is an effective tool for measuring short term liquidity and solvency position of a firm. This ratio indicates the extent of current asset to meet the current obligations. Current assets include cash and those assets which can be easily converted into cash within a short period of time such as marketable securities, bills receivables, sundry debtors, inventories, work in progress etc. Current liabilities are

those obligations which are payable within a short period of time such as outstanding expense, bills payables, sundry creditors, short term advances, dividend payable etc. A current ratio of 2:1 indicates a highly solvent position which means current asset should be twice the current liabilities.

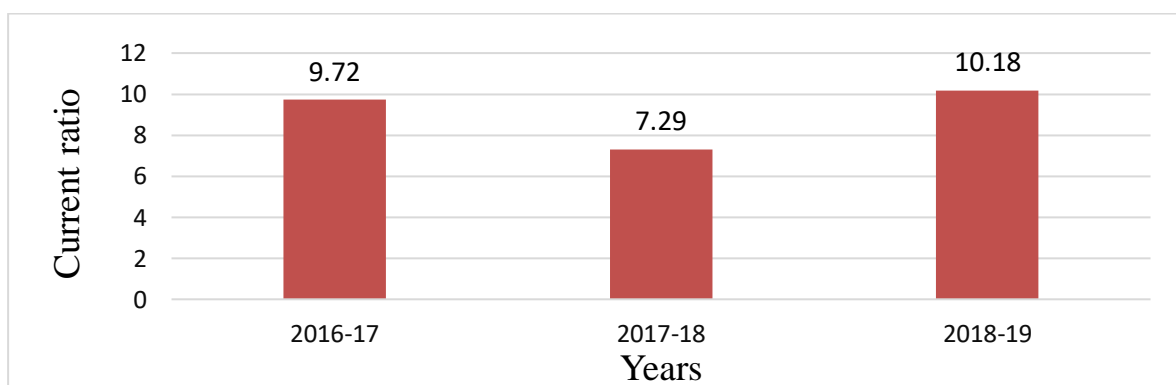
Current ratio can be calculated using this formula,

$$\text{Current ratio} = \frac{\text{Current Asset}}{\text{Current Liability}}$$

**Table 4.6 Current ratio of the Venad Poultry Farmer Producer Company**

Year	Current Asset (Rs.)	SGI (%)	Current Liability (Rs.)	SGI (%)	Current Ratio
2016-17	10,86,962.68	100	1,11,722.99	100	9.72
2017-18	38,42,923.46	353.5	5,27,118.75	471	7.29
2018-19	17,51,824.29	161	1,72,000	154	10.18
<b>CAGR(%)</b>	<b>17.2</b>		<b>15.4</b>		

Source: Data compiled from the Financial Statements.



**Figure 4.7 Current ratio of Venad Poultry FPC from 2016-17 to 2018-19**

It is clear from the table 4.6 and figure 4.7 that the current ratio of Venad Poultry Farmer Producer Company had a gradual growth after a fall in second year. Normally, the optimum ratio is 2: 1 proportion which means current asset should be twice the current liabilities. A current ratio that is in line with the industry average or slightly higher is generally considered acceptable. Here, the ratios were higher and

showing growth during the last year of reference. Therefore, the company was able to meet short term current obligation with their current assets and also it indicates that management might not be using their current assets efficiently because current ratio over and above 5 is not generally good for a company. During 2018-19, the current ratio was so high compared to previous year which means the company was not using its current assets efficiently which in turn affect their profitability. However, declining of current liabilities was good for the company to maintain a greater liquidity. Hence the solvency position of the company in terms of current ratio was not efficient.

## 2. Quick ratio or Acid Test ratio

Quick ratio is also called acid test ratio, establishes a relationship between quick or liquid assets and current liabilities. An asset is liquid if it can be converted into cash immediately or reasonably soon without a loss of value. The quick ratio measures a company's ability to meet its short term obligations with its most liquid assets. The higher the ratios better the position of the company. Cash is the most liquid assets that are considered to be relatively liquid and included in quick assets are debtors, bills receivables and marketable securities.

Quick ratio can be calculated using this formula,

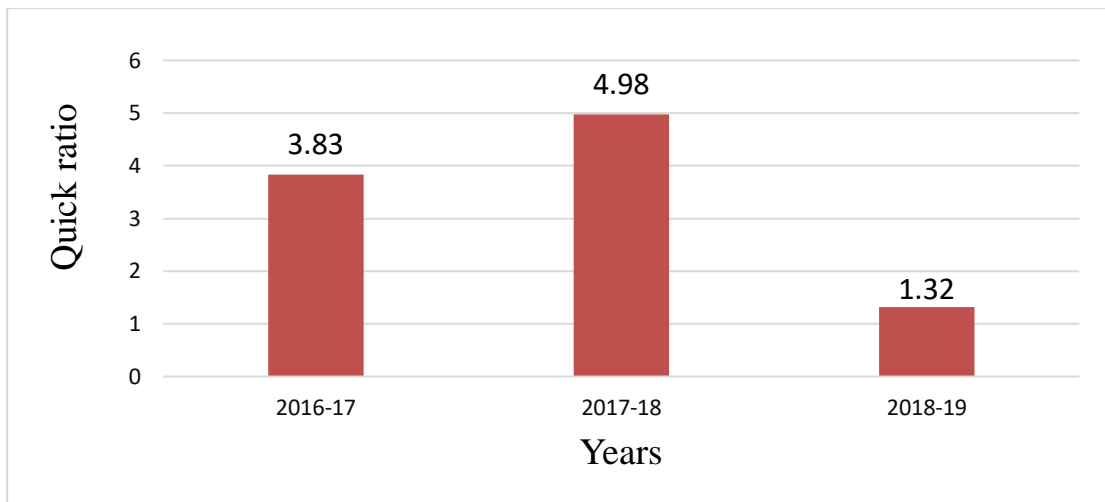
$$\text{Quick ratio} = \frac{\text{Quick Asset}}{\text{Current Liability}}$$

Where quick asset = Current asset – (Inventories + Prepaid expenses)

**Table 4.7 Quick ratio of the Venad Poultry Farmer Producer Company**

Year	Quick Asset (Rs.)	SGI (%)	Current Liability (Rs.)	SGI (%)	Quick Ratio
2016-17	4,27,512.6	100	1,11,722.99	100	3.83
2017-18	26,29,720.46	615	5,27,118.75	471	4.98
2018-19	2,26,824.29	53	1,72,000	154	1.32
<b>CAGR (%)</b>	<b>-19</b>		<b>15.4</b>		

Source: Data compiled from the Financial Statements.



**Figure 4.8 Quick ratio of Venad Poultry FPC from 2016-17 to 2018-19**

It is understandable from the table 4.7 and figure 4.8 that the company had a good capacity to meet its short term obligations without any flow. Usually an equal proportion of quick asset and current liability is preferred ie, 1 : 1 ratio. From the table it is clear that the company was fully equipped with enough assets to be instantly liquidated to pay off its current liabilities. Quick assets are those assets which can be quickly convertible into cash. Even though the quick ratio during the year 2018-19 was lower compared to previous year, the ratio was more than that of the optimum value. It also indicates that the company could pay off its current liabilities without selling any long term assets. Despite the decreasing trend in the ratio, it could be explicable that the liquidity position of Venad Poultry Farmer Producer Company in terms of quick ratio was sound, during the reference period.

#### **4.2.3.2 Analysis of operations of Venad FPC in terms of Profitability.**

Profitability is an indication of the efficiency with which the operations of the business are carried out. A lower profitability may arise due to lack of control over the expense. Profitability ratios are of great importance to investors as they measure how effectively management is generating profit from the assets and from owner's investments. Here profitability is calculated in relation to sales. This ratio can be used to know whether company is making enough operational profit from their assets. It shows the combined effect of liquidity management, asset management and debt management on operating results.

Profitability ratios are calculated to analyse the earning capacity of the business which is the outcome of utilization of resource employed in the business. There is a close relationship between the profit and the efficiency with which the resource employed in the business are utilized. The important ratios for measuring profitability of an organization are gross profit ratio, net profit ratio, basic earning power, return on asset, return on equity etc.

### 1. Gross Profit ratio

Gross profit ratio measures the relationship between cost of production and net sales. It reveals the efficiency of the firm about the goods produced. The higher the ratio better will be the results.

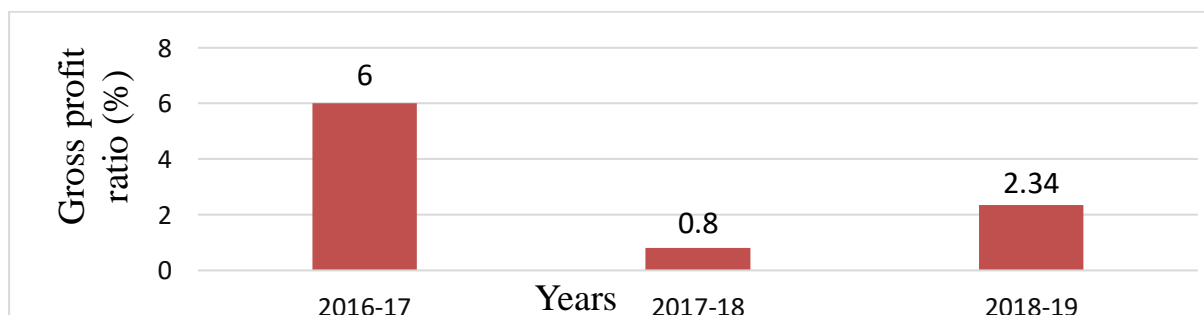
Gross profit ratio is calculated using this formula;

$$\text{Gross profit ratio} = \frac{\text{Gross profit}}{\text{Net sales}} * 100$$

**Table 4.8 Gross Profit ratio of the Venad Poultry FPC**

Year	Gross Profit (Rs.)	SGI (%)	Net Sales (Rs.)	SGI(%)	Gross Profit Ratio (%)
2016-17	4,28,783	100	71,29,826	100	6%
2017-18	95,612	22.3	1,18,71,232	166.5	0.8%
2018-19	9,10,000	212	3,88,43,200	545	2.34%
<b>CAGR (%)</b>	<b>29</b>		<b>76</b>		

Source: Data compiled from the Financial Statements.



**Figure 4.9 Gross profit ratio of Venad Poultry FPC from 2016-17 to 2018-19**

Table 4.8 and figure 4.9 summarize that the gross profit ratio of the company exhibits an irregular diminishing trend from the first year. During the second year of establishment, they had witnessed a worsen ratio than from the previous year. That was due to the prohibitive establishment and other costs incurred by company during that time period. Being in the introductory stage of business, these fluctuations were quite normal. However, during 2018-19, they had a ratio which was quite decent compared to the previous year. This plodding improvement was a good indication of the growth of company's gross profit. Lower operating margin indicates that the company had failed to make enough money from its ongoing operations to pay for its variable cost as well as fixed cost. From the overall assessment, the operating margins of the company need to be better.

## 2. Net Profit ratio

Net profit ratio measures the firm's overall profitability and efficiency of the management. It measures the relationship between cost of sales and net sales. The net profit is arrived from gross profit after deducting administration, selling and distribution expenses from gross profit. Higher the ratio better is the profitability.

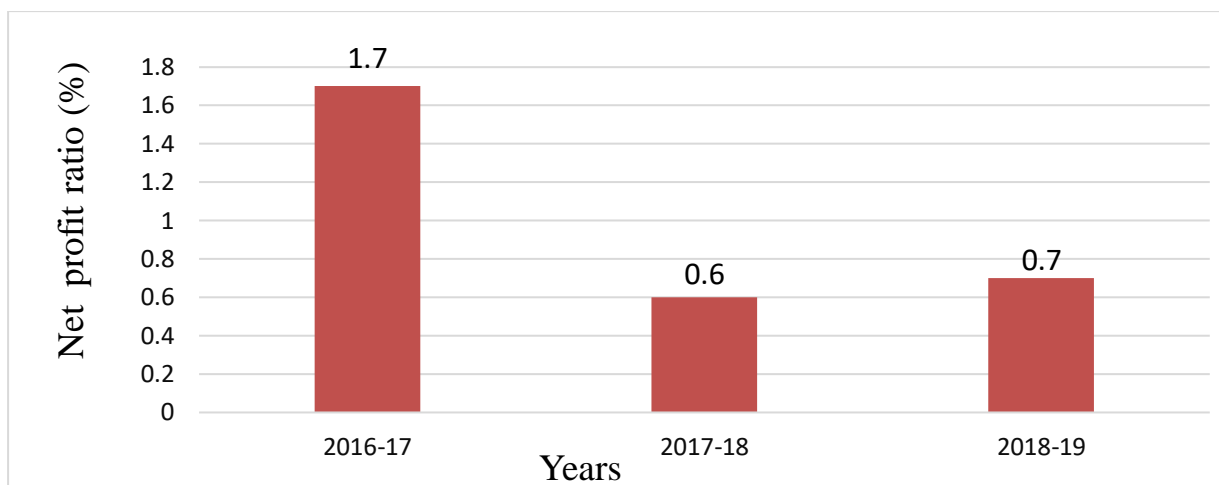
Net profit ratio is calculated using this formula;

$$\text{Net profit ratio} = \frac{\text{Net profit}}{\text{Net sales}} * 100$$

**Table 4.9 Net Profit ratio of the Venad Poultry FPC**

Year	Net Profit (Rs.)	SGI (%)	Net Sales (Rs.)	SGI (%)	Net Profit Ratio (%)
2016-17	1,22,632	100	71,29,826	100	1.7
2017-18	71,942	58.7	1,18,71,232	166.5	0.6
2018-19	3,00,848	159	3,88,43,200	545	0.7
<b>CAGR (%)</b>	<b>35</b>		<b>76</b>		

Source: Data compiled from the Financial Statements.



**Figure 4.10 Net profit ratio of Venad Poultry FPC from 2016-17 to 2018-19**

Table 4.9 and figure 4.10 indicates the net profit ratio of Venad Poultry Farmer Producer Company from 2016-17 to 2018-19. The trend in the gross profit was also reflected in the trend of growth of net profit. During 2017-18, ratio was lowest compared to preceding and succeeding years which was due to the hike in tax and other miscellaneous expenses incurred by the company during that period. However, there was a minor increase in the ratio during the year 2018-19. Despite this effort, the profit margin remained small. A low profit margin can be interpreted that the company's profitability was not so secure.

### 3. Basic Earning Power (BEP)

Basic Earning Power ratio measure the earning power of a business before the effect of income tax and financial leverage of business.

Basic Earning Power ratio can be calculated using this formula,

$$\text{Basic Earning Power ratio} = \frac{\text{EBIT}}{\text{Total Asset}} * 100, \text{ where EBIT is Earnings Before Interest and Tax.}$$

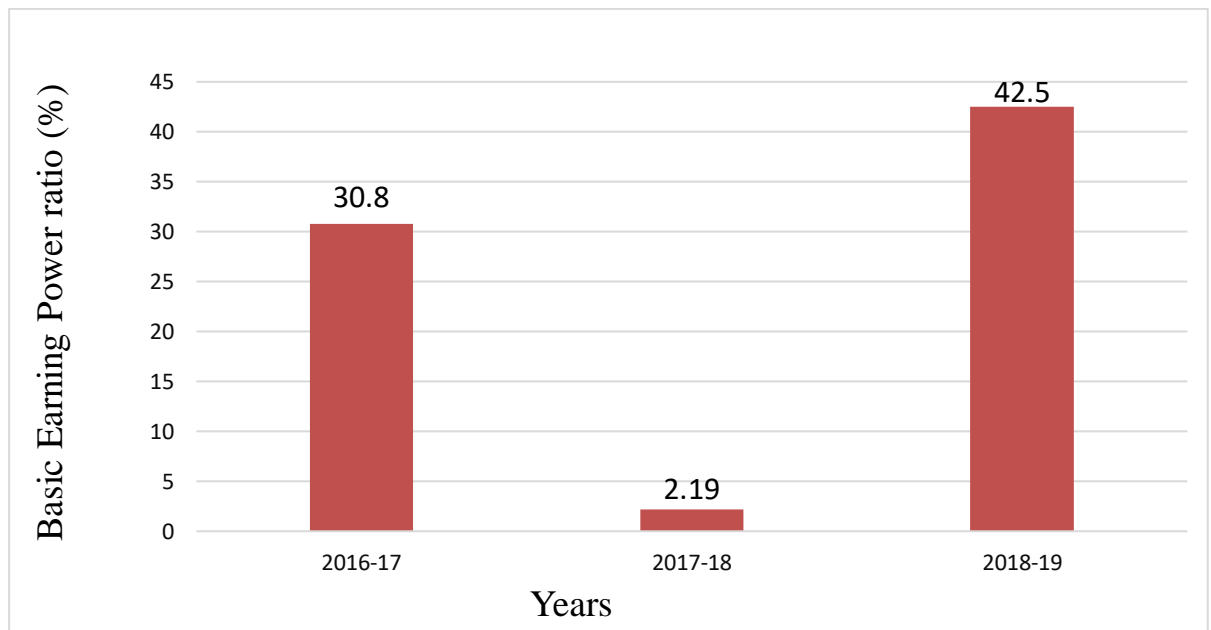
**Table 4.10 Basic Earning Power ratio of the Venad Poultry FPC**

Year	EBIT (Rs.)	SGI (%)	Total Asset (Rs.)	SGI (%)	BEP Ratio (%)
2016-17	4,28,783	100	13,91,670	100	30.8



2017-18	95,612	22.3	43,46,042	312	2.19
2018-19	9,10,000	212	21,40,143	154	42.5
<b>CAGR (%)</b>	<b>29</b>		<b>15</b>		

Source: Data compiled from the Financial Statements.



**Figure 4.11 Basic Earning Power ratio of Venad Poultry FPC from 2016-17 to 2018-19**

Table 4.10 and figure 4.11 states the basic earning power of the company from the first year to 2018-19. This ratio indicates earning power of the company before the effect of the interest and income tax. It also implies the efficiency of the firm to obtain income from its available assets. During 2017-18, the company had witnessed a lower ratio compared to other years. Apart from that, the company had obtained a higher ratio during 2018-19 which implies a higher efficiency of the firm to generate income from their available assets. Therefore, it could be inferred that company was efficiently utilising their available assets to earn more income.

#### **4. Return on Asset (RoA)**

Return on Asset is an indicator of how effectively a company is using its asset to generate earnings. Greater the ratio better for the company.

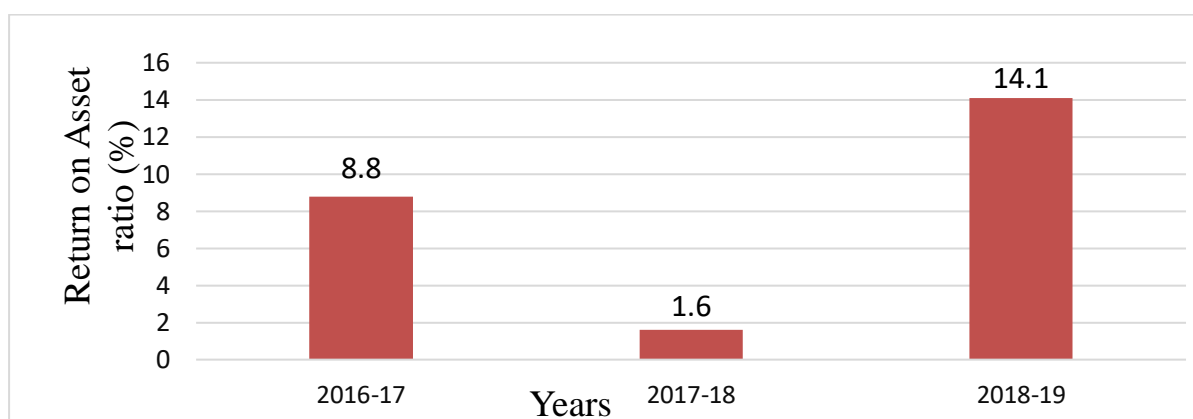
Return on Asset can be calculated using this formula;

$$\text{Return on Asset} = \frac{\text{Net Income}}{\text{Total Asset}} * 100$$

**Table 4.11 Return on Asset ratio of the Venad Poultry FPC**

Year	Net Income (Rs.)	SIG (%)	Total Asset (Rs.)	SIG (%)	RoA Ratio (%)
2016-17	1,22,632	100	13,91,670	100	8.8
2017-18	71,942	58.7	43,46,042	312	1.6
2018-19	3,00,848	159	21,40,143	154	14.1
<b>CAGR (%)</b>	<b>35</b>		<b>15</b>		

Source: Data compiled from the Financial Statements.



