सत्यमेव जयते

FORMATION AND PROMOTION OF 10,000 FARMER PRODUCER ORGANIZATIONS (FPOs)

OPERATIONAL GUIDELINES

Government of India
Department of Agriculture, Co-operation & Farmers' Welfare
Ministry of Agriculture & Farmers' Welfare

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NARENDRA SINGH TOMAR

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ग्रामीण विकास और पंचायती राज मंत्री
भारत सरकार
कृषि भवन, नई दिल्ली
MINISTER OF AGRICULTURE & FARMERS WELFARE,
RURAL DEVELOPMENT AND PANCHAYATI RAJ
GOVERNMENT OF INDIA
KRISHI BHAWAN, NEW DELHI

सत्यमेव जयते

MESSAGE

Agricultural land holding in the country is dominated by small and marginal farmers with average size of less than 1 hectare. These Small and Marginal Farmers (SMFs) face some challenges both in production and post-production stages like access to production technology, quality inputs at reasonable prices, credit, custom hiring, seed production, value addition, processing, investments and most importantly market access.

Collectivization of such small and marginal farmers to form their organizations as Farmer Producer Organizations (FPOs) has been recognized as the most effective and appropriate institutional mechanism to reduce cost of production, increase per unit productivity and facilitate better market linkages so as to enhance their net income. This will not only help in augmenting income of the farmers but also considerably improve rural economy and create job opportunities for rural youths in villages itself.

Realizing the significance of FPOs, Government had announced in Union Budget formation of 10,000 new FPOs by 2023-24. I hope this dedicated new Central Sector Scheme "Formation and Promotion of 10,000 Farmer Producer Organizations (FPOs)" will serve its objective fully and farm economy will get further boost.

7/7/20

(Narendra Singh Tomar)

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PARSHOTTAM RUPALA

सत्यमेव जयते

राज्य मंत्री
कृषि एवं किसान कल्याण
भारत सरकार
Minister of State For
Agriculture & Farmers Welfare
Government of India

D.O. No.................MOS(A&FW)/VIP/2019-20/

FOREWARD

Over the years, farm holding size has reduced, which makes it difficult to adopt farm mechanization and apply the scientific practices of production. Further, these small holding farmers face challenge and difficulty in accessing the market and realise remunerative prices for their produce.

In order to address such constraints of small farm holders in production and marketing, collectivization of these farmers to leverage economy of scale through formation of their group/association leading to formation of in the form of Farmer Producer Organization (FPO), is a trajectory to achieve the target of doubling the farmers' income.

I appreciate the department for bringing out a dedicated Central Sector Scheme "Formation and Promotion of 10,000 Farmer Producer Organizations (FPOs)". I hope that this Operational Guidelines will help all stakeholders to draw the benefit from the Scheme.

(Parshottam Rupala)

Dated: the 7th July, 2020.

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KAILASH CHOUDHARY

सत्यमेव जयते

कृषि एवं किसान कल्याण
राज्य मंत्री
भारत सरकार
MINISTER OF STATE FOR AGRICULTURE
& FARMERS WELFARE
GOVERNMENT OF INDIA

FOREWARD

Our small and marginal farmers face challenges both in production and post-production stages in terms of access to production technology, credit and market linkages etc.

Over the years, it is felt that collectivization of such farmers to form their organizations as Farmer Producer Organizations (FPOs) is critical to reduce cost of production and facilitate better market linkages so as to enhance their net income.

I hope launching of this Central Sector Scheme "Formation and Promotion of 10,000 Farmer Producer Organizations (FPOs)" will help small and marginal farmers to form FPOs on sustainable basis.

