



Assessing the Financial Viability and Growth Trajectory of Farmer Producer Companies in India Trend from 2018–2024

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Abstract

This research stresses the vigorous role of Farmer Producer Companies (FPCs) in promoting sustainable livelihoods and achieving the doubling of farmers' income by 2024-25. The Farmer Producer Companies have the potential to enhance farmers' access to sustainable livelihood avenues. However, evaluating their financial solvency and long-term viability is vital to safeguarding their effectiveness and success. The study aims to assess the financial performance of these companies, envisage their solvency and bankruptcy risk, and assess their sustainable growth rates using Altman's Z score model and sustainable growth rate ratio. This research comprises secondary and primary data. It uses the audited financial reports of Farmer Producer Companies (FPCs) uploaded to the Ministry of Corporate Affairs (MCA) from 2018 to 2024. These reports were accessed through the companies' official filings, using Form No. AOC-4 with XBRL. This research includes 21 FPCs from the Northeast Region based on their financial statements to the Ministry of Corporate Affairs (MCA) for at least three consecutive years. The investigation results reveal that 11 companies' financial performances are found in the red zone, showing financial distress and a tendency to insolvency, while 7 farmer producer companies are in the grey zone, indicating moderate risk. Of the total, only 3 Farmer Producer Companies' performances are in the green zone, signifying stable financial performance and a low likelihood of bankruptcy and insolvency, although many FPCs' sustainability rates show negative growth rates. The investigation results signify the vital need for a revision of the financial management system, operational efficiency, and potential additional financial support to maintain the sustainability growth rate of the companies. This study succinctly demonstrated the early detection of financial performance to facilitate sustainable financial planning and enhance public confidence in the competencies of FPCs by formulating effective recommendations for the FPC.

Key words: “farmer producer companies”, “financial performance”, “solvency”, “bankruptcy”, and “sustainability”.

1. Introduction

India's Vikshit Bharat 2047 vision frameworks a transformative trail toward a developed, inclusive, and sustainable economy by the country's centenary of independence. It targets high-income status, stronger institutional capacity, and equitable growth in rural and marginalised sectors. Within this vision, Farmer Producer Companies (FPCs) are essential instruments for allowing small and marginal farmers access to accumulation, improved market access, and value-chain participation. However, despite the support systems provided by both the central and state governments for FPCs, many companies exhibit financial vulnerability, characterised by weak performance in terms of solvency, profitability, and liquidity, particularly in the states of Tamil Nadu, Madhya Pradesh, Uttar Pradesh, and Rajasthan. Weak governance, amenability challenges, poor credit access, and limited managerial capacity further threaten their long-term capability. Understanding these susceptibilities is crucial to ensuring FPCs contribute meaningfully to Vikshit Bharat 2047, which demands vigorous financial safeguards, effective regulation, and sustainable institutional frameworks

2. Rationale of the Study

Although FPCs are key to rural revolution, most face obstinate structural, financial, and institutional constraints. Undercapitalisation, subsidy dependence, and weak access to formal credit degrade their financial resilience. Governance gaps, legal complications under the Companies Act (2013), and limited market integration aggravate operational risks. Many FPCs remain restricted to primary production, unable to move into value-added processing or branding. Weak physical infrastructure, companies' alienation from traditional policy support, and weak digitalisation added constraints to their keenness. Understanding all these challenges requires combined reorganisations in the credit guarantee system, viable financial planning, capacity-building management training, ease of accessibility, and strong joint support systems. Empowering stakeholders through sharing governance, gender empowerment, and trust-building is crucially essential. Thus, sustainable FPC growth depends on the unification of financial innovation, institutional safeguards, and value-chain integration to transform them into resilient engines of rural prosperity.

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3. Review of Literature

Research on FPCs has evolved from academic models of collective action to empirical assessments of solvency, governance, and sustainability. The studies (Patil, 2025; Prabhavathi, 2022; and Thangavel, 2025) reveal complete weaknesses in liquidity, capitalisation, and profitability, while institutional analyses (North, 1990; FAO, 2023) highlight the significance of governance design and policy consistency. The value-chain perspective (Hansen, 2024; Porter, 1985) highlights the necessity for FPCs to move beyond accumulation toward unified market participation. The annual reports from the NABARD and NAARM for the period 2021–25 highlight uneven institutional precautions and credit linkages. The fragile, crucial financial susceptibility assumption (1977) highlights the vulnerability of farmer producer companies (FPCs) to credit and market shocks. Meanwhile, policy frameworks (Hamid et al., 2024) position the upgrading of FPCs within the inclusive developmental agenda of Vikshit Bharat 2047. Jointly, the literature confirms that FPC financial delicateness is multidimensional, rooted in ascendancy, finance, and institutional structures. Joining in financial and institutional theories thus provides a holistic basis to examine FPC solvency, bankruptcy risk, and long-term feasibility in attaining India's developmental vision.