**Figure 4.12 Return on Asset ratio of Venad Poultry FPC from 2016-17 to 2018-19**

It is evident from table 4.11 and figure 4.12 that inspite of decline during 2017-18, the ratio had an increasing trend in the succeeding year. The highest ratio was obtained during 2018-19. Return on asset is an indicator of how effectively a company is using its asset to generate earnings. Greater the company's earnings in proportion to its assets, more effectively the company is said to be using its asset. Since the company had obtained a higher ratio during the last year of references, it could be inferred that the Venad Poultry Farmer Producer Company was using their assets effectively to generate more income.

## 5. Return on Equity (RoE)

Return on Equity measures the success of a company in generating income for the benefit of common stock holders.

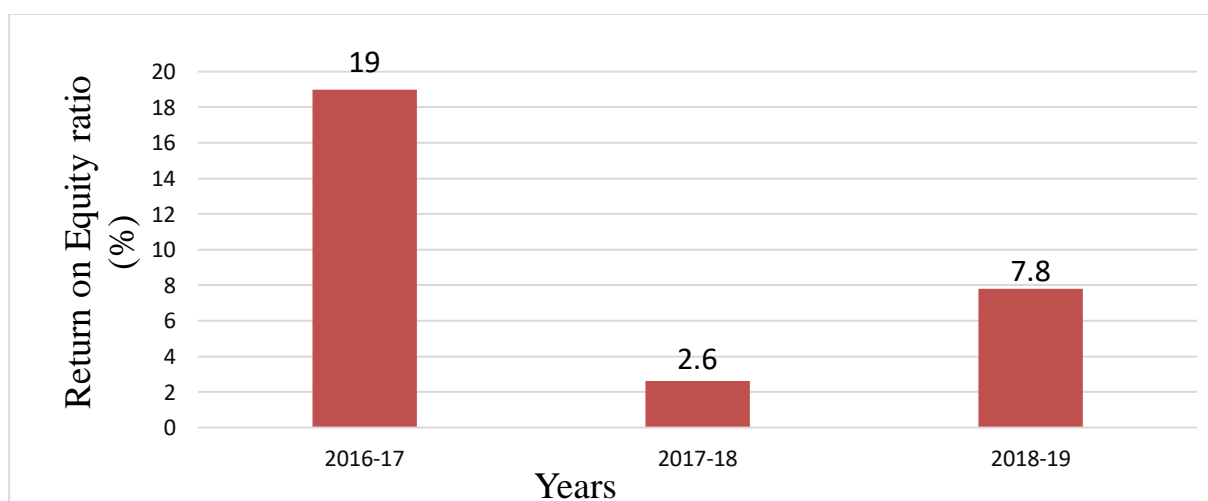
Return on Equity can be calculated using this formula;

$$\text{Return on Equity} = \frac{\text{Net Income}}{\text{Equity Fund}} * 100$$

**Table 4.12 Return on Equity ratio of the Venad Poultry FPC**

Year	Net Income (Rs.)	SGI (%)	Equity Fund (Rs.)	SGI (%)	RoE Ratio (%)
2016-17	1,22,632	100	6,42,632	100	19
2017-18	71,942	58.7	26,88,244	418	2.6
2018-19	3,00,848	159	38,17,740	594	7.8
<b>CAGR (%)</b>	<b>35</b>		<b>81</b>		

Source: Data compiled from the Financial Statements.



**Figure 4.13 Return on Equity ratio of Venad Poultry FPC from 2016-17 to 2018-19**

Table 4.12 and figure 4.13 states that, during the second year of reference period, company had an increasing growth after an initial fall in the ratio. Company had obtained a lower ratio of 2.6% during 2017-18. After that the ratio had an

increasing trend and obtained 7.8% during 2018-19. The company had a higher ratio during 2016-17 implies that the company was successful in generating income for the benefit of common stock holders in its initial year of establishment itself. A higher return on common stock holder's equity ratio indicates ability of the company to convert potential investors into actual common stake holders. Hence it is evident that the company obtained 7.8% ratio in 2018-19 indicates the success of the Venad Poultry FPC in obtaining income for the benefit of stock holders.

#### **4.2.3.3 Analysis of Operations of Venad FPC in terms of Asset management**

Asset management ratio is also known as Activity ratios which indicate the speed at which the activities of the business are being performed. These ratios are also known as turnover ratios, performance ratios etc. because it indicates the speed with which assets are converted into sales or cash. It also analyses the use of resources and utility of each component of total assets. These ratios include Inventory Turnover ratio, Fixed asset Turnover ratio, Total asset Turnover ratio, Receivables Turnover ratio, days sales outstanding, average age of inventories and inventory to sales ratio.

##### **1. Inventory Turnover ratio**

Inventory turnover ratio indicates the efficiency of the firm in producing and selling its product. It establishes the relationship between net sales during a year and the average stock held during that period. Generally, a high inventory turnover is indicative of good inventory management. A low inventory turnover ratio implies excessive inventory levels than warranted by production and sales activities or a slow moving or obsolete inventory.

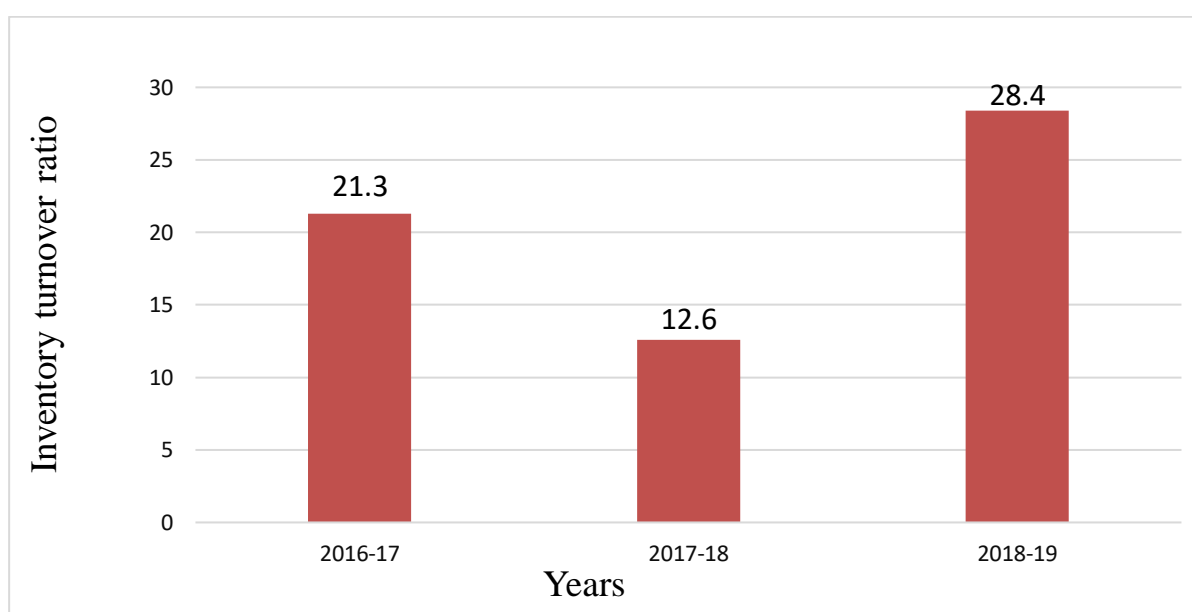
Inventory turnover ratio can be calculated using this formula;

$$\text{Inventory turnover ratio} = \frac{\text{Net Sales}}{\text{Average Inventory}}$$

**Table 4.13 Inventory Turnover ratio of the Venad Poultry FPC**

<b>Year</b>	<b>Net Sales (Rs.)</b>	<b>SGI (%)</b>	<b>Average inventory (Rs.)</b>	<b>SGI (%)</b>	<b>Inventory Turnover Ratio</b>
2016-17	71,29,826	100	3,34,725	100	21.3
2017-18	1,18,71,232	166.5	9,36,327	280	12.6
2018-19	3,88,43,200	545	13,69,102	409	28.4
<b>CAGR (%)</b>	<b>76</b>		<b>102</b>		

Source: Data compiled from the Financial Statements.



**Figure 4.14 Inventory turnover ratio of Venad Poultry FPC from 2016-17 to 2018-19**

Inventory turnover ratio studies the frequency of conversion of finished goods into revenue from operations. It determines how many times inventory is purchased or replaced during the year.

It is clear from the table 4.13 and figure 4.14 that the ratio had an increasing trend after an initial drop. The minimum ratio obtained during 2017-18 which indicates the company had an obsolete inventory and bad buying in that period. But next year onwards ie, in 2018-19 the ratio had increased and obtained a maximum of 28.4 which shows the company had an increased frequency of conversion of finished

goods into revenue from operations. Higher the ratio is better for the company. Hence it could be explained that the Venad Poultry FPC had an excellent efficiency in managing their inventory.

## 2. Fixed asset Turnover ratio

Fixed asset turnover ratio is the ratio of sales to the value of fixed assets. It is an efficiency ratio that measures how well a company uses its fixed assets to generate sales. A high ratio indicates that the firm efficiently uses its fixed assets to generate sales, whereas a low ratio indicates that the firm does not efficiently use its fixed assets to generate sales.

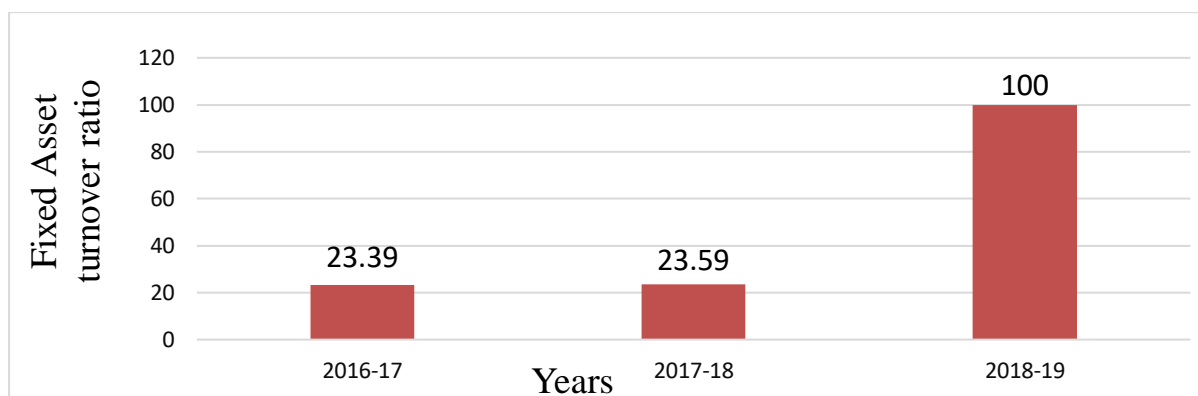
Fixed asset turnover ratio is calculated as,

$$\text{Fixed asset turnover ratio} = \frac{\text{Net Sales}}{\text{Fixed Asset}}$$

**Table 4.14 Fixed asset Turnover ratio of the Venad Poultry FPC**

Year	Net Sales (Rs.)	SGI (%)	Fixed assets (Rs.)	SGI (%)	Fixed asset Turnover Ratio
2016-17	71,29,826	100	304707.33	100	23.39
2017-18	1,18,71,232	166.5	503118.96	165	23.59
2018-19	3,88,43,200	545	388318.96	127.4	100
<b>CAGR (%)</b>	<b>76</b>		<b>12.8</b>		

Source: Data compiled from the Financial Statements.



**Figure 4.15 Fixed asset turnover ratio of Venad Poultry FPC from 2016-17 to 2018-19**

It is clear from the table 4.14 and figure 4.15 that the fixed asset turnover ratio had an increasing trend over the year. The maximum ratio obtained was 100 during 2018-19 and minimum ratio obtained during 2016-17 was 23.39. The higher ratio obtained during 2018-19 indicates that company was experiencing a higher return on their investment in the fixed assets like property, plant and equipment by comparing with their net sales. So it could be further explained as the Venad Poultry FPC was utilizing their fixed assets efficiently and large amount of sales were generated using their available fixed assets ie; the company is generating more sales with its machines, properties, equipments etc.

### 3. Total asset Turnover ratio

Total asset turnover ratio is an activity ratio measuring the ability of a firm to effectively use its total assets for the generation of sales. This ratio measures the ability of an organization to efficiently generate sales, and is typically used by third parties to evaluate the operations of a business. Unlike the fixed asset turnover ratio, including only property, plant and equipment to calculation, this ratio measures how efficiently company uses all of its assets. Lower ratios usually indicate too heavy investments in assets or notable decline in sales and also indicate that the firm's assets aren't being used to their full capacity whereas a company with high ratio operates more efficiently.

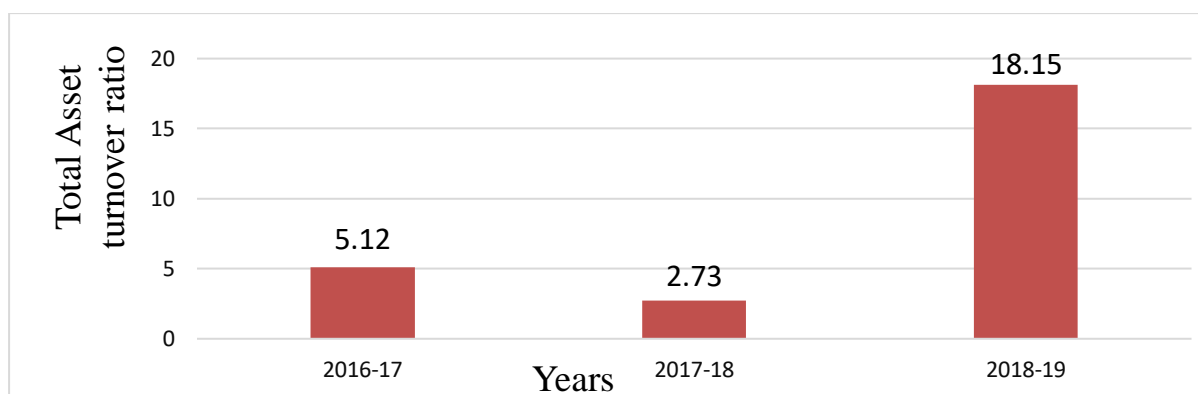
Total asset turnover ratio can be calculated using this formula;

$$\text{Total asset turnover ratio} = \frac{\text{Net Sales}}{\text{Total Asset}}$$

**Table 4.15 Total asset Turnover ratio of the Venad Poultry FPC**

Year	Net Sales (Rs.)	SGI (%)	Total Asset (Rs.)	SGI (%)	Total asset Turnover Ratio
2016-17	71,29,826	100	13,91,670	100	5.12
2017-18	1,18,71,232	166.5	43,46,042	312	2.73
2018-19	3,88,43,200	545	21,40,143	154	18.15
<b>CAGR</b>	<b>76</b>		<b>15</b>		

Source: Data compiled from the Financial Statements.



**Figure 4.16 Total asset turnover ratio of Venad Poultry FPC from 2016-17 to 2018-19**

It is evident from the table 4.15 and figure 4.16 that the total asset turnover of the company had a tremendous growth after an initial fall. The ratio obtained least value of 2.73 during 2017-18 and a higher value of 18.15 during 2018-19. It denotes the ability of the company to generate sales from its assets by comparing its net sales with total assets. A higher ratio is more favourable to the company because it is the reflection of more efficient use of assets by the company.

#### 4. Receivables turnover ratio

The receivables turnover ratio is one that is categorized as an activity ratio because it measures the company's effectiveness in collecting its credit sales.

Receivables turnover ratio can be calculated using this formula;

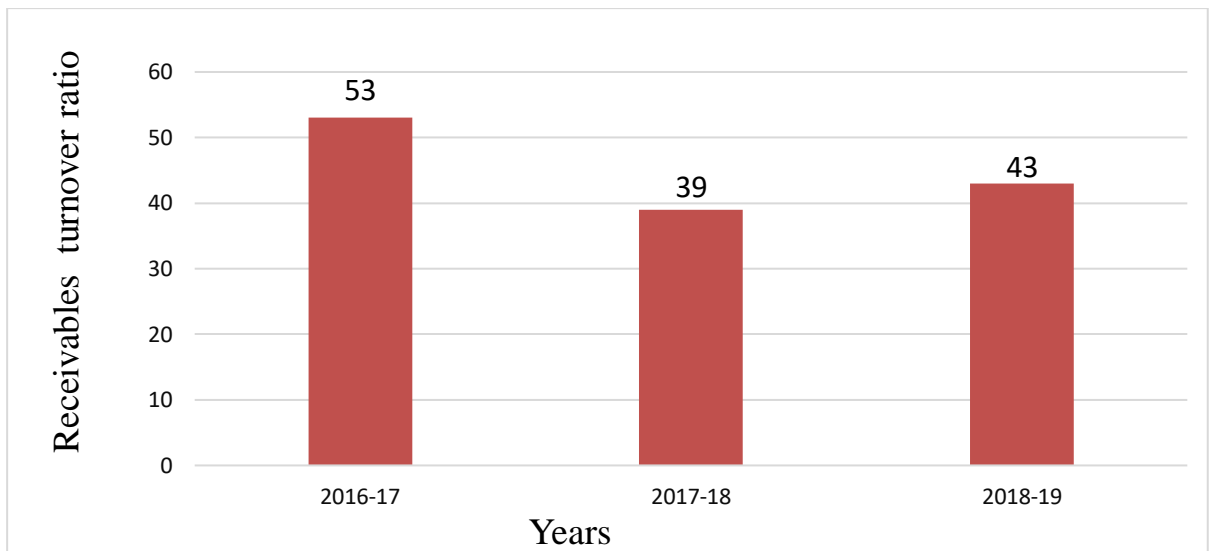
$$\text{Receivables turnover ratio} = \frac{\text{Total Revenue}}{\text{Average accounts receivables}}$$

**Table 4.16 Receivables turnover ratio of the Venad Poultry FPC**

Year	Total Revenue (Rs.)	SIGI (%)	Average accounts receivable (Rs.)	SIGI (%)	Receivables turnover Ratio
2016-17	77,89,540	100	1,47,459	100	53
2017-18	1,23,91,019	159	3,19,160	216.4	39
2018-19	1,45,25,000	186.4	3,38,380	229.4	43
<b>CAGR (%)</b>	<b>23</b>		<b>32</b>		

Source: Data compiled from the Financial Statements.





**Figure 4.17 Receivables turnover ratio of Venad Poultry FPC from 2016-17 to 2018-19**

From the table 4.16 and figure 4.17 it is clear that the company had obtained a slight increase in receivables turn over ratios after a fall during the second year of establishment. Least value of ratio obtained during 2017-18 was 39 and a highest value obtained was 53 during 2016-17. The company was able to collect its credit sales effectively. Since the ratio in the last year of reference period shows an increasing tendency it could be inferred that the company was effective in the collection of its credit sales.

### **5. Day Sales Outstanding (DSO)**

Day Sales Outstanding (DSO) implies the number of days it takes a company to collect cash from its credit sales. Lower the days, company collect cash earlier from customers and can use this cash for other operations which denotes less working capital requirement.