(Kailash Choudhary)

Dated: the 7th July, 2020

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Government of India
Ministry of Agriculture & Farmers Welfare
Department of Agriculture, Cooperation
& Farmers Welfare

सत्यमेव जयते

PREFACE

Government of India realizing indispensable role of collectivization of farmers particularly small and marginal farmers into their groups to leverage the economies of scale in production and marketing, Department of Agriculture, Cooperation & Farmers' Welfare (DAC&FW), Ministry of Agriculture & Farmers' Welfare (MoA&FW), launched a pilot programme for promoting Farmer Producer Organizations (FPOs) during 2011-12 itself under two sub-schemes of the Rashtriya Krishi Vikas Yojana (RKVY), namely the National Vegetable Initiative for Urban Clusters and the Programme for Pulses Development for 60,000 rain-fed villages. The initiative got real momentum after Department issued a national policy and process guidelines for FPOs in 2013.

However, FPOs continue to face challenges like lack of market access & credit linkages, inadequate financial support and lack of managerial skill etc. To address these challenges, Department has formulated a dedicated central sector scheme "Formation and Promotion of 10,000 Farmer Producer Organizations (hereinafter "FPOs") for implementation across the country. Under the scheme, FPOs can be registered either under Part IXA of Companies Act, 1956 (as made applicable by Section 465(1) of Companies Act, 2013), or Under Cooperative Societies Act of the States and handholding is to be done for five years by professionally managed and run 'Cluster - Based Business Organizations (CBBOs). Issues of marketing and institutional credit linkages have also been addressed. In addition, provision has been made for assistance to existing FPOs as well as to promote formation of FPOs by Agri-Value Chain organization/ Industry.

I am confident that this scheme will meet the need and aspirations of FPOs and create a supportive ecosystem for them; and thus FPOs will be viable and economically sustainable.

(Sanjay Agarwal)

Dated: the 1st July, 2020

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1.0 Aims and Objectives of the Scheme

1.1 To provide holistic and broad based supportive ecosystem to form new 10,000 FPOs to facilitate development of vibrant and sustainable income oriented farming and for overall socio-economic development and wellbeing of agrarian communities.

1.2 To enhance productivity through efficient, cost-effective and sustainable resource use and realize higher returns through better liquidity and market linkages for their produce and become sustainable through collective action.

1.3 To provide handholding and support to new FPOs up to 5 years from the year of creation in all aspects of management of FPO, inputs, production, processing and value addition, market linkages, credit linkages and use of technology etc.

1.4 To provide effective capacity building to FPOs to develop agriculture-entrepreneurship skills to become economically viable and self-sustaining beyond the period of support from government.

2.0 Farmer Producer Organization (FPO)

FPO is a generic name, which means and includes farmer- producers' organization incorporated/ registered either under Part IXA of Companies Act or under Co-operative Societies Act of the concerned States and formed for the purpose of leveraging collectives through economies of scale in production and marketing of agricultural and allied sector. However, FPOs registered under Co- operative Societies Act of the State (including Mutually Aided or Self-reliant Cooperative Societies Act by whatever name it is called) for the purpose of this Scheme, is to be insulated from all kinds of interference including in election process and day today management through suitable provisioning in their Memorandum of Association and Bye-laws with a view to encourage healthy growth and development of FPO. However, Bye-laws of these FPOs will be in consistent with the Cooperative Societies Act of respective States.

3.0 Broad Services and Activities to be undertaken by FPOs

The FPOs may provide and undertake following relevant major services and activities for their development as may be necessary:-

(i) Supply quality production inputs like seed, fertilizer, pesticides and such other inputs at reasonably lower wholesale rates.

(ii) Make available need based production and post-production machinery and equipment like cultivator, tiller, sprinkler set, combine harvester and such other machinery and equipment on custom hiring basis for members to reduce the per unit production cost.

(iii) Make available value addition like cleaning, assaying, sorting, grading, packing and also farm level processing facilities at user charge basis on reasonably cheaper rate. Storage and transportation facilities may also be made available.

(iv) Undertake higher income generating activities like seed production, bee keeping, mushroom cultivation etc.

(v) Undertake aggregation of smaller lots of farmer-members' produce; add value to make them more marketable.

(vi) Facilitate market information about the produce for judicious decision in production and marketing.

(vii) Facilitate logistics services such as storage, transportation, loading/un-loading etc. on shared cost basis.

(viii) Market the aggregated produce with better negotiation strength to the buyers and in the marketing channels offering better and remunerative prices.