4. Research Gaps

The review of literature on Farmer Producer Companies (FPCs) offered insightful underlining on governance, value chains, and financial viability. Most of the studies are cross-sectional, which means they only show static views of financial liquidity and capital constraint. However, there is a lack of long-term sustainability evidence on financial vulnerability, solvency, and bankruptcy risks (Patil, 2025; Thangavel, 2025). Empirical assessments of institutional safeguards such as credit guarantees, federations, and policy interventions are constrained and hardly compared across states or promoter types (NAARM, 2025; Rashtrapal, 2022). Furthermore, few studies acknowledge the theoretical dimension of focusing on value-chain combinations and market participation, and some research focuses on enumerating their influence on longitudinal financial sustainability. Some studies also exhibit a conceptual framework gap in crucial feasibility metrics that combine the financial, social, and environmental outlooks (Naik et al., 2019–2024). Additionally, companies rarely emphasise climate, system, or financial threats in their risk agendas, despite rising acclaim for their implications (Akpa, 2023). Finally, very limited research was conducted on associations between FPC performance and trajectory and national development visions such as Vikshit Bharat 2047 in the northeastern region (Hamid et al., 2024). These gaps address integrated, multi-dimensional, and longitudinal research assessing FPC solvency, bankruptcy, and capability within the outline of inclusive and sustainable growth. Accordingly, this study evaluates the financial health of FPCs between 2018 and 2024 to assess their configuration with the goals of Vikshit Bharat 2047.

5. Hypothesis

H01: The financial fragility of FPCs, measured through financial performance and bankruptcy risk, shows significant changes across states and promoter types, reflecting differences in financial vulnerability in the Northeast Region.

6. Framework and Methods

6.1. Type of Research

The study employs both exploratory and analytical designs to evaluate the financial solvency and trajectory patterns of Farmer Producer Companies.

6.2. Data Source

The study mainly derived data from the secondary source. Secondary data were collected from annual audited financial statements of FPCs filed with the Ministry of Corporate Affairs (MCA) by the FPCs of the North Eastern Region (NER), supported by NABARD and SFAC.

6.3. Sampling

Initially, the study identified 41 registered Farmer Producer Companies (FPCs) in the North Eastern Region (NER) by accessing their financial statements from the Registrar of Companies (ROC) and the Ministry of Corporate Affairs (MCA) official portal. However, it was observed that only 21 companies had consistently filed their financial statements for at least two to three consecutive years during the period 2018 to 2024. Therefore, these

21 FPCs were selected for detailed analysis, while the remaining companies were excluded from the study due to incomplete or irregular data submissions.

6.4. Statistical Tools

Derived financial data from 2018 to 2024 were analysed employing the Altman Z-Score Model (Garg, 2012) to evaluate insolvency and bankruptcy risk and according to their threshold performance score. This outline enables an inclusive evaluation of the financial fragility and long-term viability of FPCs, particularly FPCs from the Northeastern Region, in the context of India’s Vikshit Bharat 2047 vision.

7. Analysis and Interpretation

The financial performance focus of solvency and bankruptcy risks of Farmer Producer Companies (FPCs) in the North Eastern Region (NER) was evaluated using the revised Altman Z’-Score model (1983), which determined a firm’s financial condition through five key ratios, namely liquidity, profitability, leverage, solvency, and bankruptcy. Given that FPCs are private entities without publicly traded shares, the modified Z’-Score was preferred over the original 1968 model.

Table 1. Financial performance analysis of farmer producer companies in NER

W	ALTMAN Z-SCORE = $Z = 0.717 * X_1 + 0.84 * X_2 + 3.107 * X_3 + 0.42 * X_4 + 0.99 * X_5$							Remarks based on Score Sheet
	2018	2019	2020	2021	2022	2023	2024	
AMAIPARA	-	-	-	-	0.91	0.77	0.79	RZ
AMPRI ORANGE	0.43	1.38	0.33	0.42	0.21	0.08	0.05	RZ
BAGMA	-	-	-	0.83	5.14	5.91	4.65	GZ
BRAHMAPUTRA	-	1.64	0.96	0.57	0.26	0.16	-	RZ
DIYARA MILK	-	-	-	5.64	4.35	7.88	4.08	GZ
DJHAMALI	-	-	-	4.71	3.41	3.50	0.57	GZ
FIDAM	1.02	1.63	1.85	1.28	1.06	-	-	GRZ
HOUBEE CHING	1.01	1.63	1.17	1.84	-	-	-	GRZ
GREATER KALAIN	-	-	0	10.35	-	-	-	RZ
IRAMDAM LTD	1.31	1.42	-	-	-	-	-	GRZ
JUNAK ARGO	0.03	0.39	0.09	-	-	-	-	RZ
KISHALAY	-	-	-	-	4.55	-	-	GZ
KRISHISANYOGA	-	-	-	-	-	2.85	-	GZ
LANGEI PROD	0.40	0.14	0.20	0.16	-	-	-	RZ
MERAPANI ARGO	0.06	1.46	0.76	-	-	-	0.31	RZ
MOHASHAKTI	-	-	-	0.98	0.99	2.54	-	RZ
NARJUL	-	0.01	1.68	4.13	2.20	2.49	3.23	GZ
PATKAI	-	-	1.04	0.27	1.79	-	-	GRZ
TANTISAL	-	-	-	-	2.06	6.74	-	GZ
TARASANKAR	-	0.04	4.84	5.58	5.14	5.89	3.89	GZ
UDBOB	-	-	-	5.66	6.13	4.96	-	GZ
AREINU	-	-	-	0.73	2.07	-	-	GRZ
IREIMA	-	3.78	7.50	3.74	4.59	3.73	-	GZ
KANGLEPAK	0.04	0.03	0.23	0.05	0.99	1.88	2.89	RZ
SHEPOUMARAMTH	-	-	-	1.02	1.43	-	-	RZ
THINGTANGPA	-	-	-	1.35	-	-	-	GRZ
TAMELONG	-	-	-	-	1.14	0.76	-	RZ
ZO THLAI THAR PC LTD.	-	-	-	-	0.67	0.28	0.23	RZ