Day Sales Outstanding (DSO) can be calculated using this formula;

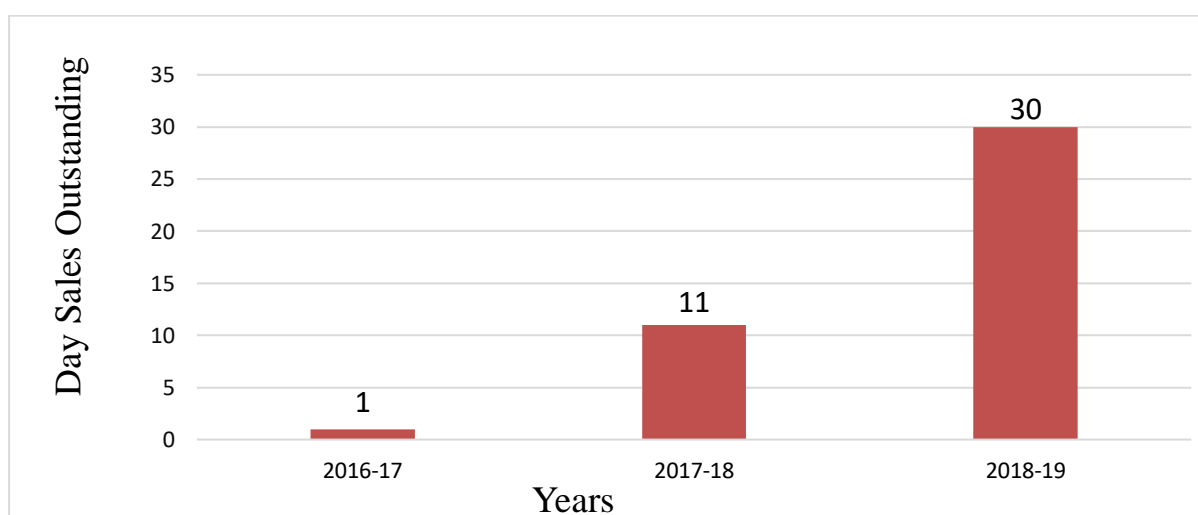
$$\text{Day Sales Outstanding (DSO)} = \frac{\text{Accounts recievables}}{\text{Average credit sales per day}}$$

, where; Average credit sales per day = Total credit sales / 365

**Table 4.17 Day Sales Outstanding of the Venad Poultry FPC**

Year	Accounts receivables (Rs.)	SGI (%)	Average credit sales per day (Rs.)	SGI (%)	DSO (in days)
2016-17	19,535	100	19,534	100	1
2017-18	3,46,760	1775	32,524	166.5	11
2018-19	3,30,000	1689	1,06,420	545	30
<b>CAGR (%)</b>	<b>157</b>		<b>76</b>		

Source: Data compiled from the Financial Statements.



**Figure 4.18 Day Sales Outstanding ratio of Venad Poultry FPC from 2016-17 to 2018-19**

It is understandable from the table 4.17 and figure 4.18 that the Day Sales Outstanding (DSO) had an increasing trend over the year. As company grows in terms of their operations, increasing the day sales outstanding was not so good. Lower the days are better for the company. Lower the days imply that the companies could collect cash earlier from customers and could use this cash for other operations. Since the company is a private limited company with co-operative essence, they could not take any harsh actions towards their customers. Rather they did was waiting for them to pay which indicates the co-operative values held by the company and it in turn gives customer satisfaction towards the company. Even though the company was

good in collecting its credit sales, a hike in (DSO) means they took more days to collect cash from its credit sales indicates a poor collection procedure.

#### 4.2.3.4 Analysis of Operations of Venad FPC in terms of Leverage (Solvency)

Leverage ratios show the proportion of debt and equity in financing the firm. These ratios measure the contribution of financing by owners as compared to financing by outsiders. It is also known as solvency ratios which are calculated to determine the ability of the business to service its debts in the long run. It includes debt-equity ratio, financial leverage, operating leverage and composite leverage.

##### 1. Debt-equity ratio

The relationship between borrowed fund and owner's capital is a popular measure of the long term financial solvency of the firm. It is a financial leverage ratio that compares a firm's total liabilities to its shareholders' equity. Debt-equity ratio is also known as external-internal ratio. It is calculated to measure the relative claims of outsiders and owners against the firm's assets. An acceptable norm of this ratio is considered to be 2:1. A high ratio shows that claims of creditors are greater than those of owners.

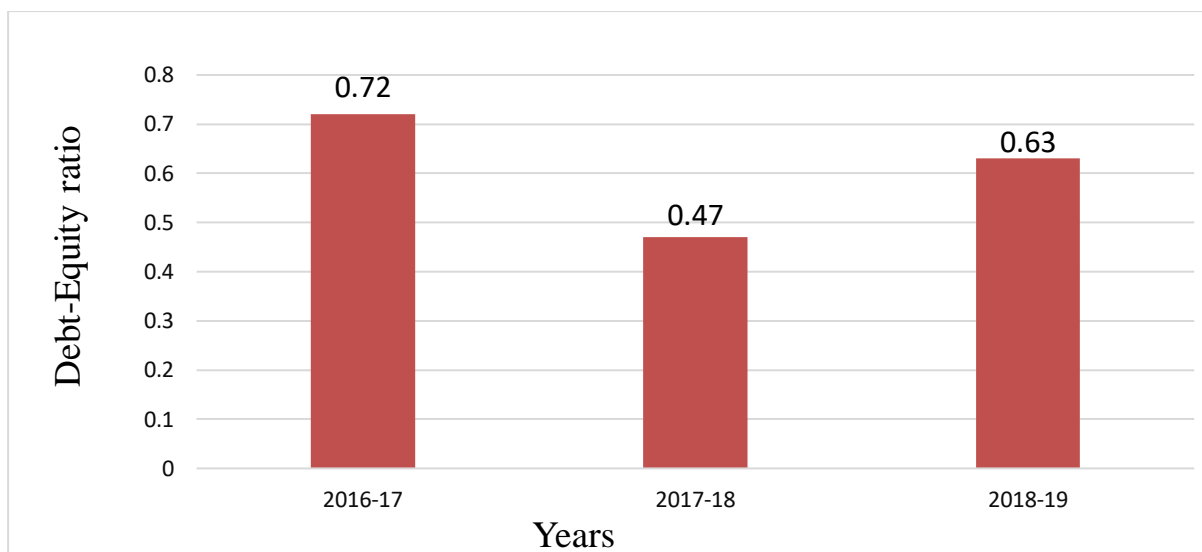
Debt-equity ratio can be calculated using this formula;

$$\text{Debt-equity ratio} = \frac{\text{Debt}}{\text{Equity}}$$

**Table 4.18 Debt-equity ratio of the Venad Poultry FPC**

Year	Debt (Rs.)	SGI (%)	Equity (Rs.)	SGI (%)	Debt-equity Ratio
2016-17	13,92,567	100	19,23,475	100	0.72
2017-18	19,31,279	139	40,92,404	213	0.47
2018-19	62,37,000	448	98,82,740	514	0.63
<b>CAGR (%)</b>	<b>65</b>		<b>73</b>		

Source: Data compiled from the Financial Statements.



**Figure 4.19 Debt-Equity ratio of Venad Poultry FPC from 2016-17 to 2018-19**

Table 4.18 and figure 4.19 indicates that the debt-equity ratio of the company shows a hike after a fall during the second year of reference period. The ratio obtained a maximum value of 0.72 in the initial year of establishment. Higher ratio in the initial year of the company was common. A lower ratio usually implies a more stable business with potential of longevity because a company with lower ratio has lower overall debt. During the second year of establishment ie; in 2017-18, company had obtained a least value of 0.47 which indicates the efforts of the company to reduce their overall debt. Again during 2018-19, the ratio was increased to 0.64 because they took additional loan from the bank to meet their expenses. It in turn increases the long term debt. In general, a higher debt-equity ratio indicates that more creditors financing like bank loans is used than investor financing (shareholders). The debt-equity ratios of the company were lesser and nearer to 1 which indicates that investors and creditors had an almost an equal stake in the business assets. Since the company had a low debt-equity ratio, it implies the financial stability of the company.

## 2. Financial leverage

Financial leverage ratio shows the extent to which a company uses debt financing. The greater the value of ratio, greater the risk and uncertainty of expected Return on Equity (RoE).

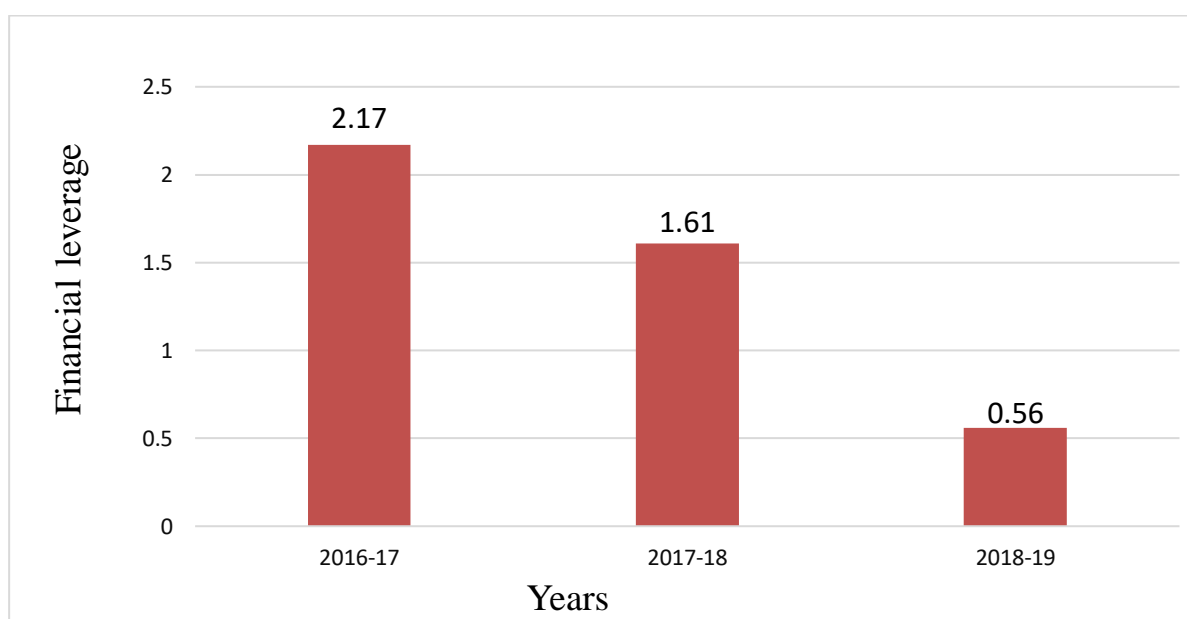
Financial leverage ratio can be calculated using this formula;

$$\text{Financial leverage ratio} = \frac{\text{Total Asset}}{\text{Shareholders' Equity}}$$

**Table 4.19 Financial leverage ratio of the Venad Poultry FPC**

Year	Total Asset (Rs.)	SGI (%)	Shareholder's Equity (Rs.)	SGI (%)	Financial leverage Ratio
2016-17	13,91,670	100	6,42,632	100	2.17
2017-18	43,46,042	312	26,88,244	418	1.61
2018-19	21,40,143	154	38,17,740	594	0.56
<b>CAGR</b>	<b>15</b>		<b>81</b>		

Source: Data compiled from the Financial Statements.



**Figure 4.20 Financial leverage ratio of Venad Poultry FPC from 2016-17 to 2018-19**

Table 4.19 and figure 4.20 summarize that the financial leverage of the Venad Poultry FPC had a decreasing trend which indicates the risk and uncertainty of Return on Equity was also decreasing. Lower the ratio indicates low risk and safety position of the company. The company obtained maximum ratio during its first year of establishment and ratio was 2.17. A minimum value obtained during 2018-19 and it

was 0.56. The business would definitely face risk and uncertainty in its initial year of establishment. But by increasing their assets, revenue, equity and sales would help to reduce the risk associated with it. Thus it could be summarizing that Venad FPC had low risk and low uncertainty in its Return on Equity.

The analysis of structure and operations of Venad Poultry Farmer Producer Company reveals that the company had a good structure in terms of human resource as well as company departments. While analyzing the operations of the company, simple growth index, compound annual growth rate and ratio analysis were used. The operations of the company were studied under two heads viz; parameter wise and ratio wise analysis. The share capital, deposits, sales, gross and net profits were having a positive growth. The borrowings of the company had decreased so far which indicates the operations of the company was good enough to repay its borrowings. The analysis of operations was studied in terms of liquidity, profitability, asset management, and leverage. The company had a good position in its operations.

#### **4.3 Role of Farmer Producer Company in augmenting farm income**

The basic purpose of the Producer Company is to collectivise the farmers or producers for backward linkage such as inputs like seeds, fertilisers, credit, insurance, knowledge and extension services and forward linkages such as collective marketing, processing, market led agriculture production etc. Thus the farmers can be ensured stability and growth in their income irrespective of seasonal disasters and losses. It helps them to overcome the miserable conditions like low prices and indebtedness. The role of Farmer Producer Company in augmenting farm income is studied by conducting a comparative analysis of activities done by a private organization "Saguna" established in 2017 and operating in the same field. Apart from this, satisfaction level of member farmers of the Venad Poultry Farmer Producer Company was also examined.

### 4.3.1 Role of Farmer Producer Company in augmenting farm income-Parameter wise

The role of Farmer Producer Company is studied using parameters such as Input supply, Extension services, Product, Pricing, Marketing channels / place / distribution, Promotion, Marketing cost, Storage facilities and Cost-Benefit analysis. The parameter wise analysis was done by comparing some parameters of the company with other private firm named "Saguna Pvt. Ltd" from the same industry and providing same facilities. Saguna is a private organization established in the year 2017. This company is providing poultry inputs, meat and eggs. Saguna also conducted certain extension services like seminars and other programs.

#### 4.3.1.1 Input supply and prices

The input supply of Venad Poultry Farmer Producer Company compared with Saguna includes medicines, vaccines, poultry feed and necessary equipments.

##### a) Medicines

**Table 4.20 List of medicines supplied by the Venad Poultry FPC as on 31<sup>st</sup> March, 2020**

Venad Poultry Farmer Producer Company			Saguna Private Ltd	Price differences
Sl.No.	Medicines	Selling price (Rs.)	Selling price (Rs.)	
1.	Amoclox forte 50g	70	150	80
2.	Amoxstron 250g	1300	1700	400
3.	Aminovet 1 L	180	250	70
4.	Aminovet 5 L	550	730	180
5.	Arts alb	170	-	
6.	Biokleen 500 ml	180	-	
7.	Biokleen 5L	1350	-	
8.	Bonny sol 100ml	160	-	
9.	Bonny sol 500 ml	650	-	
10.	Breetheez 100ml	250	310	60

11.	Breetheez 1 L	2000	2330	330
12.	Ceflex 20g	50	-	
13.	Coccinex 100g	340	-	
14.	Disan 15 tabs	140	150	10
15.	Duxprim 100 g	100	120	20
16.	Duxprim 500 g	400	455	55
17.	Fertstron 500ml	190	-	
18.	Gitacid 1 L	190	220	30
19.	Gitacid 5 L	780	800	20
20.	Gout guard 1L	280	320	40
21.	Laches	150	180	30
22.	Livor ton 1 L	280	330	50
23.	Livor ton 5 L	1100	1500	400
24.	Livor ton 500 ml	170	200	30
25.	Megadox – N- 50g	200	-	
26.	Merccor	150	-	
27.	Merc sol	150	-	
28.	Nematex-L- 100 g	380	-	
29.	NS formula 5L	800	-	
30.	Nubiotic SP 250 g	350	-	
31.	Nubiotic SP 50 g	80	-	
32.	Odour out	280	-	
33.	Proalben 30 ml	25	-	
34.	Pro milk 1L	140	-	
35.	Pro milk 5L	530	-	
36.	Pro milk premium	150	-	
37.	Siproxin 250 g	65	-	
38.	Siproxin 500 g	600	-	
39.	Solucal 1L	150	-	
40.	Spectrasol 100 g	150	-	



41.	Supraplex 1 L	140	180	40
42.	Supraplex 5 L	500	560	60
43.	Triquat 1 L	650	700	50
44.	Tyloton 50g	400	430	30
45.	Ultacal-D- 1 L	180	210	30
46.	Ultra TM Plus 500 ml	300	500	200
47.	Ultra TM Plus 25L	9000	10100	1100
48.	Ultra TM Plus 5 L	1800	2000	200
49.	Ultralyte -C- 1Kg	250	275	25
50.	Ultravite 100g	80	100	20
51.	Vendox	125	130	5
52.	Viracid 1 Kg	900	1100	200

Source : Data obtained from price list

Table 4.20 indicates that the Venad Poultry Farmer Producer Company was providing a diverse number of medicines as inputs. The rates of the medicines were also affordable by common people. In comparison to the Saguna Pvt. Ltd, Venad Poultry FPC had provided wide varieties of medicines which were necessary for the healthy nurturing of birds. The private organization was charging high rates in comparison with the company for the available products they had which indicates the exploitation of private firms towards farmers. Therefore, it is clear that the Venad Poultry FPC had a greater role of providing medicinal inputs at an affordable rate which in turn helps the poor farmers from the looting of private firms and to reduce the cost of poultry farming.

**b) Vaccines**

**Table 4.21 List of vaccines supplied by the Venad Poultry FPC as on 31<sup>st</sup> March, 2020**

Venad Poultry Farmer Producer Company			Saguna Private Ltd.	Price differences
Sl.No.	Vaccines	Selling price (Rs.)	Selling price (Rs.)	
1.	Lasota 100	20	50	30
2.	Lasota 500	57	85	28
3.	Lasota 1000	89	110	21
4.	Ibd 100	40	60	20
5.	Ibd 200	75	85	10
6.	Ibd 500	120	150	30
7.	Ibd 1000	239	264	25
8.	Ibd plus 500	210	233	23
9.	Ibd plus 1000	390	420	30
10.	R2B 100	30	-	
11.	R2B 1000	155	-	

Source : Data obtained from price list

It is evident from the table 4.21 that the Saguna was charging a higher rate than the Venad FPC. The private organization was charging an amount which is a maximum of 30 rupees higher than that of Producer Company. While comparing this, it is clear that the private firms were making huge profit through charging exorbitant rates to their products. In this scenario, the role of Producer Company is substantial. The Producer Company was providing their product at an affordable rate indicates the service oriented activity run by the company. Thus it could be explainable that the Venad Poultry FPC is a producer company with co-operative essence.

**c) Poultry feeds**

**Table 4.22 Poultry feeds supplied by the Venad Poultry FPC as on 31<sup>st</sup> March, 2020**

Venad Poultry Farmer Producer Company			Saguna Private Ltd.	Price differences
Sl.No.	Feeds (1 bag = 50Kg)	Selling price (Rs.)	Selling price (Rs.)	
1.	Broiler starter	1570	2600	1030
2.	Broiler finisher	1560	2560	1000
3.	Broiler pre starter	1600	3200	1600
4.	Layer chick crumble	1600	3180	1580
5.	Layer grower	1350	1680	330
6.	Layer mash	1200	1600	400
7.	Layer pellet	1210	1550	340

Source : Data obtained from price list

Table 4.22 clearly shows the motive of both Producer Company and private firm. Private firm was charging almost double the rate of which Producer Company was charging for their products. As far as farmers are concerned, buying these feeds at a higher rate was a hurdle. Therefore, they depended on the Producer Company to buy these feeds. But somehow the growth of these private firms indicates that the farmers were forced to purchase from their shops because of the non-availability of producer company outlets throughout the Kollam district. Hence it could be clearly explicable that the existence of Producer Company is a greater relief for the poorer farmers.

**d) Equipments**

**Table 4.23 Equipments supplied by the Venad Poultry FPC as on 31<sup>st</sup> March, 2020**

Venad Poultry Farmer Producer Company			Saguna Private Ltd.	Price differences
Sl.No.	Items	Selling price (Rs.)	Selling price (Rs.)	
1.	Drinker 600 ml	50	110	60
2.	Drinker 1 L	60	120	60
3.	Drinker 1.5 L	80	140	60

4.	Drinker 4 L	120	180	60
5.	Drinker 6 L	150	210	60
6.	Drinker 7 L	160	220	60
7.	Automatic drinker (jumbo)	270	350	80
8.	Automatic drinker (gekay)	280	365	85
9.	Feeder 2 Kg	100	142	42
10.	Feeder 4 Kg	170	215	45
11.	Feeder 8 Kg (jumbo)	240	285	45
12.	Feeder 8 Kg (gekay)	260	300	40
<b>Standard cage and BV 380 birds (45 days)</b>				
13.	5 birds and cage	3376	-	
14.	10 birds and cage	5941	-	
15.	25 birds and cage	10985	-	
16.	50 birds and cage	20185	-	
<b>Roof cage and BV 380 birds (45 days)</b>				
17.	5 birds and cage	4518	-	
18.	10 birds and cage	7294	-	
19.	25 birds and cage	14258	-	
20.	50 birds and cage	27325	-	
21.	1 BV 380 bird (45 days)	140	210	70

Source : Data obtained from price list

Table 4.23 indicates the list of equipments and combo of birds with cages. From the table itself it is clear the exploitation of private firms. They were charging exorbitant rates for drinkers and feeders of different capacity. While the rates applied by the Producer Company was quite affordable by the farmers compared to Saguna. The combo offers were not given by Saguna rather they supplied birds (45 days old) at a rate of Rs. 210 per bird. At the same time, Producer Company was giving birds with same days old at a rate of Rs.140 per bird. From this higher price difference itself it is understandable that the producer company always assure low prices for their inputs and there by supporting the poorer farmers to meet their farm needs.

