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Awareness among farmers and economic aspects about Mangrol groundnut producer company Ltd. of Junagadh district

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Abstract
The producer company is a hybrid of cooperative society and private limited company. The producer company is limited by share capital. The shares of the company are not publically tradable. It is transferable only to the members of the company by taking the permission of the Board of Directors. Tabular method was used to measure the economic aspects of MMPC. Two stages sampling technique was used for selection of sample farmers. The statistical tools adopted for the analysis of data regarding awareness among farmers about MMPC was probit model.
It is revealed that the awareness among farmers about MMPC was influenced by education level found highly significant and institutional participation, extension agency contact of farmers and habit of reading newspaper were significant at 5 per cent. From the study of cost and return of groundnut processing, it was observed that business of value addition was profitable for the MMPC by traditional method done through process outsourcing. However, it would be more profitable by adopting its own processing plant by traditional method.

Keywords: Producer company, economic aspects

Introduction
Until recently, The Companies Act, 1956 has recognized three types of companies: viz; Companies limited by share capital, Companies limited by guarantee and Unlimited companies that mean the liability of members is not limited up to the share capital paid by him but it is unlimited. From 2002, The Companies (Amendment) Act, 2002 has introduced a fourth type of the company that is Producer Company. The producer company is a hybrid of cooperative society and private limited company. The producer company means a group or a company of primary producer. The producer company is especially in context of farmers. The producer company is also known as Farmer Producer Organization (FPO) (Anon., 2014) [2].
The producer company is limited by share capital. The shares of the company are not publically tradable. It is transferable only to the members of the company by taking the permission of the Board of Directors. Only farmers can get membership in the producer company. The condition to get the membership is that the person should engaged with farming whether he/she has own land or leased land. The new concept of producer companies is based on the recommendations of an expert committee led by noted economist, Y. K. Alagh. The committee was asked to frame a legislation that would enable incorporation of cooperatives as companies and conversion of existing cooperatives into companies and to ensure that the proposed legislation accommodated the unique elements of cooperative business with a regulatory framework similar to that of companies. The new type is termed as ‘Producer Company’, to indicate that only certain categories of persons can participate in the ownership of such companies. The members have necessarily to be `primary producers,' that is, persons engaged in an activity connected with, or related to, primary produce.

Objectives of the Producer Company
The more important being: Production, harvesting, procurement, grading, pooling, handling, marketing, selling, export of primary produce of members or import of goods or services for their benefit, Processing including preserving, drying, distilling, canning and packaging of produce of its members and Manufacture, sale or supply of machinery, equipment or consumables mainly to its members (Anon., 2003) [1].

State wise Producer Companies registered in India
First Producer Company was registered at Aluva of Kerala state named Indian Organic Farmers’ Producer Company Ltd. It produces organic products and only producer with organic

certifications are members of the producer company (Venkattakumar and Sontakki, 2012) [7]. In May 2019, total 816 producer companies in twenty states are registered and 81 produce companies are under the process of registration in India under The Companies (Amendment) Act, 2013 as under:

Table 1: State wise Producer Companies Status in May 2019

Sr. No.	Name of State	No. of FPCs		Total	Sr. No.	Name of State	No. of FPCs		Total
		Registered	Under the process of registration				Registered	Under the process of registration	
1	Andhra Pradesh	7	6	13	15	Maharashtra	99	6	105
2	Arunachal Pradesh	2	4	6	16	Manipur	6	2	8
3	Assam	12	6	18	17	Meghalaya	3	1	4
4	Bihar	29	7	36	18	Mizoram	1	1	2
5	Chhattisgarh	26	2	28	19	Nagaland	2	2	4
6	Delhi	4	0	4	20	Odisha	41	0	41
7	Goa	2	0	2	21	Punjab	7	0	7
8	Gujarat	20	5	25	22	Rajasthan	48	2	50
9	Haryana	23	0	23	23	Sikkim	30	0	30
10	Himachal Pradesh	6	1	7	24	Tamil Nadu	11	6	17
11	Jammu & Kashmir				25	Telangana	20	5	25
	Jammu (Division)	1	0	1	26	Tripura	4	0	4
	Srinagar (Division)	1	0	1	27	Uttarakhand	7	0	7
12	Jharkhand	10	0	10	28	Uttar Pradesh	51	6	57
13	Karnataka	119	6	125	29	West Bengal	81	8	89
14	Madhya Pradesh	143	5	148					

Source: Anon., 2019 [3]