Source: Computed from MCA Data Base

RZ- Red Zone, GRZ – Gray Zone, and GZ–Green Zone

Table 1 determined the Altman Z’-Score analysis for the period of 2018–2024, revealing a distinct financial grading among Farmer Producer Companies (FPCs) in the North Eastern Region (NER), which are classified into Red, Grey, and Green Zones. The investigation results reveal the following FPCs in the Red Zone, such as AMAIPARA, AMPRI ORANGE, BRAHMAPUTRA, LANGEI PROD, MERAPANI AGRO, and ZO THLAI THAR, encounter severe financial distress manifested as weak liquidity, low profitability, and high dependence

on short-term debt. They need immediate restructuring, improved governance, and additional institutional support from NABARD and SFAC. In the Grey Zone includes FIDAM, HOUBEE CHING, IRAMDAM LTD, PATKAI, AREINU, and THINGTANGPA, which are in the grey zone, signifying moderate risk but struggle with uneven earnings and liquidity pressures. Strategic financial planning, market linkages, and diversification into value-added activities can recover their sustainability. FPCs in the Green Zone such as BAGMA, DIYARA MILK, DJHAMALI, NARJUL, TANTISAL, TARASANKAR, UDBOB, IREIMA, KISHALAY, and KRISHISANYOGA exhibit significant solvency and profitability, supported by effective management and diversified operations. FPCs should concentrate on expansion, the integration of technology, and the guidance of less capable colleagues. The analysis highlights the necessity for policy interventions tailored to each zone, including revival and governance reforms for distressed FPCs, liquidity and credit support for transitional ones, and investment incentives for stable entities to align with Vikshit Bharat 2047.

8. Conclusion

The Altman Z'-Score analysis (2018–2024) evidently validates a three-tier financial structure among Farmer Producer Companies (FPCs) in the Northeastern Region, which are classified into Red, Grey, and Green Zones. The majority of FPCs were categorised as under the Red Zone, signifying financial distress, weak liquidity, poor profitability, and a high inclination towards short-term borrowings. A few numbers of FPCs are held in the Grey Zone, suggesting moderate financial performance but depicting an unbalanced growth pattern. It is found that few of FPCs' financial performance are category in the Green Zone, signifying companies healthy financial and working efficiency. Overall, the study results reveal the significant financial uneven of all the FPCs, underlining the need for micro-level policy interventions to guarantee long-term financial sustainability and alignment toward the Vikshit Bharat 2047 vision.

10. Policy Implications

- a. Revival and Restructuring: Instant financial restructuring and professional governance reforms are essential for Red Zone FPCs to avert insolvency. Institutional support from NABARD, SFAC, and state agencies should be prioritised.
- b. Liquidity and Risk Management: FPCs in the Grey Zone are required to reinforce the strategic financial management system, create liquidity reserves, and add risk management practices to recover constancy. Diversification and Market Linkages: FPCs need to diversify into value-added agribusiness and reinforce market networks to generate financial stability.
- c. Technology and Scale Expansion: Investing in the digital tools, financial analytics, and scaling-up strategies to withstand growth and mentor weaker peers remain significant potential options for the FPCs in the Grey Zone.
- d. Policy Integration: To monitor the health of FPCs, it is necessary to employ Z-score diagnostics that include zone-specific policy packages and institutionalise them.

11. Limitations of the Study

- a. The study is primarily based on secondary financial data generated from the MCA database, which may lack focus on qualitative governance or operational variables.
- b. The time period included in the study may not be inclusive and also transitional to Covid-19 recovery.
- c. The Z'-Score analysis primarily focuses on financial indicators, ignoring the FPC's significance of social and institutional dimensions.
- d. Market fluctuations and external shocks, such as climatic or policy changes, were not unified in the solvency assessment.

12. Scope for Future Research

- a. Future studies can combine non-financial performance components such as participation of members, scale in the quality of governance, and developed holistic market access for FPC sustainability.
- b. Comparative and longitudinal analysis across the national and international perspectives may offer evidence-based policy influencing FPC bankruptcy and solvency.
- c. A focus on the integration of environmental and social sustainability can align the FPC study with the goals of Vikshit Bharat 2047.

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