#### 4.3.1.2 Extension services and rates

The extension services like seminars, training etc provided by the Venad Poultry Farmer Producer Company are for free of cost. There was no registration fee and participants were provided with free food. The participation was free for everyone irrespective of memberships. Participants should register prior before the program. The expenses for conducting these extension services were met through NABARD fund and owned fund.

**Table 4.24 List of extension services and charges applied**

Venad Poultry Farmer Producer Company			Saguna Private organization
Sl.No.	Extension services	Rate (Rs)	Rate (Rs)
1.	Broiler production training	0	150
2.	Egg layer production training	0	150
3.	Poultry farm management seminar	0	170
4.	Bankable project preparation class	0	-
5.	Bank loan availing classes	0	-
6.	Agriculture and subsidies classes	0	-
7.	Organizational support awareness	0	-
8.	Seminar on agriculture promotion in youth	0	-

Source : Data obtained from Annual report of Venad FPC and notice board of Saguna

It is clear from the table 4.24 that the extension services were conducted by the Venad Poultry Farmer Producer Company was for free. The cost incurred for the programs was met through fund given by NABARD and from owned fund too. The extension services given by the company includes seminars, trainings, and awareness classes and so on. The company had provided free food for the participants. Free registration and experienced trainers were the main point of attraction. The participants should register with the company officials prior before the program.

While in case of the private firms, they also had conducted extension services like training and seminars at a cost. The cost was made through registration fees of the

programs. The number of extension services conducted by the private firm was less compared to the Venad FPC.

It could be clearly explicable that the company was promoting the existing farmers to improve their farm activities by giving awareness regarding the technologies, government subsidies, hands on training and so on. It encouraged more number of people especially the youth towards agriculture. Thus the company had become a platform for the rural poor to come forward and market their products with a brand name of Venad chicken and eggs.

#### **4.3.1.3 Products and prices**

##### **a) Source traceable eggs**

Farmers are engaged in household production of country eggs by utilizing kitchen waste and food balance generated in households. For this, small units of high yielding layer birds along with hi-tech poultry cages were supplied to farmers. The eggs produced in households are collected and marketed with traceability using hologram and QR code by the Venad FPC with the brand name of Venad Signature Eggs. The QR code label on the packet, when scanned using mobile application give details such as name and address of the farmer, breed of birds, feed used, date of collection of eggs, weight etc.

##### **b) Source traceable chicken meat**

There are three components for this activity;

- Integration of broiler farms
- Dressing plant for broiler meat, chilling, freezing, packing etc.
- Marketing of chicken meat

#### **4.3.1.4 Marketing channels and promotional activities**

The marketing channels of Venad FPC were through its outlets. A total of 15 outlets were functioning throughout Kerala. The two branches were also associated with outlets. They had two owned vehicles for procurement and distribution.

The promotional activities of the company were undertaken through electronic media and print media. The company had its own face book page and website through which the news and updates were communicated. Advertisements were given through newspapers and magazines like Karshakasree etc. The company features and success stories were published as an article in Karshakasree magazine and gained popularity in their field of operations.

#### **4.3.1.5 Marketing cost (Advertisement)**

Marketing costs are the cost incurred by an organization for its marketing activities like advertisement, promotional campaigns, website maintenance, content production etc.

**Table 4.25 Advertisement costs incurred by the Venad Poultry FPC**

<b>Year</b>	<b>Advertisement costs (Rs.)</b>
2016-17	94,890
2017-18	89,500
2018-19	60,400

Source : Data obtained from financial notes.

It is understandable from the table 4.25 that the advertisement cost of the company was decreased from 2016-17 to 2018-19. High cost was incurred during the initial year of incorporation and low cost was incurred during 2018-19. Higher cost occurred during 2016-17 because a wide marketing strategy was needed to penetrate into the market. The company had to spend more money as advertisement expenses because to get in to the market was difficult for a new venture. And also to attract more members and customers were difficult during initial year. Moreover, creating a brand and assuring a good market position took a higher cost. Decreased advertisement cost year after year indicates that as the company got stability in the market, they started decreasing the amount spent for marketing. The recognitions, reputation and awards made them famous in this industry. And also their unique technology made a national level acceptance and it increased their credibility in this sector.

#### 4.3.1.6 Storage facilities

The storage facilities of Venad FPC includes three freezers with 500 kg capacity each, a VC cooler of 280L capacity, one show freezer, walk in freezer (2 ton) and walk in cooler (2 ton).

#### 4.3.1.7 Cost-Benefit analysis of household poultry production

The economic efficiency of household poultry farm can be studied using cost-benefit analysis. The three functions of income and cost is used as a measure of economic efficiency. The functions are profit, income per unit and cost per unit of production. The cost benefit analysis of household poultry production of Venad FPC and Saguna Pvt. Ltd is given below.

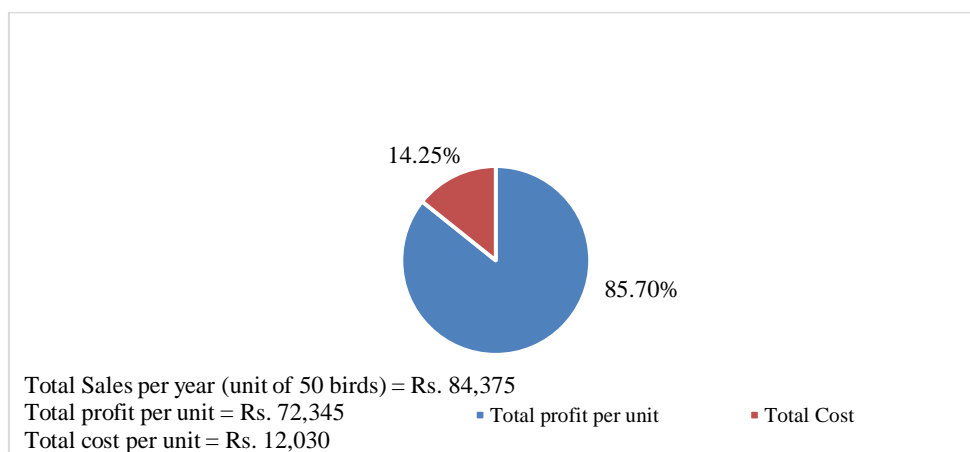
**Table 4.26 Cost benefit analysis of household poultry production for 50 birds per year**

Household poultry production of Venad FPC			Farmers availing services from Saguna	
Sl.No.	Venad FPC	Amount (Rs.)	Saguna Pvt. Ltd.	Amount (Rs.)
<b>Variable Cost</b>				
	Feed cost	5,600	Feed cost	9,400
	Medicines	3,100	Medicines	5,200
	Vaccines	2,600	Vaccines	3,300
	Total (A)	11,300	Total (A)	17,900
<b>Cost for maintenance @ 10% depreciation</b>				
	Roof cage (Rs. 4200)	420	Feeder (Rs. 6,500)	650

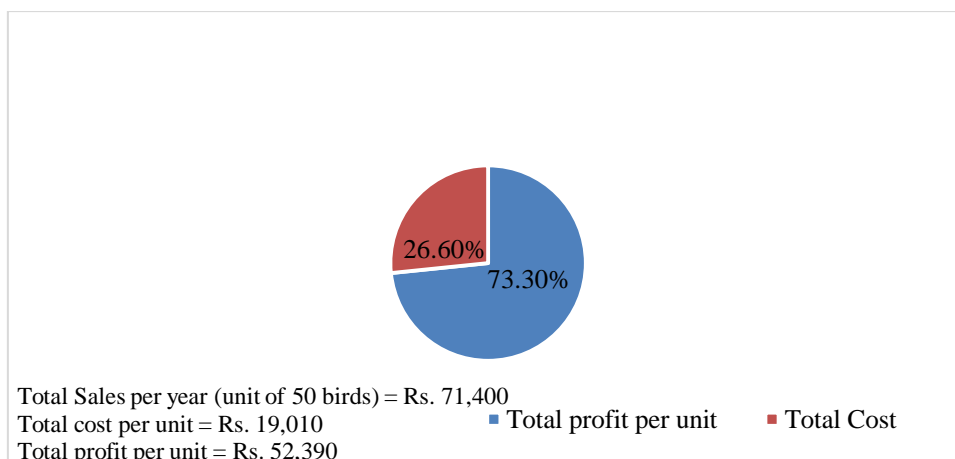


	Automatic drinker (Rs. 3100)	310	Drinker (Rs. 4,600)	460
	Total (B)	730	Total (B)	1,110
	<b>Total Cost (A+B)</b>	<b>12,030</b>	<b>Total Cost (A+B)</b>	<b>19,010</b>
<b>Income</b>				
	Sale of Eggs @ Rs. 5 / egg	75,000	Sale of Eggs @ Rs. 5 / egg	62,500
	Sale of meat@ Rs. 75/kg	9,375	Sale of Chicken @ Rs. 75/kg	8,900
	<b>Total Sales</b>	<b>84,375</b>	<b>Total Sales</b>	<b>71,400</b>
	<b>Total profit per unit</b>	<b>72,345</b>	<b>Total profit per unit</b>	<b>52,390</b>
	<b>Profit per bird</b>	<b>1,447</b>	<b>Profit per bird</b>	<b>1,048</b>

Source : Compiled from primary survey



**Figure 4.21 Cost benefit analysis of household poultry production of Venad FPC**



**Figure 4.22 Cost benefit analysis of farmers availing services from Saguna Pvt. Ltd.**

It is clear from the table 4.26 and Figure 4.21 & 4.22 that the cost-benefit analysis was on the basis of 50 birds in a year. On an average, the total number of eggs produced by 50 birds in a year comprises of 15000 eggs. Poultry sector is a highly price fluctuating sector. Therefore, an average rate was taken for the calculation. The sale of eggs was at the rate of Rs. 5 per egg and Rs. 75 per kg of meat. In case of Venad FPC farmers, the average number of eggs produced by a bird during a year was 300 because the BV380 birds can lay eggs throughout a year. While in case of farmers availing services from Saguna, the average number of eggs produced by a bird was 250. The member farmers of Venad FPC were obtaining an average profit of Rs. 72,345 per year. At the same time, the farmers availing services from Saguna enterprise were obtaining an average profit of Rs. 52,390 only. Due to the exorbitant rate applied by Saguna in the poultry inputs leads to higher cost for the farmers and which in turn reduced their total profit per year. On an average of 50 units, the member farmers of Venad FPC were obtaining Rs. 1,447 per bird per year. While, the farmers availing services from Saguna had obtained an average of only Rs. 1,048 per bird per year. This result clearly shows that the income obtained by the member farmers of Venad FPC was far better than the private firm Saguna because Venad FPC provides inputs at an affordable rate and ensures low maintenance cost. Therefore, it could understand that the Venad FPC had augmented the farm income of farmers through effective intervention.

#### **4.3.2 Role of Farmer Producer Company in augmenting farm income – based on member satisfaction level.**

Satisfaction is defined as a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance or outcome in relation to his or her expectations, Kotler [2000]. Member satisfaction can be the emotional state that occurs as a result of member interaction with the company over time. The company cannot exist without members. Satisfied members are always an asset to the business. Since the company is owned by its members, they are the central focus of all its activities. Members are the primary producers of that area. Their satisfaction depends on how well a product or service measures up to the member's original expectation of quality. This expectation values include service value, product value, people value and image value. The company should consider their members as prime entity of all its activities. Member satisfaction is of utmost importance for growth and survival of financial institution. It is a state of mind and therefore it should be measured carefully.

Role of Farmer Producer Company in augmenting farm income can also be studied by analyzing the member satisfaction level. Higher satisfaction level indicates an irreplaceable role of company and lower satisfaction level indicates that the company should have improved their activities in order to satisfy member farmers and thus implies a vague role. The present study explores and explains the degree of member satisfaction of Venad Poultry Farmer Producer Company. The sample constitute of 53 member farmers which was 10 percent of the total number of members of the company.

The study of member satisfaction is presented in two categories; viz. Parameter wise satisfaction and Overall satisfaction. The SERVQUAL model was selected for the parameter wise satisfaction analysis which includes five parameters viz; Tangibility, Reliability, Assurance and Empathy. Besides, socio-economic profile of the members was also examined.

### Classification of satisfaction level of members

Scores Obtained	Satisfaction category
81-100	Excellent
61-80	Good
41-60	Moderate
21-40	Poor
0-20	Very poor

#### 4.3.2.1 Socio – Economic status of members

Member satisfaction is an ambiguous and abstract concept. The actual manifestation of the state of satisfaction will vary from person to person and product / services to product / services. The company consist of different types of members in terms of behavior, attitudes, perceptions, needs etc. So it is important to study the socio-economic status of the members. Socio-economic status is an economic and sociological combined total measure of a person's experience and family's economic and social position in relation to others. It includes variables such as age, gender, religion, caste, marital status, education, occupation, monthly income etc.

**Table 4.27 Socio-economic characteristics of members of Venad FPC**

Characteristics		Members
Age (in years)	18-28	2 (3.7)
	29-39	29(54.7)
	40-50	22(41.5)
	>50	0
	<b>Total</b>	<b>53 (100)</b>
Gender	Male	50(94.3)
	Female	3(5.6)
	<b>Total</b>	<b>53 (100)</b>
Religion	Hindu	28(53)
	Muslim	20(37.7)
	Christian	5(9.4)
	<b>Total</b>	<b>53 (100)</b>

Caste	General	5(9.4)
	OBC	36(68)
	OEC	8(15)
	SC/ST	4(7.5)
	<b>Total</b>	<b>53 (100)</b>
Marital status	Single	0
	Married	53(100)
	Widowed	0
	Separated	0
	<b>Total</b>	<b>53 (100)</b>
Education	Illiterate	0
	Primary	0
	Secondary	0
	HSE	26(49)
	Degree	27(50.9)
	Post graduate degree	0
	Others	0
	<b>Total</b>	<b>53 (100)</b>
Occupation	Agriculture	18(33.9)
	Animal husbandry	16(30.18)
	Government job	0
	Business	4(7.5)
	Private job	11(20.7)
	Self-employment	4(7.5)
	<b>Total</b>	<b>53 (100)</b>
Monthly income (Rs.)	<10000	5(9.4)
	10000-20000	48(90.5)
	21000-31000	0
	>31000	0
	<b>Total</b>	<b>53 (100)</b>

Note: Figures in the bracket denotes percentage to the total

Source: Compiled from primary survey

Table 4.27 clearly states that majority of the members were married males between the age group of 29-39. Most of the members were Hindus of which 68 percent belonged to OBC category and having degree as the basic qualification. Majority of the members were doing agriculture as basic occupation and earning a monthly income in between rupees 10,000-20,000.

#### **4.3.2.2 SERVQUAL model analysis of member satisfaction**

The model of service quality was developed by a group of American authors, A.Parasuraman, Valarie A. Zeithaml and Len Berry, in a systematic research programme carried out between 1983 and 1988. The model identifies the principal dimensions of service quality and proposes a scale for measuring service quality (SERVQUAL). This model questionnaire has been described as the most popular standardized questionnaire to measure service quality and satisfaction. The model developers originally identified ten dimensions of service quality, but after testing and retesting, some of the dimensions were found to be auto correlated and the total number of dimensions was reduced to five namely – tangibility, reliability, responsiveness, assurance and empathy.

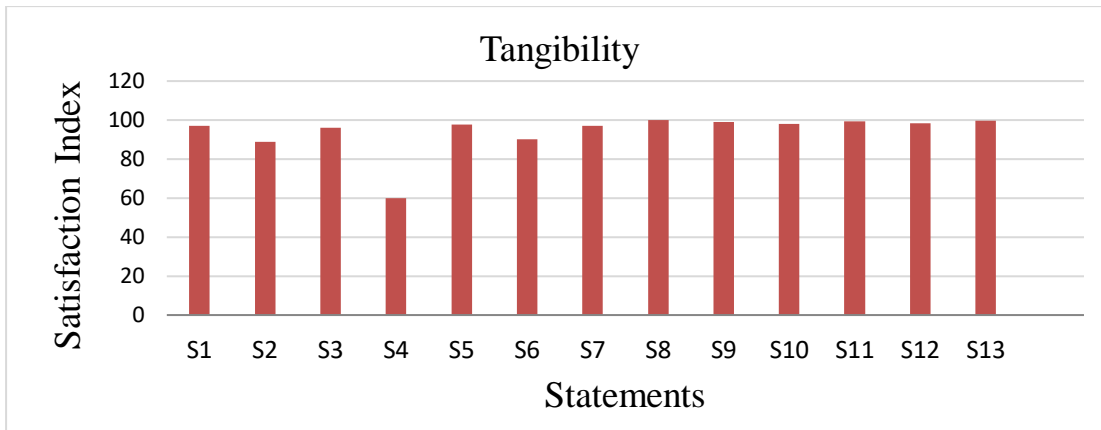
##### **A. Tangibility**

Tangibility is one of the key parameters in SERVQUAL model used to study the member satisfaction. The most competent and courteous company staff may fail to satisfy its members if the company appears disorganized, dirty and unprofessional. While it may seem to be a less important element, but giving a positive first impression through company's physical layout is critical in delivering quality services and the infrastructure is one of the most influencing factor in satisfying the members. So it is important to study the parameter "Tangibility". Tangibles are the physical evidence of the service, for instance, the appearance of the physical facilities, tools and equipment used to provide the service; the appearance of personnel and communication materials and the presence of other members in the service facility etc.

**Table 4.28 Tangibility factors of Venad Poultry Farmer Producer Company**

Sl.No	Statements	SA	A	MA	DA	SDA	Total score	SI
1	Company locates in an accessible place	45	8				257	97
2	Company surroundings are neat and clean	32	12	9			235	89
3	Company building has sufficient space	42	11				254	96
4	Seating facility provided by the company is sufficient		9	35	9		159	60
5	Company premises are adequately ventilated	47	6				259	97.7
6	Hygienic rest area and wash rooms	33	13	7			238	90
7	Separate washrooms for males and females	45	8				257	97
8	Pure drinking water facilities	53					265	100
9	The storage facilities provided by the company are satisfactory	50	3				262	99
10	Availability of appropriate and adequate equipments	48	5				260	98
11	Modern technology / equipments used	51	2				263	99.2
12	Printed materials are visually appealing	49	4				261	98.4
13	Notice of General Body meeting stating the place, date and hour of the meeting together with the agenda shall be given to every member as may be prescribed	52	1				264	99.6
	<b>Composite Satisfaction Index</b>							<b>94</b>

Source: Compiled from primary survey



**Figure 4.23 Tangibility factors of Venad Poultry Farmer Producer Company**

Table 4.28 and figure 4.23 summarize the tangibility factors of the Venad Poultry Farmer Producer Company, members were highly satisfied with accessibility, building space, ventilation, hygienic rest area, separate wash rooms, pure drinking water facilities, storages, adequate equipments, new technology, visual appealing of printed materials and GB notice. Pure drinking water facility obtained maximum satisfaction index of cent percent, while the seating facility provided by the company obtained a least index of 60 percent because sufficient seating facility was not available there. The company always took other buildings or halls for rent to conduct common meetings. The overall satisfaction index obtained was 94 percent.

