International Journal of Global Research Innovations & Technology (IJGRIT)
ISSN : 2583-8717, Impact Factor: 6.972, Volume 03, No. 02, April-June, 2025, pp 83-85

Management & Sustainable Business Practices in Farmer Producer Companies in Maharashtra

Harshal.S.Deshmukh[1*] | Argade Sanjay Laxman[2] | Sourabh. S.Ambewadikar[3]

[1]Assistant Professor, Maratha Vidya Prasarak Samaj'sInstitute of Management Research & Technology (I.M.R.T.), Nashik, Maharashtra, India.
[2]Professor, K.J.Somaiya College of Arts, Commerce and Science, Kopargaon, Maharashtra, India.
[3]Adjunct Faculty, Maratha Vidya Prasarak Samaj'sInstitute of Management Research & Technology (I.M.R.T.), Nashik, Maharashtra, India.

*Corresponding Author: abhiyansai@gmail.com

ABSTRACT

Farmer Producer Companies (FPCs) have emerged as a transformative institutional model aimed at addressing the challenges faced by small and marginal farmers in India. In the state of Maharashtra, where agriculture is both a crucial economic activity and a livelihood source for a majority of the rural population, FPCs play an increasingly significant role in facilitating collective farming, value addition, and improved market access. This research paper examines the management strategies and sustainable business practices adopted by FPCs in Maharashtra, with the objective of evaluating their effectiveness in fostering long-term viability, profitability, and socio-environmental responsibility. The study employs a mixed-methods approach, combining qualitative case studies of select FPCs across diverse agro-climatic zones in Maharashtra with quantitative data gathered through structured interviews, field surveys, and analysis of secondary data sources. Key areas of investigation include internal governance and leadership models, financial management, stakeholder engagement, capacity-building initiatives, and environmental practices such as resource conservation, climate-resilient agriculture, and organic farming. Findings suggest that the success of FPCs is closely tied to transparent governance, professional management, robust market linkages, and continuous support from governmental and non-governmental institutions. Sustainable business practices are observed to be more prevalent in FPCs that have invested in member education, technology adoption, and decentralized decision-making. However, challenges persist, including limited access to credit, infrastructural bottlenecks, and inadequate managerial capacities among board members. The study concludes that for FPCs to truly become engines of inclusive rural development and sustainable agriculture, there is a need for a multi-stakeholder approach that strengthens institutional frameworks, provides targeted capacity-building programs, and fosters innovation in sustainable agriculture. Policy recommendations include enhancing financial literacy among FPC members, incentivizing sustainable practices, and improving coordination between FPCs, government schemes, and private sector partners. This paper contributes to the growing body of literature on rural agribusiness models by providing insights into the intersection of cooperative management and sustainability, offering a pathway for scalable and resilient agricultural development in Maharashtra and beyond.

***Keywords**: Sustainable Business Practices, FPCs, Infrastructural Bottlenecks, Rural Development, Multi-Stakeholder.*

Introduction

The Indian agricultural sector, characterized by small and marginal landholdings, faces structural inefficiencies that hinder productivity and farmer profitability. In response, Farmer Producer Companies (FPCs) have emerged as a collective institutional mechanism to empower farmers by improving access to inputs, markets, credit, and information. Maharashtra, with a diverse agro-climatic landscape and significant farmer populations, has witnessed rapid growth in the formation of FPCs. However, the long-term viability of these entities depends largely on their internal management systems and adherence to sustainable business practices. This study aims to fill a critical gap in the literature by systematically analyzing how management and sustainability interact within the operational models of FPCs in Maharashtra.

Literature Review

Existing literature underscores the significance of collective action in enhancing agricultural productivity and income stability among smallholders. Trebbin and Hassler (2012) discuss the potential of FPCs as hybrid organizations that combine the economic benefits of cooperatives with the legal structure of companies. Similarly, studies by Birthal et al. (2015) and Barham and Chitemi (2009) highlight the need for strong institutional support and capacity-building to ensure FPC success. However, limited research has focused on the integration of sustainability principles in the governance and operational strategies of FPCs, particularly in the context of Maharashtra.

Methodology

This study adopts a mixed-methods approach combining quantitative and qualitative data:

- **Sampling:** Ten FPCs across five districts in Maharashtra were purposively selected based on crop diversity, age of establishment, and market engagement.
- **Data Collection:** Primary data were collected through structured interviews with FPC board members, CEOs, and member farmers. Secondary data sources included NABARD reports, state government databases, and academic publications.
- **Analysis:** Thematic analysis was conducted for qualitative data, while descriptive statistics and SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis were applied to quantitative findings.

Results and Discussion

Governance and Management Structures

Most FPCs follow a formal governance model with elected boards, yet board effectiveness varies significantly. High-performing FPCs invest in regular training, clear role definitions, and participatory decision-making. However, many boards lack technical knowledge and strategic vision, relying heavily on external facilitators.

