

Problems and Constraints Faced by Farmer Producer Company in India with Special Reference to Poultry Sector of Kerala

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Abstract:- This research paper examined the problems and constraints faced by Farmer Producer Company (FPC) in India. The Venad Poultry Farmer Producer Company from Kollam district of Kerala was selected for the study. The company was a well renowned producer organisation established in the year 2016 and famous for India's first unique source traceability technology, where the customers could trace the details of meats and eggs provided by the company in the brand name of "Venad Signature eggs and meat". Apart from this, the company was focused in the sale of poultry inputs like medicines, vaccines, feeds and equipments. The company was also dealing with supply of high yielding and disease resistant BV380 chicks. The company is supported by National Bank for Agriculture and Rural Development (NABARD) and Kerala Agricultural University (KAU).

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 study was solely depended on primary data obtained from the structured interview schedule. The responses to questions were plotted on a five point Likert scale and problems were categorized as Chronic, Severe, Risk, Tolerable and Negligible. The scores assigned to the scale of rating were 5,4,3,2, and 1 respectively. Percentages and Index method were used for analysis.

Keywords:- FPC- Farmer Producer Company, administrative problem, structural problem, functional problem, human resource problems.

I. INTRODUCTION

Commercial poultry farming is very necessary to meet the demand of animal nutrition. 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. This 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.

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. In this contest, it is important to study the problems and constraints faced by the Farmer Producer Company.

II. MATERIALS AND METHODS

The present study was analytical in nature. The study was solely based on primary data obtained from Board of Directors of the company through structured interview schedule. Index method, Likert scale and percentages were used for the analysis of data obtained.

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

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.

Classification of operational and managerial problems

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

III. RESULTS AND DISCUSSIONS

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.

Characteristics		Members
Age (in years)	18-28	0
	29-39	0
	40-50	5 (100)
	>50	0
	Total	5 (100)
Gender	Male	4(80)
	Female	1(20)
	Total	5 (100)
Religion	Hindu	5(100)
	Muslim	0
	Christian	0
	Total	5 (100)
Caste	General	5(100)
	OBC	0
	OEC	0
	SC/ST	0
	Total	5 (100)
Marital status	Single	0
	Married	5(100)
	Widowed	0
	Separated	0
	Total	5 (100)
Education	Illiterate	0
	Primary	0
	Secondary	0
	HSE	0
	Degree	5(100)
	Post graduate degree	0
	Others	0
	Total	5 (100)
Occupation	Self employed	2(40)
	Workers	3(60)
	Unemployed	0
	Total	5 (100)
Monthly income (Rs.)	<10000	0
	10000-20000	5(100)

	21000-31000	0
	>31000	0
	Total	5 (100)

Table 1:- Socio-economic profile of Board of Directors of Venad FPC
 Note: Figures in the bracket denotes percentage to the total
 Source: Compiled from primary survey

Table 1 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.

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

I. 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.

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
	Composite index		30	

Table 2:- Administrative problems related with Board meetings
 Source: Compiled from primary survey

Table 2 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 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.

II. 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.

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 in exceptional cases	5	20	Negligible
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
Composite index			25.5	

Table 3:- Administrative problems related with General Body meetings
Source: Compiled from primary survey

It is clear from the table 3 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.

III. 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.

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
Composite index			33.3	

Table 4:- Administrative problems related with Audit
Source: Compiled from primary survey

It is understandable from the table 4 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.

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.

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
Composite index			23	

Table 5 Structural problems perceived by Board of DirectorsSource: Compiled from primary survey

It is clear from the table 5 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.

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.

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
Composite index			20	

Table 6:- Human resource related problems perceived by Board of Directors
Source: Compiled from primary survey

It is evident from the table 6 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.

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.

Statements	Score	Index	Classification
Problems in board			
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
Problems in input supply			
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
Problems in procurement			
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
Problems in processing			
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 meets	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
Problems in marketing			
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
Cost fluctuations in the market is a great difficulty	20	80	Severe
Other related problems			
Seasonal spread diseases in day old chicks	25	100	Chronic
Unavailability of BV380 chicks as per requirements	22	88	Chronic
Delay in the license approval	18	72	Severe
Composite index		45	

Table 7:- Functional problems perceived by Board of Directors
Source: Compiled from primary survey

It is understandable from the table 7 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. 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.

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 unavailability 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.

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

Problems	Index	Classification
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
Overall Index	29	Tolerable

Table 8:-Overall index of problems faced by the Venad FPC

It is clear from the table 8 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.

IV. CONCLUSION

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 overall index of 29 percent fall under the category of tolerable.

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