**A. Reliability**

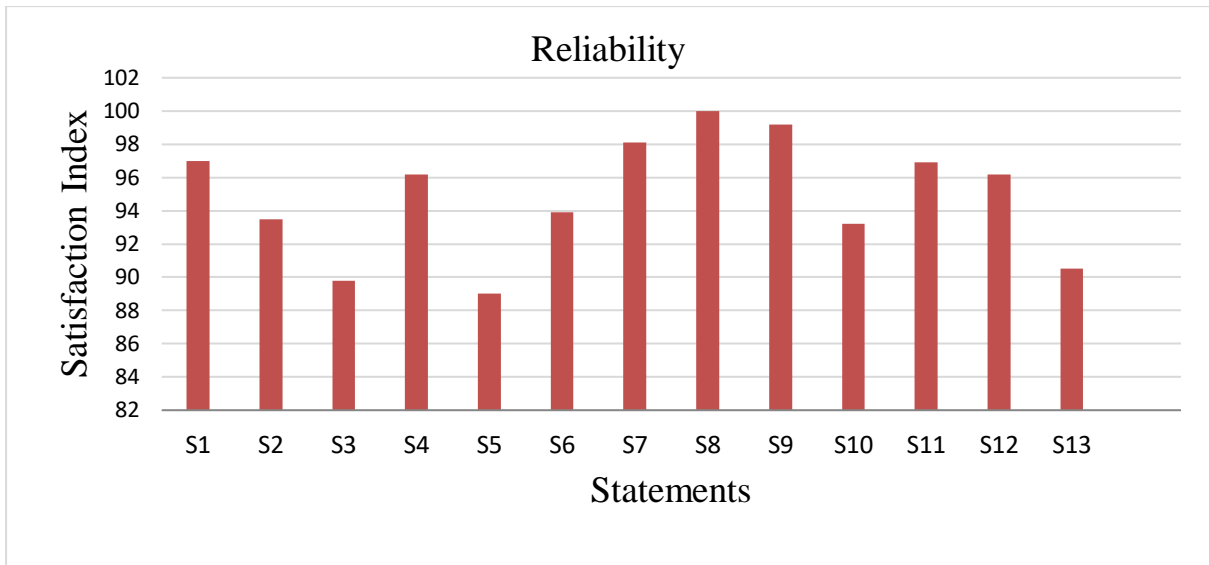
Reliability is the ability to perform the promised service dependable and accurate. Members will always expect prompt and accurate solution for any problems that might occur. They also expect that problems will be taken care of promptly and professionally and expect staff to be accessible or a system to be place wherever they need service. Also the company should always reliable to their members, which in turn reduces member turnover and increases member participation. Therefore, it is important to study the parameter "Reliability". It includes error free records, problem solving, honesty, self-responsibility, efficiency and effectiveness of facilities provided by the company etc.



**Table 4.29 Reliability factors of Venad Poultry Farmer Producer Company**

Sl.No	Statements	SA	A	MA	DA	SDA	Total score	SI
1	Accurate and error free records	46	7				258	97
2	Company ensures Information reliability	40	9	4			248	94
3	Company shows sincere interest in dealing farm related problems	32	15	6			238	90
4	Company gives technological advices regarding the poultry management	43	10				255	96
5	Company is honest towards its members	24	29				236	89
6	Company employees possess self-responsibility through commitment, dedication and sincerity in work	37	16				249	94
7	Company didn't show undue favour of any kind to anyone	48	5				260	98
8	Company always ensures one vote per member irrespective of their shareholding or patronage of the Producer Company	53					265	100
9	The pricing strategy adopted by the company is good	51	2				263	99
10	The member farmers are able to handle their total expenditure in poultry farming	39	12		2		247	93
11	Value addition has increased the income of farmers and the market demand of the products	45	8				257	97
12	Market accessibility has been increased	46	4	3			255	96
13	Marketing cost has been reduced	33	15	5			240	91
	<b>Composite Satisfaction Index</b>							<b>95</b>

Source: Compiled from primary survey



**Figure 4.24 Reliability factors of Venad Poultry Farmer Producer Company**

It is clear from the table 4.29 and figure 4.24 that the members were highly satisfied with the reliability of Venad Poultry Farmer Producer Company. Voting rights of the members obtained highest satisfaction index of cent percentage indicates the reliability of the company in ensuring each vote per member irrespective of their shareholding or patronage. The overall satisfaction index obtained was 95 percent. Even though certain statements such as information reliability, dealing problems, honesty, employee's self-responsibility, total expenditure and marketing costs obtained satisfaction indices below the overall index, each index didn't possess any wide variations from the overall index and falls under the category of excellent. It indicates the reliability of the company towards its members.

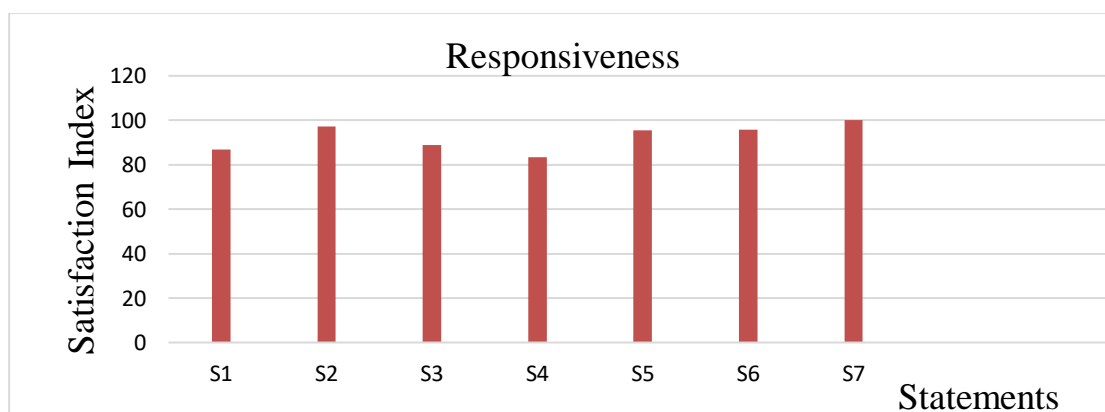
### **B. Responsiveness**

The member farmers want company to be ready and willing to take care of their needs. The various dimensions of the member satisfaction are related to the efficiency of the delivery of services and how well the company responds to members' queries and needs. So it is important to study "Responsiveness". Responsiveness is the willingness of company employees to help member farmers and to provide prompt services.

**Table 4.30 Responsiveness factors of Venad Poultry Farmer Producer Company**

Sl.No	Statements	SA	A	MA	DA	SDA	Total score	SI
1	Company employees inform members when new policies are adopted	28	20		5		230	86.7
2	Company ensures the competency of the members while giving membership	46	7				258	97.3
3	Company employees give quick responses and answer queries to the members	37	7	5	4		236	89
4	Company employees are always willing to help their members	30	12	4	4	3	221	83.3
5	Meetings of the Board was held not less than once in every three months and at least four such meetings were held in every year.	46	2	5			253	95.4
6	Annual general body meeting of the company was held within a period of nine months of close of financial year	47	1	5			254	95.8
7	Company conducts election in every 5 years	53					265	100
	<b>Composite Satisfaction Index</b>							<b>93</b>

Source: Compiled from primary survey



**Figure 4.25 Responsiveness factors of Venad Poultry Farmer Producer Company**

It is clear from the table 4.30 and figure 4.25 that most of the members were highly satisfied with membership competency, frequency of meetings, annual general body and conduct of election. These statements obtained satisfaction indices above the overall satisfaction index of 93 percent. Cent percent of the members opined that the company conducts elections in every five years. While, information of new policies, employee's quick responses and willingness to help members obtained indices below the overall satisfaction index. But these statements didn't show any wide variation from the overall index which denotes the company was ready and willing to take care of the member's needs.

### **B. Assurance**

Trust and confidence among the members are important in case of Producer Company. Showing a genuine interest in members' needs and wants is one way to gain their confidence. It is the duty of the producer company to provide assurance regarding the services and safety in the quality of inputs. It instills confidence among members and in turn improves member participations as well as growth of the company. So it is important to study the parameter "Assurance". Assurance is the knowledge and courtesy of employees and their ability to convey trust and confidence in members.

**Table 4.31 Assurance factors of Venad Poultry Farmer Producer Company**

<b>Sl.No</b>	<b>Statements</b>	<b>SA</b>	<b>A</b>	<b>MA</b>	<b>DA</b>	<b>SDA</b>	<b>Total score</b>	<b>SI</b>
1	The behaviors of company employees instill confidence in members	25	20	8			229	86.4
2	The company assures safety in their transactions and operations	30	13	10			232	87.5
3	Company procedures and services informed are satisfactory	34	14	5			241	90.9
4	Company gives awareness regarding the policies	50	3				262	98.8
5	Company policies are flexible and	49	2	2			259	97.7

	adoptable							
6	Procedure for implementing company policies are acceptable	45	7	1			256	96.6
7	Company provides education and training to its members	50	3				262	98.8
8	Company conducts seminars and awareness programmes	53					265	100
9	Payment of patronage bonus given by the company out of its surplus income to the members in proportion to their respective patronage is satisfactory.	49	4				261	98.4
10	The company does not have any unaddressed issues regarding member needs	45	7	1			256	96.6
11	Marketed surplus has been increased since the incorporation of company	50	3				262	98.8
12	Members are having enough marketable surplus	49	4				261	98.4
13	The farm income of the member farmers has been increased after the incorporation of the company	40	7	6			246	92.8
14	The cost of production has been reduced so far	39	10		4		243	91.6
	<b>Composite Satisfaction Index</b>							<b>95</b>

Source: Compiled from primary survey

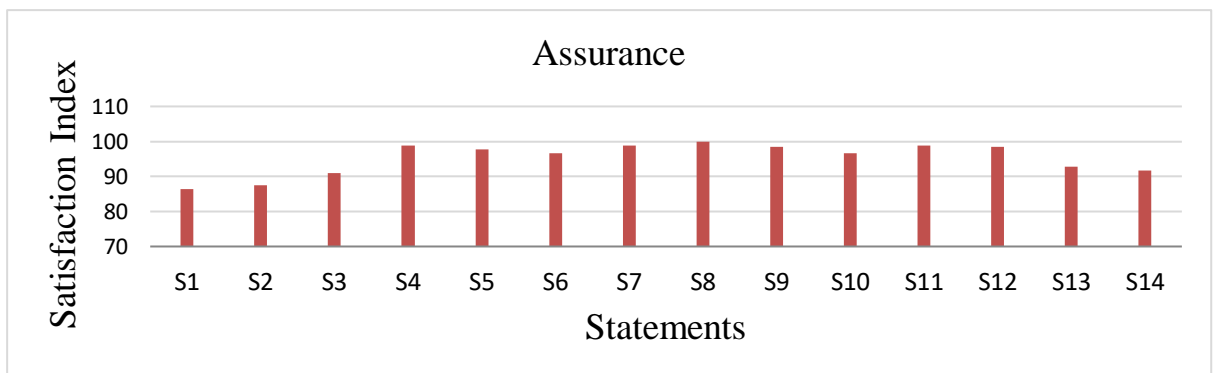


Figure 4.26 Assurance factors of Venad Poultry Farmer Producer Company

It is evident from the table 4.31 and figure 4.26 almost all the statements obtained satisfaction indices above the overall satisfaction index of 95 percent except five statements viz; employees behavior, safe operations, informed services, increased farm income and reduced cost of production. But these five statements didn't hold any extensive deviation from the overall satisfaction index. Cent percent of the members were satisfied with the seminars and programs conducted by the company which indicates that these services were useful for their members. So it could be explained that the company succeeded in conveying trust and confidence among its members.

### A. Empathy

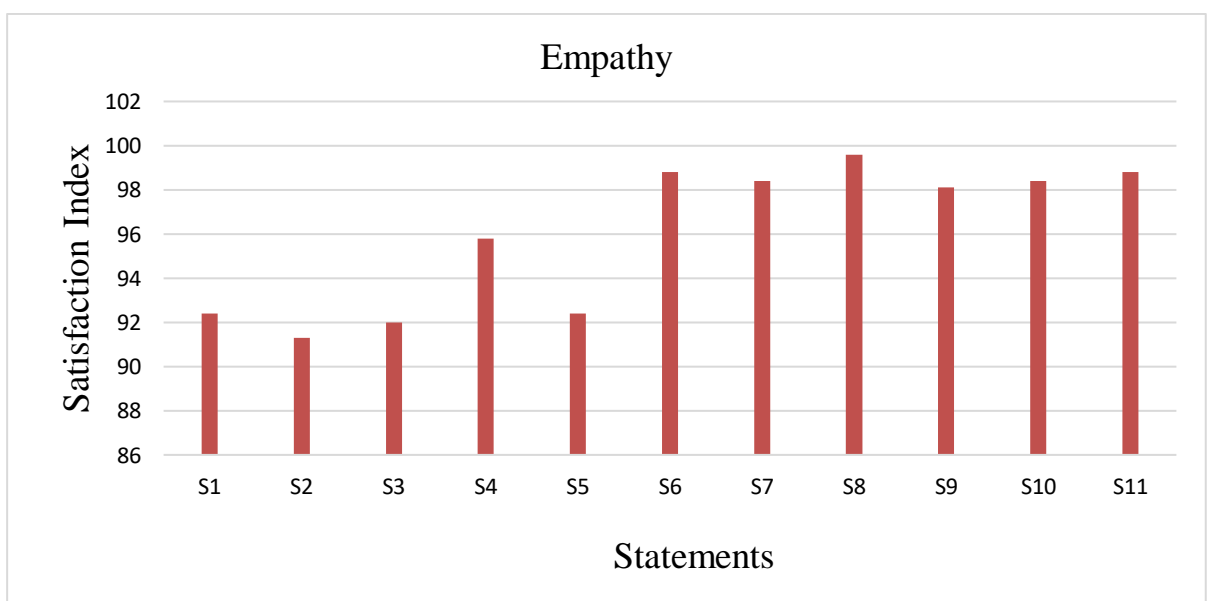
Member farmers expect company staff to be courteous and competent. The company employees should treat them nice and should be able and willing to help. Also members expect staff to be considerate of their feelings and sensitive to the privacy of their operations. The relationship between company employees and the member farmers are one of the important traits to determine member satisfaction because member satisfaction can be ensured only if there exists a good relationship between them. So it is important to study the parameter "Empathy". Empathy is the provision of caring and individualized attention to member farmers.

**Table 4.32 Empathy factors of Venad Poultry Farmer Producer Company**

Sl.No	Statements	SA	A	MA	DA	SDA	Total score	SI
1	Company employees are polite	38	10	5			245	92.4
2	They greet well and give priority	36	11	6			242	91.3
3	All queries are answered within reasonable time	35	15	3			244	92
4	Company employees treat the members equally without any discrimination of gender, colour, caste, religion etc.	42	11				254	95.8
5	Company financially assist or organise activities beneficial to entire	37	12	4			245	92.4

	community							
6	Company gives input supply like fertilizers, machineries etc at a subsidized rate.	50	3				262	98.8
7	The procurement methods adopted by the company are satisfactory	49	4				261	98.4
8	Company helps the members to reduce their transportation cost	52	1				264	99.6
9	Company provides insurance to protect the farmers from unpredictable losses	48	5				260	98.1
10	Company provides a better platform for the member farmers to sell their products directly at a remunerable price	49	4				261	98.4
11	Company helps the farmers to get rid of from the clutches of middlemen	50	3				262	98.8
	<b>Composite Satisfaction Index</b>							<b>96</b>

Source: Compiled from primary survey



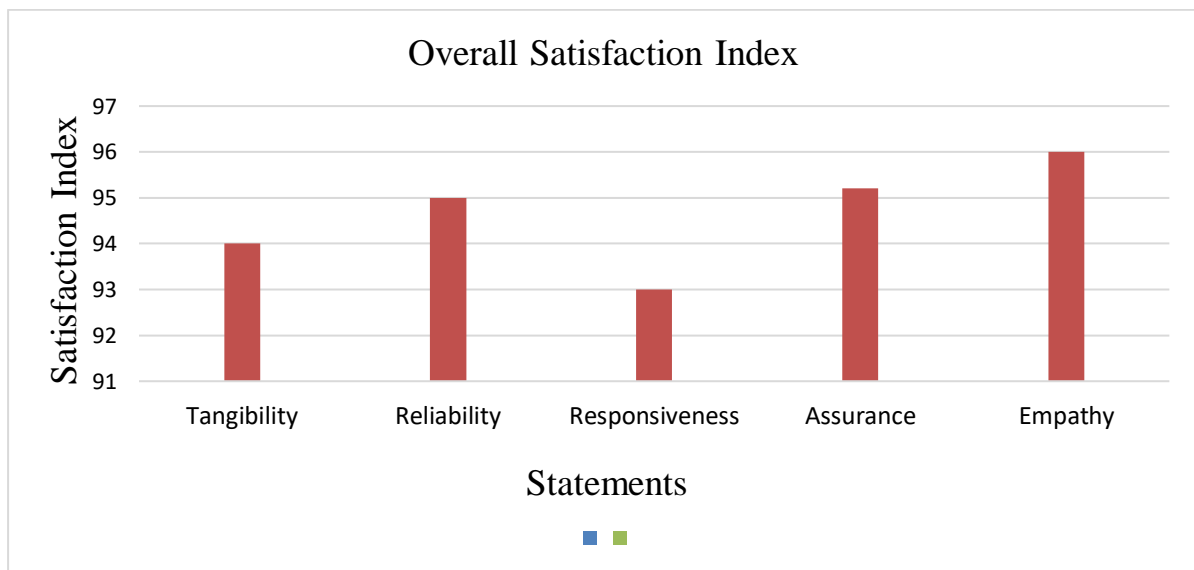
**Figure 4.27 Empathy factors of Venad Poultry Farmer Producer Company**

It is understandable from the table 4.32 and figure 4.27 that almost all the members were highly satisfied with the empathy factor of the Venad Poultry Farmer Producer Company. The highest satisfaction index of 99.6 percent was obtained for the help of company to reduce transportation cost of their members. The minimum index of 91.3 percent was obtained for greeting of company employees. The overall satisfaction index obtained was 96percent.

#### 4.3.2.3 Overall Satisfaction Index of members of Venad Poultry FPC

**Table 4.33 Overall Satisfaction Index of members of Venad Poultry FPC**

<b>SERVQUAL parameters</b>	<b>Satisfaction Index</b>	<b>Rank</b>
Tangibility	94	4
Reliability	95	3
Responsiveness	93	5
Assurance	95.2	2
Empathy	96	<b>1</b>
<b>Overall satisfaction index</b>	<b>95</b>	



**Figure 4.28 Overall Satisfaction Index of Venad Poultry Farmer Producer Company**



It is evident from the table 4.33 and figure 4.28 that all the SERVQUAL parameter of the company obtained satisfaction indices of above 90 percent comes under the category of excellent. First rank was obtained by the parameter empathy with a satisfaction index of 96.05 and the last rank was obtained by the tangibility with an index of 94 percent. The overall satisfaction index of Venad Poultry Farmer Producer Company was 95 percent comes under the category of excellent indicates that the members of the company were fully satisfied with its operations. And also it denotes the excellence of the company to sustain its existing members and also attract new members by providing all the facilities and fulfilling all the needs that are expected by their existing members.

The role of Venad Poultry Farmer Producer Company in augmenting farm income was studied under two heads viz parameter wise and member satisfaction level wise. In case of parameter wise analysis, the extension services, input supply and prices were studied by comparing the same provided by a private organization in the poultry sector of same locality. While in case of member satisfaction level, SERVQUAL model consists of five parameters viz; tangibility, reliability, responsiveness, assurance and empathy was used for the analysis. The role of Venad FPC revealed was empathy and it could be included in the seventh principle of co-operation – concern for community.

#### **4.4 Problems faced by the Venad Poultry Farmer Producer Company**

For a producer company, problems are of two types viz; operational problems and managerial problems. While adopting appropriate business practices in order to increase the services to their members and to keep them intact, the producer company faces certain problems before them, generally known as operational problems. It includes functional problems, political and legal issues etc. The management and decision making along with the administration of Producer Company is vested with its general body and Board of Directors. Therefore, in order to undertake the decision making power as well as the administrative power, right management practices should be adopted by the company, where they face certain problems generally known as

managerial problems. It includes administrative problems, structural problems, human resource related problems etc.

The third objective was to identify the problems faced by the company were examined from the view of Board of Directors (BoD). From the director's perspective, the problems were studied under four heads viz; administrative problems, functional problems, structural problems and human resource related problems. The administrative problems were further sub divided as problems related to board meeting, problems related to general body meeting and problems related to audit. The functional problems were sub divided into problems in board, problems in input supply, problems in procurement, processing, marketing and other related problems. The responses/opinions of the board of directors on these operational and managerial problems prevailing in the company were analysed, interpreted and presented in the following section.

In order to have a detailed picture about the problems confronted by Venad Poultry Farmer Producer Company, the views of Board of Directors of the company regarding the operational and managerial problems were collected. The analysis was carried out using percentage and index and the following scale was adopted to draw the conclusion on the various parameters under the study.