- **A Business Plan Linked development in both medium and long-term will be the hallmark of strong business growth for FPO.**

4.0 Strategy for Formation of FPO and Identification of Cluster Area

4.1 Formation and promotion of FPO is based on Produce Cluster Area, which is broadly defined as:

"Produce Cluster Area" for purpose of FPO formation and management herein means a geographical area wherein agricultural and allied produce such as horticulturalproduce of similar or of almost similar nature is grown / cultivated; therefore, an FPO can be formed for leveraging economies of scale in production and marketing. This will also cover Organic Produce and Natural Farming.

4.2 Produce cluster area is to be identified with the input of District Level Monitoring Committee (D-MC), State Level Consultative Committee (SLCC), other Ministries/Departments of Government of India and the States as well as with recommendations of Implementing Agencies with input from Cluster- Based Business Organization (CBBO) and suggestions of relevant Government of India Organizations.

4.3 CBBOs will undertake Feasibility Study in assigned clusters which will include the following:

(i) **Diagnostic study including Baseline survey** to find out produce and socio- cultural similarity, existing gap and potential activity, interventions in terms of infrastructure, services, etc. required in the value chain of agricultural and horticultural produce including post-harvest management and marketing. Baseline survey should also identify current situation of farming, small, marginal and landless farmers for aggregation, to identify minimum geographical area for potential interventions etc.

(ii) **Prospective Business Plan** in order to establish a fit case for formation of an economically sustainable FPO.

4.4 FPO with a minimum farmer-members' size of 300 shall be eligible under the scheme in plains, while in North-Eastern and Hilly areas* (including such other areas of UTs), size of 100 shall be eligible. Farmer-members cohesively located with almost same interest are to be mobilized to form a group of 15-

20 Members, calling the group as Farmer Interest Group (FIG) or Self Help Group (SHG), Farmers Club (FC), Joint Liability Group (JLG), Rythu Mitra Group. Such 20 or more groups from a produce cluster area or a village/ cluster of neighboring villages based on certain commonalities are to be put together to form an FPO with a minimum farmer-members size of 300 to be eligible under this scheme in plains while in Hilly and North Eastern regions, 7-8 are to be put together to form an FPO with a minimum farmer-members size of 100. It may provide special focus to include small, marginal and women farmers/women SHGs, SC/ST farmers and other economically weaker categories etc. as members to make FPOs more effective and inclusive.

* - *Hilly area means area at a height of 1000 metre or above MSL*

4.5 However, efforts will be made to achieve an average membership size of 500 farmers in plain areas and 200 farmers in Hilly and North-Eastern regions to make them sizable for economic sustainability and profitability. Based on experience/ need, Department of Agriculture, Cooperation and Farmers Welfare (DAC&FW) may revise the minimum membership norm per FPO, with the approval of Union Agriculture Minister. Efforts will be made to form on an average two FPOs in at least each of potential 5,000 blocks out of existing about 7,000 blocks. However, efforts will be made to cover all blocks in the country.

4.6 The FPOs can federate at district level and State level based on their need of processing, branding and marketing of produce/trading of commodities, which are essential for scaling up for survivability and growth in an era of competition.

Based on their need, success and product, they can federate at the National level also to promote packaging/branding and domestic/international trading of quality produce. Such Federation may avail advisory of National Project Management Agency (NPMA) as well as will be eligible for Credit Guarantee facility under the Scheme to strengthen their activities relating to setting up of infrastructure and supply chain for value addition and marketing.

4.7 While adopting cluster-based approach for produce or produce mix, formation of FPOs will also focus on “One District One Product” approach for development of product specialization, in case the focused agriculture produce has been declared for that district, whereby FPOs will be encouraged for promoting processing, branding, marketing and export of the product for better value realization. There may be more than one cluster for one product in one district and a cluster also may extend beyond a district. However, to be an FPO economically sustainable and diversify risk & enhance returns, the FPO will also have additional product and service mix; so that there are enough activities and engagements with the members throughout the year. Furthermore, FPOs can federate at district level, State level & National level for the product identified as per their requirement of processing, branding and marketing.