Profile of Mangrol Magfali Producer Company Limited

Mangrol Magfali Producer Company Ltd. (MMPC) is promoted by Aga Khan Rural Support Programme - India (AKRSP (I)), which is a non-government organization. Mangrol is a district that covers most of the villages in the MMPC, Magfali means groundnut is a major crop of the Mangrol district. So, the name of the producer company is selected as "Mangrol Magfali Producer Company Ltd.". The MMPC is registered under The Companies (Amendment) Act, 2013 and registered on 3rd March, 2015. It is registered under the companies act, 2013, section 7(2). The registration number is U01407GJ2015PTC082469. The MMPC is limited by share capital. It has twelve Board of Directors. The main concept of the company is to enhance the profit of the member farmers by cutting down the cost of cultivation and by value addition of primary products like raw groundnut, wheat. It focuses on the organic farming and conservative agriculture. It suggests to farmers to use green manure, dung manure, neem oil, etc. as an organic items. It also provides guidance to farmers about climate change that reasons of the climate change, problems arise by the climate change and solution to cope up with the climate change.

Objectives of the study

1. To investigate awareness among the farmers about the producer's company.
2. To calculate cost and return of the groundnut processing.

Methodology

1. The Probit Model: For measuring the awareness level among farmers regarding producer company, the Probit Model was used (Kumar *et al.* 2011) [5].

Y = a0 + β1 Age + β2 EDN + β3 Social + β4 Institute + β5 EXTN + β6 News + Ui

Where,

Y = Awareness about producer company (1 for yes, 0 otherwise)

a0 = Constant

β1 Age = Age of farmer

β2 EDN = Education level of farmer

β3 Social = Social participation of farmer (1 for social participation, 0 otherwise)

β4 Institute = Institutional participation of farmer (1 for institutional participation, 0 otherwise)

β5 EXTN = Extension agency contact of farmer (1 for yes, 0 otherwise)

β6 News = Newspaper reading habit of farmer (1 for yes, 0 otherwise)

Ui = Error term

2. Cost and return of the groundnut processing: For measuring economic aspects of groundnut processing, tabular method was used for traditional method and modern method.

Results and Discussion

1. Awareness among farmers about producer company

To identify the awareness among farmers about the producer company, the Probit Model was used. The probit regression was performed to identify the factors that influenced the awareness of farmers about the producer company. The estimates of the probit model are presented in Table 2.

Table 2: Estimates of Probit regression model of farmer's awareness about Producer Company

Dependent Variable: Awareness
Number of Observations: 150

Variable	Coefficients	P values
Constant	-4.101	0.062
Age of farmers	-0.039	0.361
Education level of farmers	0.337*	0.013
Institutional participation	3.419**	0.001
Extension agency contact of farmers	3.258**	0.006
Social participation of farmers	2.682	0.236
Newspapers reading habit of farmers	2.673**	0.000
Log likelihood function	-12.809	

Note: * and ** denote significant at 5 per cent and 1 per cent levels, respectively

The education level, institutional participation, regular contact with extension agency and habit of newspaper reading of farmers were found to significantly influence the farmers' awareness about the producer company. Participation in institution like Mahasangh increases the probability of being aware. Thus, for encouraging participation of farmers in institutional activities, education and regular contact with the extension agency have been found an important tool to improving the awareness about the producer company.

2. Cost and Return of the groundnut processing

The cost and return of groundnut processing was calculated from actual trail of 100 kilograms groundnut. By value addition process, the company produced the salted peanuts from 100 kilograms groundnut by process outsourcing and the data related to packaging of the salted peanuts were estimated as per market rates of packing materials. From the data of groundnut processing, cost sheet was prepared as given below.

Table 3: Cost sheet of groundnut processing by process outsourcing by traditional method

Sr. No.	Particulars	Rs./kg	Rs. Per 100 kgs
1	Raw-material (varies as per price)	67.50	6750
2	Process outsourcing (Includes: loss by reducing the weight Rs. 6 (10%, varies as per price of peanuts), labour charges Rs. 3, fuel Rs. 3, profit for its own Rs. 3)	15.00	1500
3	Labour charges for packing	1.60	160
4	Packing material	0.50	50
5	Electricity	0.20	20
6	Sales commission	5.00	500
7	Building Rent	0.20	20
8	Machinery charge	0.07	7
	Staff salary	2.00	20
9	Total cost	92.06	9206
10	Sales price	100	10000
11	Profit	7.94	794

The cost sheet prepared from actual trial of 100 kilograms' groundnut is shown in Table 3. From the groundnut, salted peanuts were prepared by process outsourcing by traditional method at Mangrol. For this purpose, peanuts were purchased at Rs. 6750 per 100 kgs from the member of the producer company. The producer company had to pay Rs. 15 for process outsourcing that includes loss of weight Rs. 6, labour charges Rs. 3, fuel charges Rs. 3 and profit for its own Rs. 3. From the table, it can be seen that by process outsourcing the company can earn the profit of Rs. 7.944 per kg. It can be concluded that, if the producer company will start the business, then it will be profitable.