**Classification of operational and managerial problems**

<b>Index Obtained</b>	<b>Problems category</b>
0-20	Negligible
21-40	Tolerable
41-60	Risk
61-80	Severe
81-100	Chronic

**4.4.1 Socio-economic profile of Board of Directors**

As a prelude of studying the operational and managerial problems, the socio-economic profile of the BoDs was examined with the help of selected socio-economic

variables such as age, gender, marital status, education and income. The socio-economic variables of board of directors of Venad Poultry Farmer Producer Company are presented in the following table.

**Table 4.34 Socio-economic profile of Board of Directors of Venad FPC**

<b>Characteristics</b>		<b>Members</b>
Age (in years)	18-28	0
	29-39	0
	40-50	5 (100)
	>50	0
	<b>Total</b>	<b>5 (100)</b>
Gender	Male	4(80)
	Female	1(20)
	<b>Total</b>	<b>5 (100)</b>
Religion	Hindu	5(100)
	Muslim	0
	Christian	0
	<b>Total</b>	<b>5 (100)</b>
Caste	General	5(100)
	OBC	0
	OEC	0
	SC/ST	0
	<b>Total</b>	<b>5 (100)</b>
Marital status	Single	0
	Married	5(100)
	Widowed	0
	Separated	0
	<b>Total</b>	<b>5 (100)</b>
Education	Illiterate	0
	Primary	0
	Secondary	0
	HSE	0

	Degree	5(100)
	Post graduate degree	0
	Others	0
	<b>Total</b>	<b>5 (100)</b>
Occupation	Self employed	2(40)
	Workers	3(60)
	Unemployed	0
	<b>Total</b>	<b>5 (100)</b>
Monthly income (Rs.)	<10000	0
	10000-20000	5(100)
	21000-31000	0
	>31000	0
	<b>Total</b>	<b>5 (100)</b>

Note: Figures in the bracket denotes percentage to the total

Source: Compiled from primary survey

Table 4.34 indicates that cent percent of the Board of Directors were in the age group between 40-50 years and are married Hindus belonged to general category with degree qualification. Male members dominated the director board with 60 percent and one seat was reserved for female thus they fulfilled the mandatory seats for females. Majority of the board members (60 percent) were workers and all of them had a monthly income in between Rs. 10,000 to 20,000.

#### **4.4. 2 Administrative problems perceived by Board of Directors**

Administrative problems perceived by Board of Directors were classified into three and studied in detail. The findings are discussed in the following sections.

- a. Administrative problems related with Board meetings
- b. Administrative problems related with General Body meetings
- c. Administrative problems related with audit

##### **a) Administrative problems related with Board meetings**

Board of Directors are the representative body of the general body of members of a producer company entrusted with rights, powers and responsibility to take appropriate

decisions and execute them for and on behalf of the general body for the fulfillment and attainment of organizational objectives and goals. The sum total of duties and activities performed by board of directors to fulfill the aspirations of the general body can be termed as administration. Any hurdles that come in the process of administration are considered as administrative problems for the present study.

**Table 4.35 Administrative problems related with Board meetings**

Sl.No.	Statements	Score	Index	Classification
1	Board meetings are not conducted regularly	5	20	Negligible
2	Notice of board meetings were not received in time	5	20	Negligible
3	Agenda for the board meetings not intimated in advance	7	28	Tolerable
4	Documents/ information for deliberations in board meetings are not circulated in advance	8	32	Tolerable
5	Board meetings usually resorted to ad hoc decisions	10	40	Tolerable
6	Board meetings were suspended due to insufficient quorum	5	20	Negligible
7	Board meetings were conducted even without quorum in exceptional cases	5	20	Negligible
8	Board meetings were inconclusive of agenda of meetings	5	20	Negligible
9	Rare involvement in day to day managerial issues of the company	15	60	Risk
10	Seldom monitor the implementation of decisions of board meeting	10	40	Tolerable
	<b>Composite index</b>		<b>30</b>	

Source: Compiled from primary survey

Table 4.35 shows the administrative problems perceived by the board of directors in board meetings. It is clear from the table that the highest index of 60 percent was obtained for rare involvement of directors in the day to day managerial issues of the company and is categorized under risk. While four statements viz; agenda intimation, prior circulation of documents, seldom monitoring and meeting resorted to ad hoc decisions obtained indices in between 21-40 percent categorized under tolerable. Five statements viz; regular conduct of meeting, timely receipt of notice, meeting suspension, conducted meeting without quorum and inconclusive of agenda obtained indices in below or equal to 20 percent and categorized as negligible. Therefore, the company should ensure the regular involvement of board members in their day to day managerial issues. The composite index obtained was 30 percent fall under the category of tolerable indicates that the board of directors was scrupulous in carrying out meetings and well organized.

**b) Administrative problems related with Annual General Body meetings**

General body is the supreme authority of a producer organization consisting of its members meets annually, commonly known as "Annual general body meeting". The main motive behind the meeting is to decide upon the policies and programmes of the company. The general body meeting and its conduct often results in certain problems that may considerably affect the authority and administration of the company.

**Table 4.36 Administrative problems related with General Body meetings**

Sl.No.	Statements	Score	Index	Classification
1	GB meetings are not conducted regularly	5	20	Negligible
2	Failed to circulate GB notice in time	5	20	Negligible
3	Agenda for the GB meetings not intimated in advance	7	28	Tolerable
4	Documents/ information for deliberations in GB meetings are not circulated in advance	8	32	Tolerable
5	Occasional attendance in the GB meetings	5	20	Negligible
6	Rare involvement of members in the discussions in the GB meetings	5	20	Negligible
7	GB meetings were conducted even without quorum	5	20	Negligible

	in exceptional cases			
8	GB meetings were inconclusive of agenda of meetings	5	20	Negligible
9	Delay in implementing decisions of GB	10	40	Tolerable
10	GB meetings usually resorted ad hoc decisions	10	40	Tolerable
11	GB meetings were suspended due to insufficient quorum	5	20	Negligible
	<b>Composite index</b>		<b>25.5</b>	

Source: Compiled from primary survey

It is clear from the table 4.36 that four statements viz; prior intimation of GB agenda, circulation of documents in advance, delay in decision implementation and meeting resorted to ad hoc decisions obtained indices in between 21– 40 percent and comes under the category of tolerable. Apart from this, all of the remaining statements obtained indices of 20 percent and fall under negligible category. The composite index obtained was 25.5 percent comes under the category of tolerable indicates that the general body of the Venad FPC was active in its functioning which in turn gained the trust and confidence among the members of the company.

### c) Administrative problems related with audit

Auditing is the process of examining an organisation's financial records to determine whether they are accurate and in accordance with applicable rules, laws etc. such problems considerably affects the administration of the company. Therefore, an attempt is made to examine the possibility of such problems existing in the company, as opined by the board of directors.

**Table 4.37 Administrative problems related with Audit**

Sl.No.	Statements	Score	Index	Classification
1	Delay in conducting annual audits	10	40	Tolerable
2	Delay in rectification of audit defects	10	40	Tolerable
3	Inquiry was ordered based on audit report/other person	5	20	Negligible
	<b>Composite index</b>		<b>33.3</b>	

Source: Compiled from primary survey

It is understandable from the table 4.37 that among the total three statements, inquiry in fall an index of 20 percent fall in the category of negligible because there were no such issues incurred since the formation of the company. The remaining two statements viz; delay in conducting annual audits and rectification of audit defects obtained a satisfaction index of 40 percent comes under the category of tolerable. The composite index obtained was 33.3 percent was under the category of tolerable indicates that the company successfully carried out the audit processes. Further, it could be concluded that the audit process and procedures carried out by the company at its best with minimum problems.

#### 4.4.3 Structural problems perceived by Board of Directors

Structure is the framework within which an organization functions. Internal as well as external factors that might either support or hinder the framework. Board of Directors being elected by the members has to face hurdles in managing the affairs of the company within that frame work.

**Table 4.38 Structural problems perceived by Board of Directors**

Sl.No.	Statements	Score	Index	Classification
1	Unethical and poor management practices	5	20	Negligible
2	Heavy dependency on government capital rather than shareholder's contribution	5	20	Negligible
3	Lack of new technologies	5	20	Negligible
4	Restrictive laws	5	20	Negligible
5	Existence of multiple regulations	5	20	Negligible
6	Corruption in practices	5	20	Negligible
7	Bureaucracy in administration	8	32	Tolerable
8	Predominance of vested interest of a particular group	5	20	Negligible
9	Over politicization and excess government control	5	20	Negligible



10	Absence of regular performance appraisal of employees	9	36	Tolerable
	<b>Composite index</b>		<b>23</b>	

Source: Compiled from primary survey

It is clear from the table 4.38 that all the statements obtained an index of 20 percent fall under negligible category except for two statements viz; bureaucracy in administration and absence of regular performance appraisal of employees obtained indices in between 21-40 percent indicates that these problems were tolerable. The composite index obtained was 23 percent comes under the tolerable category indicates that the company could be able to effortlessly handle those issues.

#### 4.4.4 Human resource related problems perceived by Board of Directors

Board of directors, being the administrators who administer the day to day affairs of the producer company is also responsible to deal with the employees and provide them working conditions. The success of any organization to a great extent depends upon the harmonious blend among the members of the board.

**Table 4.39 Human resource related problems perceived by Board of Directors**

Sl.No.	Statements	Score	Index	Classification
1	Employees do not addresses the grievances raised by the members	5	20	Negligible
2	Employees do not motivate member participation in business	5	20	Negligible
3	Disinterest to evaluate performance of employees regularly	5	20	Negligible
4	Low employee participation in both business and management	5	20	Negligible
5	Employees meeting were not convened in emergency situations	5	20	Negligible
	<b>Composite index</b>		<b>20</b>	

Source: Compiled from primary survey

It is evident from the table 4.39 that all the statements obtained an index of 20 percent fall in the category of negligible. Thus the board opined that employees were

always being motivated to participate in the businesses, grievance of the members were always addressed by the employees, interested to evaluate the performance of employees regularly and employees meeting always convened in emergency situation. The composite index obtained was also 20 percent comes under the category of negligible indicates that the board of the company strives in maintaining smooth inter and intra relationships among employees. Literally, from the board opinion, there were no problems related to the human resources exist in the company.

#### 4.4. 5 Functional problems perceived by Board of Directors

The key function of Board of Directors in general is to make decision as a fiduciary on behalf of its members. The functions of a producer company are procurement, processing, marketing, input supply etc. The problems may occur meanwhile carrying out these functions is termed as functional problems.

**Table 4.40 Functional problems perceived by Board of Directors**

Statements	Score	Index	Classification
<b>Problems in board</b>			
Board is not responsible for formulating, supervising and monitoring the performance of PC	8	32	Tolerable
Board act on the areas reserved for General Body	6	24	Tolerable
Board exercise executive powers	8	32	Tolerable
Board has no role in determination of the dividend payable	5	20	Negligible
Do not pursue and formulate the organizational policies, objectives, establish long term and annual objectives and approve corporate strategies and financial plans	5	20	Negligible
Do not ensure proper books are maintained	7	28	Tolerable
Do not ensure that annual accounts are placed before the Annual General Meeting (AGM) with the auditors' report.	8	32	Tolerable

<b>Problems in input supply</b>			
Non availability of sufficient poultry equipments	10	40	Tolerable
High cost for poultry medicines and vaccines.	12	48	Risk
Non-availability of high nutritional poultry feeds	15	60	Risk
<b>Problems in procurement</b>			
Non-availability of sufficient transportation facility for procurement of materials	6	24	Tolerable
Increased transportation cost is a hurdle for the company	10	40	Tolerable
Non availability of labourers for procurement	15	60	Risk
Insufficient space for the storage of procured materials	8	32	Tolerable
<b>Problems in processing</b>			
Incorporation of source traceability technology incurred huge expenses for the company	18	72	Severe
Lack of sufficient information in QR codes	5	20	Negligible
High expenditure for hologram and QR codes implementation	15	60	Risk
Lack of proper storage facilities for frozen meats	5	20	Negligible
Unhygienic dressing plants	5	20	Negligible
Improper managements in different branches	8	32	Tolerable
Outlets maintenance incurred high cost	13	52	Risk
<b>Problems in marketing</b>			
Advertisement cost is high	15	60	Risk
Existence of competitors in poultry sector	15	60	Risk
Delay in fund allocation by supporting agencies	10	40	Tolerable
Price fluctuations in the market is a great difficulty	20	80	Severe
<b>Other related problems</b>			
Seasonal spread diseases in day old chicks	25	100	Chronic
Non availability of BV380 chicks as per	22	88	Chronic

requirements			
Delay in the license approval	18	72	Severe
<b>Composite index</b>		<b>45</b>	

Source: Compiled from primary survey

It is understandable from the table 4.40 that the functional problems were subdivided into problems in board, problems in input supply, problems in procurement, problems in processing, problems in marketing and other problems. Almost all the statements in the functional area of board came under the category of tolerable which indicates there were no such serious issues under this head.

In case of problems in input supply, non-availability of equipment obtained tolerable category. While rest of the two statements viz; cost of medicines and unavailability of poultry feeds were under the category of risk. Poultry sector is a field in which proper attention is needed for the nurturing of birds otherwise it leads to huge losses. Higher cost and non-availability of feeds and medicines according to the company needs was a risk.

In case of procurement problems, all the statements fall in the category of tolerable except non-availability of labourers for procurement which came under the category of risk. Getting trustworthy and hardworking labourers for procurement was a hurdle. Timely and safe procurements were necessary especially for the poultry sector.

For the processing problems, three statements viz; lack of information in QR code, lack of proper storage facilities and unhygienic dressing plants obtained satisfaction indices of 20 percent under the category of negligible. Because the customers could avail all the information regarding the farmer, chick breed and egg weight etc by scanning the QR codes attached to it. They had proper storage facilities for the frozen meat and also maintained their dressing plants very hygienically. While two statements viz; QR codes expenditure and outlet maintenance came under the category of risk because the company had incurred high expenditure for it. Because of this they closed one of its branch associated with outlets. Incorporation of source traceability technology also incurred huge expenditure and it came under the category of severe problems. But this technology incorporation gave them a unique market identity in this sector and in turn increased their sales.

In case of problems in marketing, fund allocation from supporting agency NABARD obtained a category of tolerable indicates the timely allocation of funds from supporting agencies to maintain proper working of the company. While two statements viz; high advertisement cost and competitors came under the category of risk. Price fluctuations in the markets were fall under the category of severe problems because an unpredictable market price fluctuation in turn affects their earnings and expectations.

In case of other related problems, delay in license obtained a category of severe problems because business expansions need registration and license from the approved authority. Delay in the approvals lead to postponement in the company expansion and operations which was a difficulty. While seasonal spread diseases and non availability of BV380 birds were came under the chronic problems. Seasonal diseases lead to the death of huge number of birds in the previous year which incurred losses and also unavailability of BV380 birds in accordance with the market demand also created a big hurdle for the company.

The composite index obtained for the functional problems was 45 percent came under the category of risk.

#### 4.4.6 Overall index of problems faced by the Venad Poultry Farmer Producer Company

**Table 4.41 Overall index of problems faced by the Venad FPC**

<b>Problems</b>	<b>Index</b>	<b>Classification</b>
Administrative problems related with Board meetings	30	Tolerable
Administrative problems related with General Body meetings	25.5	Tolerable
Administrative problems related with Audit	33.3	Tolerable
Structural problems	23	Tolerable
Human resource problems	20	Negligible
Functional Problems	45	Risk
<b>Overall Index</b>	<b>29</b>	Tolerable

It is clear from the table 4.41 that apart from the functional problems, all other problems viz; administrative and structural problems fall under the category of tolerable. While human resource related problems came under negligible category. But, functional problems obtained a satisfaction index of 45 percent under the category of risk. The high indices obtained for statements of problems in processing, marketing and other related problems in turn insert a greater impact in the composite index of functional problems and fell in the risk category. Even though, the Venad Poultry Farmer Producer Company was facing major problems regarding with their functional aspects, the overall index obtained was 29 percent categorized under tolerable category.

In order to have a detailed picture about the problems confronted by Venad Poultry Farmer Producer Company, the views of Board of Directors of the company regarding the operational and managerial problems were collected and analysed using indices and percentages. The operational and managerial problems were studied under various heads viz; administrative problems, structural problems, human resource related problems and functional problems. The administrative problems were further sub divided as problems related to board meeting, problems related to general body meeting and problems related to audit. And functional problems were also further divided into problems in board, problems in input supply, problems in procurement, processing, marketing and other related problems. The company obtained an index of 29 percent fall under the category of tolerable.

## ***CHAPTER – V***

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### *Summary of Findings and Conclusion*

## CHAPTER V

### SUMMARY OF FINDINGS AND CONCLUSION

Agriculture sector plays a strategic role in the process of economic development and provides sustainability to the overall development of a country. In a country which is predominantly agricultural, inequality of income between people in rural and urban areas exists. To reduce this inequality, it is necessary to accord higher priority to agriculture. India is an agriculture based country, where 60.4% of the population is engaged in agriculture and allied activities (Annual report 2019-20, Dept. of Agriculture, Co-operation and Farmers' Welfare). It is generally accepted that agricultural activity is a noble profession. However, nature's fury, exploitation by market forces and other exogenous and endogenous factors compel the farmers to do away with cultivation. India has over 92 million small holdings or nearly 21% of the world's small holdings of 450 million (NABARD reports, 2019). The challenge is therefore enormous for India to ensure that small holdings are truly productive and are the main source of livelihoods for millions of people dependent on it. Today, farmers find it difficult to raise sufficient resources to meet their requirements, since the return from agriculture is insufficient. The escalating cost of cultivation and diminishing income from agriculture confirm the miserable condition of the farmers. The farmers are forced to continue the agricultural activities, since they do not have any alternative. Agriculture and farming operations are mostly not a lucrative venture in Kerala.

Several institutional models are being tried in India as well as in Kerala to integrate farmers with the value chain. The most common model is the producers' co-operatives, which enable farmers to organise themselves as collectives. In spite of numerous efforts from the Government and various non - government agencies, the basic problems of farmers are still unaddressed.

In 2002, through an amendment in the Indian Companies Act, 1956, the Government of India incorporated a new section IXA based on the recommendations of the Y.K. Alagh Committee which examined the problems and challenges faced by rural producers within the emerging liberalised and competitive environment



particularly owing to lack of resources, value addition, minimum support prices and business like institutions to solve their problems. The Committee was asked to formulate a legislation that would enable incorporation of co-operatives as companies and conversion of existing co-operatives into companies, while ensuring that the unique elements of the cooperative business remain intact in the new legislation. Recognising the importance of efficient professionally managed producer owned enterprises to serve rural enterprises, including producers, the committee had appropriately recommended creation of specially devised companies called "Producer Companies" within the ambit of the Company law.

The basic purpose of the Producer Company is to collectivise the farmers or producers of backward linkage for inputs like seeds, fertilisers, credit, insurance, knowledge and extension services and forward linkages such as collective marketing, processing, market led agriculture production etc. Thus it facilitates to reduce the miserable conditions like crop loss, low price and indebtedness of poor peasants. At the heart of this effort is to gain collective bargaining power for the farmers and it provides a single window for farmers to increase their income from farm produce.

The study area covered was Venad Poultry Farmer Producer Company from Kollam district of Kerala and was solely based on primary data obtained from the company. The structure and operations of the Venad FPC was studied using data obtained from financial statements over a time period of three years from 2016-17 to 2018-19. The analysis was conducted in parameter wise as well as in terms of liquidity, profitability, asset management and leverage. The role of Farmer Producer Company in augmenting farm income was studied as parameter wise analysis and by analyzing member's satisfaction level of the company. The structured interview schedule for the 53 member farmers (10% of total member farmers) were used to analyse the role of Farmer Producer Company in augmenting farm income. Primary data obtained from the survey of Board of Directors using pre-tested structured interview schedule was used to identify the problems faced by the company. In total, financial ratios, index method, simple growth rate, compound annual growth rate, percentages and rank method were administered for the data analysis.