4.8 Concerted efforts will be made to prioritize formation of FPOs in aspirational districts through intense awareness programmes and making FPOs economically sustainable through adequate support, handholding, training & skill development. However, intensive efforts will be made to form & promote at least 15% of the total targeted 10,000 FPOs (i.e. 1,500 FPOs) in next 5 years in aspirational districts with at least one FPO in each block of aspirational districts of the country for their development. In order to promote the forest and minor forest produce by the tribal communities, intensive efforts will be made by the implementing agencies to prioritize formation and promotion of FPOs in the notified tribal areas in the country. The benefits of quality input, technology, credit and value addition and processing as well as better market access should reach the tribal community and North-East Region through the Scheme in co-operation with Tribal Affairs Ministry, DONER and North Eastern Council (NEC).

4.9 Existing FPOs will also be allowed to avail relevant benefits, if not earlier availed in any scheme of Government of India, such as Credit Guarantee Fund and advisory services from National Project Management Agency (NPMA) under the Scheme. The FPOs which are already registered but have not been provided funds under any other schemes and have not yet started operation will also be covered under the Scheme.

5.0 National Project Management Agency (NPMA)

5.1 At national level, a National Project Management Agency (NPMA) will be set up by SFAC through transparent manner for providing overall project guidance, data maintenance through integrated portal and information management and monitoring. The NPMA will be equipped with the technical team with five categories of specialisation in Agriculture / Horticulture, Marketing and Processing, Incubation Service Provider, IT/MIS and Law & Accounting to provide overall guidance at all India level.

5.2 Criteria for Identification of NPMA:

The NPMA will be expected to provide hand holding support and mentoring support to CBBOs, and need to have extensive experience in performing strategic roles, preferably in the agricultural domain at the national and state level. SFAC may, while formulating the criteria for selection of NPMA, take into account the appropriate qualifications and experience of requisite experts, relevant experience of organization/entity in guiding both companies and co- operative organizations as reasonably required for discharge of role envisaged for NPMA under the Scheme including the minimum net worth for suitability. The strength and experience may include strategic inputs around organizational management, processing, value addition, marketing & market linkage in agriculture/horticulture, accounting & auditing, compliance issues, ICT & MIS experience, incubation services and providing project management support to central and state governments, transaction and post transaction management support, and qualification of experts proposed for the work. The period of engagement of NPMA is to be decided suitably.

5.3 Duties and Responsibilities of NPMA :

The role of the NPMA shall, *inter alia,* include those given as under-

- **Drawing contours of the program including structuring of clusters:-**

NPMA would start the assignment by chalking out program with detailed SOPs for each stakeholder in the value chain. Identification of target value chains required would be steppingstone for development of the road map. Once the value chains are established, it defines clusters to be chosen for FPO formation. Here, NPMA would draft out detailed SOP for CBBO for further action. Value chain analysis would also identify both forward/backward linkage mechanism.

- **Transaction Advisory for selection of CBBOs:-**

NPMA would provide Transaction Advisory services to Implementing Agencies (those who seek their support) for selection of CBBOs. After preparation of action plan for project execution, NPMA may assist Implementation Agencies in carrying out transaction for engagement of CBBOs for said clusters. Alternately, Implementing Agencies may carry out the selection process on their own. Such step requires delineating detailed scope, team requirement with relevant qualifications & experience.

- **Post transaction support for effective project/programme implementation:-** After selecting CBBOs as per the requirements, NPMA will be responsible to support SFAC, NCDC & NABARD and other Implementing Agencies including State nominated Implementing Agencies in effective implementation and monitoring of the project execution. Key Performance Indicators (KPIs) based monitoring of CBBOs would be conducted regularly by NPMA. NPMA in turn will appraise N-PMAFSC regarding the performance of CBBOs, formation of FPOs, handholding support provided by CBBOs etc. through detailed MIS submitted on monthly basis for which ICT based MIS Integrated Portal will also be developed. Further, NPMA may also handhold CBBOs in effective delivery of the project. NPMA should work in tandem with CBBOs and Professional Agencies, if any, and ensure that adequate support is extended to States of North-East and hilly regions to offset deficiency in specialized manpower and expertise available in such areas including even extending support directly to FPOs/Federation of FPOs for their promotion wherever required. It will assist DAC&FW in formation and promotion of FPOs in the State(s) where there are unavailability of experts. It will also provide suitable professional advisory to existing FPOs who approach for advice. It may also provide professional advisory to new FPOs being promoted by Value Chain Organisations under the Scheme when required.

