



Leading Issues in **AGRIBUSINESS**

Prof. M. Devaraj Felicitation Volume

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Farmer Producer Companies-An Institutional Innovation for Agribusiness

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PROLOGUE

We are living in the volatile, uncertain, complex and ambiguous (VUCA) world. We are also witnessing structural and legal transformations in the forms of business organisations. Hitherto, we were classifying the businesses as primary, secondary and tertiary sectors. Based on the area of operation we also classified businesses as rural business and urban business. However, the changing scenario in the business world narrows down the gaps. Likewise, the ownership pattern of business is also changing rapidly. Indian business laws permit sole proprietorship, partnership, private limited company, public limited company, government corporations, joint Hindu family business, Self-help Groups, and the cooperatives. The cooperatives were in the hands of government machinery for more than a century. Of late, like any other business enterprises, cooperatives also want to enjoy the freedom from the officialisation and politicisation. Such transformations were crystallized in the form of self-help groups, self-reliant cooperatives and Producers' Companies which are considered to be the new cooperative form of organisation.

BACKGROUND AND JUSTIFICATION FOR PRODUCER COMPANY

The Central Government has constituted a High Level Committee on November 1, 1999 to draft a legislative framework to enable the formation of cooperative business as companies and to convert existing cooperative business into companies under a regulatory framework similar to that of private limited companies, under the Chairmanship of Dr. Y.K. Alagh, Economist and former Union Minister. The Committee submitted its Report to the Government (Department of Company Affairs) on March 15, 2000. On