## **5.1 Major findings**

The major findings of the study are summarized and presented in the sequence given below;

### **5.1.1 Structure and operations of Venad Poultry Farmer Producer Company**

#### **5.1.2 Role of Farmer Producer Company in augmenting farm income**

#### **5.1.3 Problems faced by the company**

### **5.1.1 Structure and Operations of Venad Poultry Farmer Producer Company**

#### **a. Parameter wise**

- i. The supreme authority of the company is its General Body and the company is governed by members/ shareholders, Board of Directors (BoD) and office bearers. Board of Directors is elected by the members and may act collectively through meetings. The minimum number of BoD required to start a PC is 5 directors and not more than 15 directors. The company satisfies the criteria of Board of Directors with 5 members. Office bearers include Chief Executive Officer (CEO), Managers, Accountants, clerk and other staffs.
- ii. Membership of the company had increased over the years. The gradual growth and sustainability of the company in the technology development and implementation might attracted more people towards the company.
- iii. Huge increment in the paid up share capital over the years and as on March 31<sup>st</sup> 2020, Venad FPC had a paid up share capital of Rs. 45,22,000 which indicates a strong base of the company in their owned fund.
- iv. The loan amount outstanding was decreased over the years and as on 2019-20, borrowings was only for Rs. 10 lakh which means they had obtained a successful state to repay those huge loan amounts of the previous years.
- v. The total deposits were increased over the years indicates the positive growth of sales and revenue of the company.
- vi. Profit margin of the company was very low due to high expenses incurred in the initial years such as cost of materials consumed, employment benefit expenses,

finance cost, depreciation and amortization expense and other expenses. But the margin had shown a slight hike in the year 2018-19.

- vii. Majority of their products are procured from Tamil Nadu which includes poultry feeds, medicines, vaccines, equipments and day old broiler chicks. Hi-tech cages are procured from Hyderabad and BV380 chicks from Bangalore.
- viii. The company processed the broiler meat as frozen and marketed the meat according to customer demands. The company converted the frozen meats adoptable for different chicken dishes in restaurants. The eggs produced in households are collected, and marketed with traceability using hologram and QR code label in "Venad Signature Chicken" brand.
- ix. The sales of the company had increased over the years due to the introduction of traceability in their products which increases the company loyalty and in turn leads to high confidence among customers regarding the trustworthy products.

#### **b. Ratio analysis**

- x. The current ratio of Venad FPC was averaged at 9 indicates that the company was able to meet short term current obligations with their current assets. The highest ratio also implies the inefficient use of current assets by the company which in turn negatively affect the profit margin of the company.
- xi. The quick ratio was averaged at 3.37 which indicate that the company was fully equipped with enough assets to be instantly liquidated to pay off its current liabilities.
- xii. The gross profit of the company was averaged at 3 percent due to the prohibitive expenses and establishment as well as other costs incurred by company over the years.
- xiii. The net profit ratio of the company was averaged at 1 percent due to the hike in tax and other miscellaneous expenses incurred by the company over the years.
- xiv. The basic earning power was averaged at 25 percent which indicates higher efficiency of the firm to generate income from their available assets.
- xv. The return on asset of the company was averaged at 8.16 percent. The greater the company's earnings in proportion to its assets, more effectively the company is said to be using its asset.

- xvi. The return on equity was averaged at 10 percent indicates the success of the Venad Poultry FPC in obtaining income for the benefit of stock holders.
- xvii. The inventory turnover ratio was averaged at 21 indicates an excellent efficiency in managing their inventory.
- xviii. The fixed asset turnover ratio was averaged at 49 indicates that the company was experiencing a higher return on their investment in their fixed assets like property, plant and equipment by comparing with their net sales.
- xix. The total asset turnover ratio averaged at 9 which were lower compared to fixed asset turnover ratio. Total asset comprises of current assets and fixed assets. While the inefficient uses of current asset declined total asset turnover ratio.
- xx. The receivables turnover ratio was averaged at 45 indicates that the company was able to collect its credit sales effectively.
- xxi. The inventory to sales ratio was averaged at 0.07 implies that the company's investment in inventory is shrinking in relation to sales or sales are increasing.
- xxii. The debt-equity ratio was averaged at 0.61 implies that the investors and creditors had an almost equal stake in the business assets. Since the company had a low debt-equity ratio, it implies the financial stability of the company.
- xxiii. The financial leverage was averaged at 1.44 indicates that Venad FPC had low risk and low uncertainty in its Return on Equity.

### **5.1.2 Role of Farmer Producer Company in augmenting farm income**

#### **a. Parameter wise**

- i. The Venad Poultry Farmer Producer Company was providing a diverse number of medicines as inputs. The rates of the medicines were also affordable by common people. In comparison to the Sauna private Ltd, Venad Poultry FPC had provided wide varieties of medicines which were necessary for the healthy nurturing of birds.
- ii. The Saguna Pvt Ltd. was charging an amount which was almost 30 rupees higher than that of Producer Company charging for vaccines.
- iii. Private firm was charging almost double the rate of Producer Company in case of poultry feeds.

- iv. The private firm was charging exorbitant rates for drinkers and feeders of different capacity. While the rates applied by the Producer Company was affordable by the farmers and at a feasible rate with market price. The combo offers were not given by private firms rather they had given birds (45 days old) at a rate of Rs. 210 per bird. At the same time, Producer Company was giving birds with same old at a rate of Rs.140 per bird.
- v. The extension services conducted by the Venad Poultry Farmer Producer Company were for free. The cost incurred for the programs was met through fund given by NABARD and from owned fund.
- vi. The eggs produced in households are collected, and marketed with traceability using hologram and QR code in Venad Signature brand. The QR code label on the packet, when scanned using mobile application give details such as name and address of the farmer, variety of birds, feed used, number of birds, date of collection of eggs etc.
- vii. There are three components of the source traceable chicken meat were integration of broiler farms, dressing plant for broiler meat, chilling, freezing, packing etc. and marketing of chicken meat.
- viii. The marketing channels of Venad FPC were through its outlets. A total of 15 outlets were functioning throughout Kerala.
- ix. The promotional activities of the company were undertaken through electronic media and print media. The company had its own face book page and website through which the news and updates were communicated.
- x. The marketing (advertisement) cost of the company had decreased over the years. Decreased advertisement cost year after year indicates that as the company got stability in the market, they started decreasing the amount spent for marketing. The recognitions, reputation and awards made them famous in this industry. The unique technology also made a national level acceptance and it increased their credibility of the company in this sector.
- xi. The storage facilities of Venad FPC includes three freezers with 500 kg capacity each, a VC cooler of 280L capacity, one show freezer, walk in freezer (2 ton) and walk in cooler (2 ton).

- xii. The cost-benefit analysis of household poultry production indicates that the member farmers of Venad FPC were obtaining income which was far better than the farmers availing services from Saguna Private Ltd.

**b. Member satisfaction wise**

- i. Majority of the members were married males between the age group of 29-39.
- ii. Most of the members were Hindus of which 68 percent belonged to OBC category and having degree as the basic qualification.
- iii. Majority of the members were doing agriculture as basic occupation and earning a monthly income in between rupees 10,000-20,000.
- iv. Regarding the tangibility factors of the Venad Poultry Farmer Producer Company, members were highly satisfied with accessibility, building space, ventilation, hygienic rest area, separate wash rooms, pure drinking water facilities, storages, adequate equipments, new technology, visual appealing of printed materials and GB notice. Pure drinking water facility obtained maximum satisfaction index of cent percent, while the seating facility provided by the company obtained a least index of 60 percent because sufficient seating facility was not available there. The company always took other buildings or halls for rent to conduct common meetings. The overall satisfaction index obtained was 94 percent.
- v. Regarding the reliability factors, the members were highly satisfied with the reliability of Venad Poultry Farmer Producer Company. Voting rights of the members obtained highest satisfaction index of cent percentage indicates the reliability of the company in ensuring each vote per member irrespective of their shareholding or patronage. The overall satisfaction index obtained was 95 percent. Even though certain statements such as information reliability, dealing problems, honesty, employee's self-responsibility, total expenditure and marketing costs obtained satisfaction indices below the overall index, each index didn't possess any wide variations from the overall index.
- vi. Regarding responsiveness, most of the members were highly satisfied with membership competency, frequency of meetings, annual general body and conduct of election. These statements obtained satisfaction indices above the

overall satisfaction index of 93 percent. Cent percent of the members opined that the company conducts elections in every five years. While, information of new policies, employee's quick responses and willingness to help members obtained indices below the overall satisfaction index. But these statements didn't own any ample variation from the overall index which denotes the company was ready and willing to take care of the member's needs.

- vii. Regarding assurance, almost all the statements obtained satisfaction indices above the overall satisfaction index of 95.2 percent except five statements viz; employee's behavior, safe operations, informed services, increased farm income and reduced cost of production. But these five statements didn't hold any extensive deviation from the overall satisfaction index. Cent percent of the members were satisfied with the seminars and programs conducted by the company which indicates that these services were useful for their members. So it could be explained that the company succeed in conveying trust and confidence among its members.
- viii. Regarding empathy, almost all the members were highly satisfied with the empathy factor of the Venad Poultry Farmer Producer Company. The highest satisfaction index of 99.6 percent was obtained for the help of company to reduce transportation cost of their members. The minimum index of 91.3 percent was obtained for well greeting of company to its members. The overall satisfaction index obtained was 96.05 percent.
- ix. The overall satisfaction index implies that all the SERVQUAL parameter of the company obtained satisfaction indices above 90 percent comes under the category of excellent. First rank was obtained by the parameter empathy with a satisfaction index of 96 percent and the last rank was obtained by the tangibility with an index of 94 percent. The overall satisfaction index of Venad Poultry Farmer Producer Company was 95 percent comes under the category of excellent indicates that the members of the company were fully satisfied with its operations.

### **5.1.3 Problems faced by the Venad Poultry Farmer Producer Company**

- i. Cent percent of the Board of Directors were in the age group between 40-50 years and are married Hindus belonged to general category with degree qualification.
- ii. Male members dominated the director board with 60 percent and one seat was reserved for female thus they fulfilled the mandatory seats for females.
- iii. Majority of the board members (60 percent) were workers and all of them had a monthly income in between Rs. 10,000 to 20,000.
- iv. In case of administrative problems related with board meetings, the maximum satisfaction index of 60 percent was obtained for seldom involve in day to day managerial issues of the company and are categorized under risk. While four statements viz; agenda intimation, prior circulation of documents and meeting resorted to ad hoc decisions obtained indices in between 21-40 percent categorized under tolerable. Five statements viz; regular conduct of meeting, timely receipt of notice, meeting suspension, conducted meeting without quorum and inconclusive of agenda obtained indices in below or equal to 20 percent and categorized as negligible. But the seldom involvement of board members in day to day managerial issues obtained an index of 60 percent comes under the category of risk. The overall index obtained was 30 percent fall under the category of tolerable indicates that the board of directors was scrupulous in carrying out meetings and well organized.
- v. In case of administrative problems related with general body meetings, four statements viz; prior intimation of GB agenda, circulation of documents in advance, delay in decision implementation and meeting resorted to ad hoc decisions obtained satisfaction indices in between 21 – 40 percent and comes under the category of tolerable. Apart from this, all of the remaining statements obtained satisfaction index of 20 percent and fall under negligible category. The composite index obtained was 25.5 percent comes under the category of tolerable indicates that the general body of the Venad FPC was active in its functioning which in turn gained the trust and confidence among the members of the company.



- vi. In case of administrative problems related with audit, among the total three statements, inquiry obtained an index of 20 percent fall in the category of negligible because there were no such issues incurred since the formation of the company. The remaining statements viz; delay in conducting annual audits and rectification of audit defects obtained a satisfaction index of 40 percent comes under the category of tolerable. The composite index obtained was 33.3 percent was under the category of tolerable indicates that the company successfully carried out the audit processes. Further, it could be concluded that the audit process and procedures carried out by the company at its best with minimum problems.
- vii. In case of structural problems, all the statements obtained an index of 20 percent fall under negligible category except for two statements viz; bureaucracy in administration and absence of regular performance appraisal of employees obtained indices in between 21-40 percent indicates that these problems were tolerable. The composite index obtained was 23 percent comes under the tolerable category indicates that the company could be able to effortlessly handle those issues.
- viii. In case of human resource related problems, all the statements obtained an index of 20 percent fall in the category of negligible. Thus the board opined that employees were always being motivated to participate in the businesses, grievance of the members were always addressed by the employees, interested to manages the performance of employees and employees meeting always convened in emergency situation. The composite index obtained was also 20 percent under the category of negligible indicates that the board of the company strives in maintaining smooth inter and intra relationships among employees. Literally, from the board opinion, there were no problems related to the human resources exist in the company.
- ix. In case of problems related to board, almost all the statements in the functional area of board came under the category of tolerable which indicates there were no such serious issues under this head.
- x. In case of procurement problems, all the statements fall in the category of tolerable except non-availability of laborers for procurement which came under

the category of risk. Getting trustworthy and hardworking laborers for procurement was a hurdle.

- xi. For the processing problems, three statements viz; lack of information in QR code, lack of proper storage facilities and unhygienic dressing plants obtained satisfaction indices of 20 percent under the category of negligible. Because the customers could avail all the information regarding the farmer, chick breed and egg weight etc by scanning the QR codes attached to it. They had proper storage facilities for the frozen meat and also maintained their dressing plants very hygienically. While two statements viz; QR codes expenditure and outlet maintenance came under the category of risk because the company had incurred high expenditure for it.
- xii. In case of problems in input supply, non-availability of equipment obtained tolerable category. While rest of the two statements viz; cost of medicines and unavailability of poultry feeds were under the category of risk. Higher cost and non-availability of feeds and medicines in accordance with the company needs was in risk category.
- xiii. For marketing problems, fund allocation from supporting agencies obtained a category of tolerable indicates the timely allocation of funds from supporting agencies to maintain proper working of the company. While two statements viz; high advertisement cost and competitors came under the category of risk. Cost fluctuations in the market were fall under the category of severe problems because an unpredictable market price fluctuation in turn affects their earnings and expectations.
- xiv. In case of other related problems, delay to get license approval obtained a category of severe problems because business expansions need registration and license from the approved authority. Delay in the approvals lead to postponement in the company expansion and operations which was a difficulty. While seasonal spread disease and unavailability of BV380 birds were came under the chronic problems. Seasonal spread diseases lead to the death of huge number of birds in the previous year which incurred losses and also unavailability of BV380 birds in accordance with the market demand also

created a big hurdle for the company. The composite index obtained for the functional problems was 45 percent came under the category of risk.

- xv. The overall index of problems faced by the company shows that, apart from the functional problems, all other problems viz; administrative and structural problems fall under the category of tolerable. While human resource related problems came under negligible category. But, functional problems obtained an index of 45 percent under the category of risk. The high indices obtained for statements of problems in processing, marketing and other related problems in turn gave a greater impact in the composite index of functional problems and fell in the risk category. Even though, the Venad Poultry Farmer Producer Company was facing major problems regarding with their functional aspects, the overall index obtained was 29 percent which was categorized under tolerable category.

## **5.2 Suggestions**

- a) The company may take efforts to utilize their current assets efficiently because increased current ratio beyond 3 indicates inefficient utilization of current assets. By utilizing the current assets efficiently, the company can increase their profit margin.
- b) The company may make an attempt to expand the prevailing seating facilities to include all the member farmers for common meetings which will bring down the rent expenses.
- c) Board of Directors may often involve in the day to day managerial issues of the company for the proper administration.
- d) Youngsters may be encouraged to join in the FPC and may elect to be the members of Board of Directors.
- e) The company may devise methods like deploying younger staff in the outlets which improve the operational efficiency.
- f) The company may evolve the possibilities of actively using their existing social network platform for advertising which is a cost free means to regular

rapport with the customers. And it helps to reduce excessive advertisement expenses.

- g) The company may develop a proper growth checking mechanism for birds in order to prevent seasonal diseases of chicks.
- h) The company may concentrate more towards the production of BV380 birds by their own member farmers so that they can overcome the major issue of unavailability of birds.
- i) The company may provide better facilities to the existing labourers so as to attract new labourers.
- j) The company may initiate the production of inputs like feeds, equipments etc. which will bring down the procurement expenses.

### **5.3 Conclusion**

The study entitled "Institutional interventions of Venad Poultry Farmer Producer Company in augmenting farm income" was carried out with the objectives of examining the structure and operations of Venad Poultry Farmer Producer Company (FPC), analysing the role of Farmer Producer Company in augmenting farm income and identifying the problems faced by the company.

The analysis of structure and operations of Venad Poultry Farmer Producer Company reveals that the company had a good structure in terms of human resource as well as company departments. While analyzing the operations of the company, simple growth rate, compound annual growth rate and ratio analysis were used. The operations of the company were studied under two heads viz; parameter wise and ratio wise analysis. The company was in its introductory stage ie; they were established during the mid of 2016. The data available was only up to 2018-19 from its established year (3 years). The share capital, deposits, sales, gross and net profits were having a positive growth. The borrowings of the company had decreased so far which indicates the operations of the company was good enough to repay its borrowings.

While analyzing the operations in terms of liquidity, high current ratio indicates the sound liquidity position of the company and also it could be explicable that the company was not using their current assets efficiently. Quick ratio was slightly above the industry average indicates that the company was fully equipped with enough assets to be instantly liquidated to pay off its current liabilities. Though in case of profitability, the operating margin and profit margin were very low because since the company was in its introductory stage, the expansions incurred a high establishment cost as well. But the basic earning power, return on equity and return on asset had increased so far. Although in terms of asset management, all the turnover ratios obtained values favourable to the company which indicates the efficient use of asset to generate income. But an increased DSO implies that the company took more days for the collection of its credit sales. While in terms of solvency or leverage, the debt-equity ratio was low means the overall debts of the company were less and in case of financial leverage, the company had low risk and less uncertainty in Return on Equity. That means the company had a stable position in its operations.

The role of Venad Poultry Farmer Producer Company in augmenting farm income was studied under two heads viz parameter wise and member satisfaction level wise. In case of parameter wise analysis, the extension services, input supply and prices were studied by comparing the same facilities provided by a private organization "Saguna" in the poultry sector from the same area of operations of the producer company.

From the parameter wise analysis, it was clear that the Venad Poultry Farmer Producer Company was providing inputs at affordable rates in comparison to private firm. The availability of inputs such as medicines, vaccines, poultry feeds and equipments were a greater relief to poorer farmers. The extension services provided by the company were for free of cost and it helped the farmers to acquire new knowledge and technologies that are adoptable to nurture birds. Therefore, it was clear that Producer Company runs under co-operative principle. The role of Venad Poultry FPC revealed was concern for community. Along with profit making, they were concerned for their farmers and helped them by providing an opportunity to get stable income and remunerative prices for their products. The cost-benefit analysis of

household farmers availing services from Venad Poultry FPC and Saguna Pvt. Ltd reveals that the farmers of FPC had obtained greater returns per bird in comparison with farmers availing services from Saguna private firm. The company helps the farmers to market their produce with a brand quality which in turn increases the market value and income for the farmers. The brand name "Venad Signature eggs and chicken" obtained national level acceptance and rewarded for their unique technology - source traceability. It had given a brand power to member farmers.

The role of Venad Poultry Farmer Producer Company in augmenting farm income was also studied by analyzing the member satisfaction level. The SERVQUAL model was used for the analysis and it consist of five parameters viz; tangibility, reliability, responsiveness, assurance and empathy. The index obtained for all these parameters were come under the category of excellent denotes the highest satisfaction level of members of the company. Among the five parameter, the empathy obtained highest satisfaction index of 96 percent which was above the overall satisfaction index of 95 percent. Empathy is the provision of caring, problem solving and individualized attention of the member farmers. Empathy could be included in the seventh principle of co-operation – concern for community.

Therefore, it could be summarized that from the parameter wise analysis and member satisfaction level analysis, the role of the company explicable was concern for community. The Venad FPC was cared for their member community and provided several facilities at affordable rates as well as free of cost which in turn helped in the augmenting farm income of their member farmers.

In order to have a detailed picture about the problems confronted by Venad Poultry Farmer Producer Company, the views of Board of Directors of the company regarding the operational and managerial problems were collected and analysed using index method and percentages. The operational and managerial problems were studied under various heads viz; administrative problems, structural problems, human resource related problems and functional problems. The administrative problems were further sub divided as problems related to board meeting, problems related to general body meeting and problems related to audit. And functional problems were also

further divided into problems in board, problems in input supply, procurement, processing, marketing and other related problems.

All the administrative problems and structural problems were occupied in the tolerable category. While human resource problem associated with the company was negligible. Among these problems, functional problems obtained a highest index of 45 percent falls under the risk category. Even though, the Venad Poultry Farmer Producer Company was facing major problems regarding with their functional aspects, the overall index obtained was 29 percent categorized under tolerable category. It indicates that the company was able to handle their existing barriers and problems over the years.