Sustainable Business Practices

- **Environmental Sustainability:** Leading FPCs promote organic farming, water conservation, and integrated pest management. Initiatives include the adoption of drip irrigation, composting, and afforestation drives.
- **Social Sustainability:** FPCs that actively engage women and marginalized communities demonstrate higher social cohesion and improved outcomes. Capacity-building workshops and financial literacy programs are increasingly common.
- **Economic Sustainability:** Diversification into processing, branding, and value-added services enhances financial stability. Direct marketing channels, such as e-NAM and private retail partnerships, improve price realization.

Challenges

Despite progress, FPCs encounter multiple barriers:

- **Financial Constraints:** Limited working capital and difficulty accessing institutional credit.
- **Skill Gaps:** Lack of managerial and entrepreneurial skills among board members.
- **Regulatory Hurdles:** Complex compliance requirements deter operational efficiency.
- **Market Volatility:** Price fluctuations and competition from established agri-businesses threaten sustainability.
- **Case Study: Sahyadri Farms**

Sahyadri Farms, based in Nashik, exemplifies best practices in FPC management and sustainability. With over 10,000 members, it integrates forward and backward linkages, quality assurance, and export-oriented strategies. The FPC has adopted traceability technologies, professional management, and inclusive governance, making it a model for replication.

- **Adarsh FPC – Small Steps, Big Impact**

Adarsh FPC, operating in the drought-prone region of Solapur, may not be large in scale, but its impact is deeply felt. By focusing on organic farming and traditional drought-resistant crops like millets, Adarsh has turned adversity into opportunity. The FPC runs workshops on natural farming and soil health, which has not only improved yields but also reduced dependency on chemical inputs. Women members play a pivotal role in the FPC's activities, from bookkeeping to marketing, contributing to a sense of ownership and empowerment.

- **Pragati Shetkari FPC – Youth-Led Transformation**

Based in Yavatmal, one of the more economically challenged districts of Maharashtra, Pragati Shetkari FPC is breaking stereotypes. What makes this FPC stand out is its youth-led management. A group of young, tech-savvy farmers initiated the use of mobile-based crop advisory apps and direct-to-consumer platforms. Their move to digitize procurement and sales has helped reduce costs and improve transparency. The FPC also facilitates collective leasing of farm machinery, reducing individual financial burdens.

- **Krushimitra FPC – From Local to Global**

  Krushimitra FPC in Ahmednagar has gradually grown into a significant player in onion and garlic exports. What started as a basic aggregation group is now linked with international buyers. With assistance from local NGOs and a dedicated FPC board, the company built storage facilities to reduce post-harvest losses. Strategic partnerships with agri-tech startups have enabled them to access weather forecasts, pest alerts, and soil nutrition data, which has greatly improved productivity.

Policy Implications and Recommendations

To truly unlock the potential of Farmer Producer Companies in Maharashtra, we need more than just good intentions—we need action that meets farmers where they are. Here are a few focused, practical steps that can make a big difference:

- **Simplify and Standardize Training:** Let's move beyond generic workshops. FPC board members need hands-on training that's tailored to their realities—think local languages, real-life case studies, and digital tools.
- **Make Credit Accessible and Friendly:** Financial support shouldn't feel like a maze. Creating FPC-specific credit lines, coupled with risk-sharing models or guarantees, can ease the burden of accessing capital.
- **Reward Sustainability:** FPCs that go the extra mile—whether it's through water conservation, inclusive hiring, or organic practices—deserve incentives, recognition, and access to new markets.
- **Digitize Compliance:** Bureaucratic hurdles can break the back of small FPCs. Simple, mobile-friendly digital tools can make tax filings, audits, and licensing much more manageable.
- **Encourage Value Chain Partnerships:** Private companies, NGOs, and government bodies should be encouraged to build win-win partnerships with FPCs, offering everything from technical guidance to market access.

Conclusion

Farmer Producer Companies in Maharashtra aren't just a policy experiment—they're a growing movement that's changing lives on the ground. These are farmer-led businesses navigating complex terrain with determination and, in many cases, remarkable innovation. Yes, the road is still bumpy—finances are tight, skills are uneven, and red tape is real. But the potential is undeniable. With the right mix of support—smart policies, meaningful training, and inclusive partnerships—FPCs can drive lasting change in rural economies. As we look ahead, embracing digital tools and tracking long-term impact will be key to scaling up this model for a more sustainable and equitable future.

References

1. Trebbin, A., & Hassler, M. (2012). Farmers' producer companies in India: A new concept for collective action? Environment and Planning A, 44(2), 411-427.
2. Birthal, P. S., Jha, A. K., & Singh, H. (2015). Linking farmers to markets for high-value agricultural commodities. Agricultural Economics Research Review, 28(1), 1-13.
3. Barham, J., &Chitemi, C. (2009). Collective action initiatives to improve marketing performance: Lessons from farmer groups in Tanzania. Food Policy, 34(1), 53-59.
4. NABARD (2020). Status of Farmer Producer Organizations in India. National Bank for Agriculture and Rural Development.
5. SFAC (2021). Operational Guidelines for FPCs. Small Farmers Agribusiness Consortium, Ministry of Agriculture, Government of India.