Table 4: Cost sheet of groundnut processing by own plan by local producer at Mangrol by traditional method

Sr. No.	Particulars	Rs./kg	Rs. Per 100 kgs
1	Raw-material (varies as per price)	67.50	6750
2	Loss by reducing weight	6.00	600
3	Labour charges	3.00	300
4	Fuel	3.00	300
5	Labour charges for packing	1.60	160
6	Packing material	0.50	50
7	Electricity	0.20	20
8	Sales commission	5.00	500
9	Building Rent	0.20	20
10	Machinery charge	0.07	7
11	Staff salary	2.00	200
12	Total cost	89.06	8976
13	Sales price	100	10000
14	Profit	10.94	1094

The cost sheet of processed salted peanuts produced by the local producer by its own plan of traditional method is presented in Table 4. From the table, it can be seen that if the company will produce by establishing its own plan of traditional method, profit will be increased than the process outsourcing. The profit is more because profit of process outsourcing is reduced in the producer company's own plant. Thus, process by own plant is more profitable other than process outsourcing.

Table 5: Cost sheet of groundnut processing by modern method by Khodiyar house at Keshod

Sr. No.	Particulars	Rs./kg	Rs. Per 100 kgs
1	Raw-material (varies as per price)	67.50	6750
2	Loss by reducing weight	6.00	600
3	Labour charges	5.00	500
4	Electricity for roaster	5.00	500
5	Depreciation	5.00	500
6	Labour charges for packing	1.60	160
7	Packing material	0.50	50
8	Electricity	0.20	20
9	Sales commission	5.00	500
10	Building Rent	0.20	20
11	Staff salary	2.00	200
12	Total cost	98	9800
13	Sales price	100	10000
14	Profit	2	200

The cost sheet of salted peanuts processed by modern method i.e. Roaster by Khodiyar House at Keshod is presented in Table 5. The production cost by modern method will be increased than the traditional method. In modern method, depreciation of machinery will be increased, due to the depreciation cost, the production cost are increased. The Khodiyar House does not engage with packing of the processed salted peanuts. It engages with retail selling of product., the data of packing are estimated from actual trail of 100 kgs groundnut.

Table 6: Cost sheet of groundnut oil by Vinay Solvent Extraction Plant at Junagadh

Particulars	Qty (Kgs)	Rate	Amount (Rs.)
Cost of Purchase	1000	51.25	51520
Add: Power (53.78 @ 7.10)			382
Add: Labour (Rs. 137/pmt)			137
Add: Fuel Cost (14 kgs @ Rs. 5)			70
Total Cost of Production			51839
Less: By Product (52% Oil Cake)	520	31.00	16120
Cost of Main Product (30.9%)	309		35719
Cost of Groundnut Oil			116

The cost sheet of groundnut oil produced by Vinay Solvent Extraction Plant at Junagadh is presented in Table 6. The cost sheet shows the cost of 1000 kgs groundnut oil. Above cost sheet shows the production cost at break-even point.

Summary and Conclusion

The Aga Khan Rural Support Programme promoted the MMPC is registered under the companies act, 2013, section 7(2). Total sample size was 150 farmers of Mangrol taluka. A Probit Model was used to study the awareness among the farmers' about the producer company. The coefficient of education was 0.337, which was significant at 5 per cent level of significance. The coefficient of institutional participation, regular contact with extension agency and habit to read the newspaper were 3.419, 3.258 and 2.673 respectively, which were highly significant. This indicated that the increase in the institutional participation and contact with extension agency would increase awareness among the farmers about the producer company. The cost sheet was prepared to know the profitability of the Mangrol Magfali Producer Company by value addition process of groundnut. The cost and return of groundnut processing was calculated from actual trail of 100 kilograms groundnut. The producer company has produced the salted peanuts by process outsourcing. From which, the producer company earned the profit of Rs. 7.944 per kilogram by traditional method. The MMPC would get the break-even point after seven months. From seventh month, it would earn profit.

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