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## ***APPENDICES***

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## QUESTIONNAIRE FOR PRODUCER COMPANY

(Information collected through this survey is meant only for academic purpose)

### **Institutional interventions of Venad Poultry Farmer Producer Company in augmenting farm income.**

**1<sup>st</sup> Objective : To examine the structure and operations of Venad Poultry Farmer Producer Company.**

**Name of the**

**Institution:** \_\_\_\_\_

1. Address:
2. Date of registration:
3. Date of commencement of business:
4. Registered name:
5. Brand name:
6. Brief history of the institution:
7. Area of operation:
8. Objectives of the institution:
9. Functions of the institution:
10. Vision and mission:
11. Organisational structure:
12. Number of departments in the institution:
13. Membership:

<b>Types of Memberships</b>	<b>Eligibility Criteria</b>	<b>Value per share</b>	<b>No. of Members as on _____</b>

14. Number of members during establishment of the institution:
15. Maximum number of shares a member can hold:
16. Who is eligible to Vote?

17. How do you constitute the board?

18. Frequency of board meetings:

19. Frequency of general body meetings:

20. Financial position:

i) Sources of fund as on \_\_\_\_\_

a) Share capital

i) Authorized Share Capital	
ii) Paid Up Capital	
iii) From members	
iv) From Government	
v) From apex institution	

b) Deposits if any?

Category	Amount (Rs.)
From members	
From non-members	

c) Borrowings

Institutions	Amount borrowed (Rs.)	Rate of interest (%)	Repayment period	Amount repaid (Rs.)	Amount Outstanding (Rs.)
District Co-operative Bank					
Nationalised Banks					
Government					
NABARD					
Others					

d) Other Sources

Reserve fund	
Provisions	

Grants	
Other funds	

ii) Amount of profit/loss \_\_\_\_\_ as on \_\_\_\_\_

21. Investments

Year	Investment Avenues	Amount Of Investment (Rs.)	Return (Rs.)

22. Business activities for one full financial year

a) Procurement:

Sl.No	Item	Quantity (Per Month)	Cost Per Unit (Rs.)	Value (Rs.)
1.				
2.				
3.				
4.				

b) Processing:

Sl.No	Item	Quantity (Per Month)	Cost Per Unit (Rs.)	Value (Rs.)
1				
2				
3				
4				

c) Sales:

Sl.No	Item	Quantity (Per Month)	Price Per Unit (Rs.)	Value(Rs.)
1				
2				
3				
4				

23. Facilities provided to the members:

i) Infrastructure:

a) Whether the company is providing any storage facilities:

Yes  No

b) If yes, for which produce/products?

- 
- 
- 

c) What are the types of storage facilities provided?

Cold storages  Godowns  Others (Specify)

d) Details of storage units:

Storage facility	No. of units	Capacity per unit	Owned/Rent/Lease	Cost incurred (Rs.)
Cold storage				
Godowns				
Others				

e) Are there any processing plants in the institution?

Yes

No

f) If yes, what are they?

- 
- 
- 
- 
- 

ii) Transportation (procurement methods) :

a) Does the institution own any vehicles?

Yes

No

b) If yes, how many?

iii) Extension services:

a) Does the institution offers any extension services to its members?

Yes

No

b) If yes, what are they?

- Seminars
- Awareness programmes
- Training
- Others (specify)

24. Institutional linkages

<b>Institution</b>	<b>Nature Of Linkage</b>	<b>Benefits Obtained</b>

25. Whether any kind of technologies are used in the production

Yes

No

26. If yes, what are the technologies:

27. Staffing pattern

a) Total no. of employees:

b) No. of male and female employees:

Male:..... Female:.....

28. Whether any training is provided to the employees:

Yes  No

29. Institutional support given to farmers:

a) Input supply:

b) Storage facility:

c) Transportation:

d) Financial support

e) Training:

f) Labourers:

g) Others:

30. Whether loans are provided to members:

Yes  No

31. If yes, kindly furnish the loan details;

32. Whether any value addition takes place in the company:

Yes  No

33. If yes, what are the value added products

- 
- 

34. Marketing channels:

a)

b)

c)

35. Marketing costs incurred by the company:

Sl.No	Products	Cost incurred (Rs.)
1		
2		



36. Is there any direct sales?

Yes  No

37. Do you have any retail outlets?

Yes  No

38. Institution logo and tag line:

39. Promotional activities undertaken:

40. Difficulties faced in marketing the products:

41. Pricing strategies:

42. Major competitors in the market:

43. Methods adopted to overcome the competition:

44. Who are the target consumers:

45. Further extension plans, if any:

46. SWOC analysis of the institution

47. Problems and suggestions if any.

## STRUCTURED INTERVIEW SCHEDULE FOR MEMBER FARMERS

(Information collected through this survey is meant only for academic purpose)

### Institutional interventions of Venad Poultry Farmer Producer Company in augmenting farm income.

**2<sup>nd</sup> Objective : To analyse the role of Venad Poultry Farmer Producer Companies in augmenting farm income.**

#### SOCIO-ECONOMIC PROFILE

1. Name:
2. Age:  
18-28  29-39  40-50  Above 50
3. Gender:  
Male  Female
4. Religion  
Hindu  Muslim  Christian
5. Caste  
General  OBC  OEC  SC/ST
6. Marital status:  
Single  Married  Widowed  Separated
7. Educational qualification:  
Illiterate  Primary  Secondary  HSE   
Graduate  Post Graduate  Others (Specify).....
8. Primary Occupation:  
Self employed  Wage employed  Unemployed
9. Monthly income:  
Below 10,000  10,000-20,000  21,000-31,000  Above  
31,000

## MEMBER SATISFACTION

Sl.No	Statements	Responses				
		SA	A	MA	DA	SDA
	<p><b>Tangibility</b></p> <ol style="list-style-type: none"> <li>1. Company locates in an accessible place</li> <li>2. Company surroundings are neat and clean</li> <li>3. Company building has sufficient space</li> <li>4. Seating facility provided by the company is sufficient</li> <li>5. Company premises are adequately ventilated</li> <li>6. Hygienic rest area and wash rooms</li> <li>7. Separate washrooms for males and females</li> <li>8. Pure drinking water facilities</li> <li>9. The storage facilities provided by the company are satisfactory</li> <li>10. Availability of appropriate and adequate machineries for processing and production</li> <li>11. Modern technology / equipments used</li> <li>12. Printed materials are visually appealing</li> <li>13. Notice of General Body meeting stating the place, date and hour of the meeting together with the agenda shall be given to every member as may be prescribed</li> </ol>					
	<p><b>Reliability</b></p> <ol style="list-style-type: none"> <li>1. Accurate and error free records</li> <li>2. Company ensures Information reliability</li> <li>3. Company shows sincere interest in dealing farm related problems</li> <li>4. Company gives technological advices regarding the poultry management</li> <li>5. Company is honest towards its members</li> </ol>					

	<ol style="list-style-type: none"> <li>6. Company employees possess self-responsibility through commitment, dedication and sincerity in work</li> <li>7. Company didn't show undue favour of any kind to anyone</li> <li>8. Company always ensures one vote per member irrespective of their shareholding or patronage of the Producer Company</li> <li>9. The pricing strategy adopted by the company is good</li> <li>10. The farmers are able to handle their total expenditure in poultry farming</li> <li>11. Value addition has increased the income of farmers and the market demand of the products</li> <li>12. Market accessibility has been increased</li> <li>13. Marketing cost has been reduced</li> </ol>					
	<p><b>Responsiveness</b></p> <ol style="list-style-type: none"> <li>1. Company employees inform members when new policies are adopted</li> <li>2. Company ensures the competency of the members while giving membership</li> <li>3. Company employees give quick responses and answer queries to the members</li> <li>4. Company employees are always willing to help their members</li> <li>5. Meetings of the Board shall be held not less than once in every three months and at least four such meetings shall be held in every year.</li> <li>6. Annual general body meeting of the</li> </ol>					

	<p>company shall be held within a period of nine months of close of financial year</p> <p>7. Company conducts election in every 5 years</p>					
	<p><b>Assurance</b></p> <ol style="list-style-type: none"> <li>1. The behaviors of company employees instill confidence in members</li> <li>2. The company assures safety in their transactions and operations</li> <li>3. Company procedures and services informed are satisfactory</li> <li>4. Company gives awareness regarding the policies</li> <li>5. Company policies are flexible and adoptable</li> <li>6. Procedure for implementing company policies are acceptable</li> <li>7. Company provides education and training to its members</li> <li>8. Company conducts seminars and awareness programmes</li> <li>9. Payment of patronage bonus given by the company out of its surplus income to the members in proportion to their respective patronage is satisfactory.</li> <li>10. The company does not have any unaddressed issues regarding member needs</li> <li>11. Marketed surplus has been increased since the incorporation of company</li> <li>12. Members are having enough marketable surplus</li> <li>13. The farm income of the member farmers has been increased after the incorporation of the</li> </ol>					

	<p>company</p> <p>14. The cost of production has been reduced so far</p>					
	<p><b>Empathy</b></p> <ol style="list-style-type: none"> <li>1. Company employees are polite</li> <li>2. They greet well and give priority</li> <li>3. All queries are answered within reasonable time</li> <li>4. Company employees gives special attention to the members than non-members</li> <li>5. Company employees treat the members equally without any discrimination of gender, caste, religion etc.</li> <li>6. Company financially assist or organise activities beneficial to entire community</li> <li>7. Company gives input supply like fertilizers, machineries etc at a subsidized rate.</li> <li>8. The procurement methods adopted by the company are adequate</li> <li>9. Company helps the members to reduce their transportation cost</li> <li>10. Company provides insurance to protect the farmers from unpredictable losses</li> <li>11. Company provides a better platform for the member farmers to sell their products directly at a remunerable price.</li> <li>12. Company helps the farmers to get rid off from the clutches of middlemen.</li> </ol>					

SA- Strongly Agree, A-Agree, MA-Moderately Agree, DA-Disagree, SDA-Strongly Disagree

## STRUCTURED INTERVIEW SCHEDULE FOR BOARD OF DIRECTORS

(Information collected through this survey is meant only for academic purpose)

### Institutional interventions of Venad Poultry Farmer Producer Company in augmenting farm income.

**3<sup>rd</sup> Objective : To identify the problems faced by the company.**

#### SOCIO-ECONOMIC PROFILE

1. Name:
2. Age:  
18-28  29-39  40-50  Above 50
3. Gender:  
Male  Female
4. Religion  
Hindu  Muslim  Christian
5. Caste  
General  OBC  OEC  SC/ST
6. Marital status:  
Single  Married  Widowed  Separated
7. Educational qualification:  
Illiterate  Primary  Secondary  HSE   
Graduate  Post Graduate  Others (Specify).....
8. Primary Occupation:  
Self employed  Wage employed  Unemployed
9. Monthly income:  
Below 10,000  10,000-20,000  21,000-31,000   
Above 31,000

**ADMINISTRATIVE PROBLEMS RELATED WITH BOARD MEETINGS**

Sl.No.	Statements	SA	A	MA	DA	SDA
1	Board meetings are not conducted regularly					
2	Notice of board meetings were not received in time					
3	Agenda for the board meetings not intimated in advance					
4	Documents/ information for deliberations in board meetings are not circulated in advance					
5	Board meetings usually resorted to ad hoc decisions					
6	Board meetings were suspended due to insufficient quorum					
7	Board meetings were conducted even without quorum in exceptional cases					
8	Board meetings were inconclusive of agenda of meetings					
9	Rare involvement in day to day managerial issues of the company					
10	Seldom monitor the implementation of decisions of board meeting					

SA- Strongly Agree, A-Agree, MA-Moderately Agree, DA-Disagree, SDA-Strongly Disagree



**ADMINISTRATIVE PROBLEMS RELATED WITH ANNUAL GENERAL  
BODY MEETINGS**

<b>Sl.No.</b>	<b>Statements</b>	<b>SA</b>	<b>A</b>	<b>MA</b>	<b>DA</b>	<b>SDA</b>
1	GB meetings are not conducted regularly					
2	Failed to circulate GB notice in time					
3	Agenda for the GB meetings not intimated in advance					
4	Documents/ information for deliberations in GB meetings are not circulated in advance					
5	Occasional attendance in the GB meetings					
6	Rare involvement of members in the discussions in the GB meetings					
7	GB meetings were conducted even without quorum in exceptional cases					
8	GB meetings were inconclusive of agenda of meetings					
9	Delay in implementing decisions of GB					
10	GB meetings usually resorted ad hoc decisions					
11	GB meetings were suspended due to insufficient quorum					

SA- Strongly Agree, A-Agree, MA-Moderately Agree, DA-Disagree, SDA-Strongly Disagree

**ADMINISTRATIVE PROBLEMS RELATED WITH AUDIT**

<b>Sl.No.</b>	<b>Statements</b>	<b>SA</b>	<b>A</b>	<b>MA</b>	<b>DA</b>	<b>SDA</b>
1	Delay in conducting annual audits					
2	Delay in rectification of audit defects					
3	Inquiry was ordered based on audit report/other person					

SA- Strongly Agree, A-Agree, MA-Moderately Agree, DA-Disagree, SDA-Strongly Disagree

### STRUCTURAL PROBLEMS

Sl.No.	Statements	SA	A	MA	DA	SDA
1	Unethical and poor management practices					
2	Heavy dependency on government capital rather than shareholder's contribution					
3	Lack of new technologies					
4	Restrictive laws					
5	Existence of multiple regulations					
6	Corruption in practices					
7	Bureaucracy in administration					
8	Predominance of vested interest of a particular group					
9	Over politicization and excess government control					
10	Absence of regular performance appraisal of employees					

SA- Strongly Agree, A-Agree, MA-Moderately Agree, DA-Disagree, SDA-Strongly Disagree

### HUMAN RESOURCE RELATED PROBLEMS

Sl.No.	Statements	SA	A	MA	DA	SDA
1	Employees do not addresses the grievances raised by the members					
2	Employees do not motivate member participation in business					
3	Disinterest to evaluate performance of employees regularly					
4	Low employee participation in both business and management					
5	Employees meeting were not convened in emergency situations					

SA- Strongly Agree, A-Agree, MA-Moderately Agree, DA-Disagree, SDA-Strongly Disagree

**FUNCTIONAL PROBLEMS**

Statements	SA	A	MA	DA	SDA
<b>Problems in board</b>					
Board is not responsible for formulating, supervising and monitoring the performance of PC					
Board act on the areas reserved for General Body					
Board exercise executive powers					
Board has no role in determination of the dividend payable					
Do not pursue and formulate the organizational policies, objectives, establish long term and annual objectives and approve corporate strategies and financial plans					
Do not ensure proper books are maintained					
Do not ensure that annual accounts are placed before the Annual General Meeting (AGM) with the auditors' report.					
<b>Problems in input supply</b>					
Non availability of sufficient poultry equipments					
High cost for poultry medicines and vaccines.					
Non-availability of high nutritional poultry feeds					
<b>Problems in procurement</b>					
Non-availability of sufficient transportation facility for procurement of materials					
Increased transportation cost is a hurdle for the company					
Non availability of labourers for procurement					
Insufficient space for the storage of procured					

materials					
<b>Problems in processing</b>					
Incorporation of source traceability technology incurred huge expenses for the company					
Lack of sufficient information in QR codes					
High expenditure for hologram and QR codes implementation					
Lack of proper storage facilities for frozen meats					
Unhygienic dressing plants					
Improper managements in different branches					
Outlets maintenance incurred high cost					
<b>Problems in marketing</b>					
Advertisement cost is high					
Existence of competitors in poultry sector					
Delay in fund allocation by supporting agencies					
Cost fluctuations in the market is a great difficulty					
<b>Other related problems</b>					
Seasonal spread diseases in day old chicks					
Unavailability of BV380 chicks as per requirements					
Delay in the license approval					

SA- Strongly Agree, A-Agree, MA-Moderately Agree, DA-Disagree, SDA-Strongly Disagree.

*ABSTRACT*

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**INSTITUTIONAL INTERVENTIONS OF VENAD POULTRY  
FARMER PRODUCER COMPANY IN AUGMENTING FARM  
INCOME**

**By**

**SONI SOLAMAN  
(2018-15-004)**

**ABSTRACT OF THE THESIS**

*Submitted in partial fulfillment of the requirement for the degree of*

*Master of Science in Co-operation & Banking*  
**(Co-operative Management)**

**Faculty of Agriculture**

**Kerala Agricultural University**



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2020**

**KERALA AGRICULTURAL UNIVERSITY**  
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**DEPARTMENT OF CO-OPERATIVE MANAGEMENT**

**Topic: Institutional interventions of Venad Poultry Farmer Producer Company  
in augmenting farm income**

**ABSTRACT**

India is an agriculture based country, where 60.4% of the population is engaged in agriculture and allied activities. India has over 92 million small holdings or nearly 21% of the world's small holdings of 450 million (NABARD reports, 2019). The challenge was therefore enormous for India to ensure that small holdings are truly productive and are the main source of livelihoods for millions of people dependent on it. Several institutional models were being tried in India as well as in Kerala to integrate farmers with the value chain. In 2002, through an amendment in the Indian Companies Act, 1956, the Government of India incorporated a new section IXA "Producer Company". The basic purpose of the Producer Company is to collectivise the farmers or producers for backward linkage such as inputs like seeds, fertilisers, credit, insurance, knowledge and extension services and forward linkages such as collective marketing, processing, market led agriculture production etc.

The objectives of the study were to examine the structure and operations of Venad Poultry Farmer Producer Company (FPC), to analyse the role of Farmer Producer Company in augmenting farm income and to identify the problems faced by the company. By considering the accomplishment of thesis works amidst of COVID - 19 outbreaks, Kollam district was selected for the study.

The analysis of structure and operations of Venad Poultry Farmer Producer Company revealed that company had a good structure in terms of human resource as well as company departments. While analyzing the operations of the company, simple growth index, compound annual growth rate and ratio analysis were used. The operations of the company were studied under two heads; parameter wise and ratio

wise analysis. The company was in its introductory stage ie; established during the mid of 2016. The share capital, deposits, sales, gross and net profits were having a positive growth. The borrowings of the company had decreased so far which indicates the operations of the company was good enough to repay its borrowings. While analyzing the operations in terms of liquidity, profitability, asset management, and leverage, the company had a stable position in its operations.

The role of Venad Poultry Farmer Producer Company in augmenting farm income was studied under two heads; parameter wise and member satisfaction level wise. In case of parameter wise analysis, the extension services, input supply and prices were studied by comparing the same facilities provided by a private organization "Saguna" established during 2017 dealing with poultry from the same locality of Producer Company. From the parameter wise analysis it was clear that the Venad Poultry Farmer Producer Company was providing inputs at affordable rates in comparison to private firm. The availability of inputs such as medicines, vaccines, poultry feeds and equipments were a greater relief to poorer farmers. The extension services provided by the company were free of cost and it helped the farmers to acquire new knowledge and technologies that were adoptable to nurture birds. Therefore it was clear that Producer Company runs under co-operative principle. The cost-benefit analysis of household farmers availing services from Venad Poultry FPC and Saguna Pvt. Ltd reveals that the farmers of FPC had obtained greater returns per bird in comparison with farmers availing services from Saguna private firm. The company helps the farmers to market their produce with a brand quality which in turn increases the market value and income for the farmers. The brand name "Venad Signature eggs and chicken" obtained national level acceptance and rewarded for their unique technology - source traceability. In view of member satisfaction, the SERVQUAL model was used for the analysis and it consist of five parameters viz; tangibility, reliability, responsiveness, assurance and empathy. Among the five parameter, the empathy obtained highest



satisfaction index of 96 percent. Empathy could be included in the seventh principle of co-operation – concern for community.

The problems confronted by Venad Poultry Farmer Producer Company were studied from the view of Board of Directors of the company. The data were collected and analysed using index method. The problems were categorized as negligible, tolerable, risk, severe and chronic. The problems were sub divided into administrative problems, structural problems, human resource related problems and functional problems. The administrative problems were further sub divided as problems related to board meeting, problems related to general body meeting and problems related to audit. The functional problems were also further divided into problems in functional area of board, problems in procurement, processing, input supply, marketing and other related problems. The overall index obtained was categorized under tolerable category. It indicates that the company was able to handle their existing barriers and problems over the years. Therefore it could be concluded that Venad Poultry Farmer Producer Company had a greater role in augmenting the farm income of its member farmers.