- **Assist in structured interface with stakeholders like Ministries, Financial Institutions, Training and Research & Development Institutions:-**

(i) NPMA is desired to bring in specific capabilities into the system. NPMA may also act as extended arm with specific output to N-PMAFSC while interacting with various stakeholders like Central/State Departments, Financial Institutions, Training, Research & Development Institutions or such forum at large. NPMA would help N-PMAFSC to structure the approach, create outreach materials, organize and structure discussions & partnerships etc.

(ii) To function as National level data repository and will maintain the integrated portal, serving as national platform for FPOs, which will not only cater to meet the data needs(MIS), but will also a function as digital platform for maintaining membership, activities, business growth and annual accounts of FPOs. It will provide requisite data and analysis to DAC&FW, N-PMAFSC and DMI as may be required from time to time.

- **Support in formulation of programme & policy directions:-**

N-PMAFSC will create knowledge for FPO formation and bring out programmatic & policy suggestions/ directions. NPMA will assist in formulation of such suggestions, churned out from the project's learning; which has capability of adding value to agri-business overall.

- **Policy orientation and related advocacy at National and State level:-**

NPMA will assist in facilitating and identifying National and State level institutes in the field of Agribusiness. There is need to partner with such stakeholders for effective project implementation. NPMA shall assist in linking/undertaking MoUs with these institutions for long term engagement and development of FPOs. Also, NPMA will assist in such advocacy among stakeholders.

6.0 Implementing Agencies

6.1 In order to form and promote FPOs in uniform and effective manner so as to achieve the target of formation of 10,000 new FPOs in 5 years and to make the FPOs economically sustainable, tltyt hht three Implementing Agencies, namely, SFAC, NCDC and NABARD, shall be responsible to form and promote FPOs.

6.1.1 SFAC will form and promote those FPOs to be incorporated under Part IX A of Companies Act.

6.1.2 NCDC will form and promote those FPOs to be registered under any Co- operative Societies Act of the States.

6.1.3 NABARD will form and promote those FPOs which are registered either under Part IX A of Companies Act or registered under any Co-operative Societies Act of States.

6.2 In addition to afore-stated three implementing agencies, if any State/ Union Territory is desirous to have its own implementing agency, State/ UT may approach DAC & FW with details about the State/UT, its agency, activities and experience of the agency etc., and DAC & FW will consider the proposal on experiences and existing manpower required for formation and promotion of FPOs in the region.

6.3 DAC&FW may, in due course, identify and assign other additional Implementing Agencies to cover various sectors and geographical locations to form 10,000 FPOs as per the need of the programme.

6.4 The Initial Implementing Agencies as well as the State level or any other Implementing Agencies approved by DAC&FW shall also be supported.

6.5 Year-wise indicative target for Implementing Agencies- Considering the Implementing Agencies' existence in the States/Regions/Districts/Produce Clusters, their human resource and also their area of specialization, targets are to be tentatively allocated by Project Management Advisory and Fund Sanctioning Committee (N-PMAFSC) in consultation with the Implementing Agencies. In such case, the targets may be interchangeable on requirement basis.

6.6 **Duties and Responsibilities of Implementing Agencies:**

(i) Implementing Agencies will closely and cohesively work CBBOs to ensure that CBBOs perform their activities to make FPOs economically sustainable.

(ii) Implementing Agencies will also monitor CBBOs to ensure regular data entry on integrated portal with respect to details of respective FPOs.

(iii) Implementing Agencies can operate through their MIS portal till Integrated Portal is put in place to ensure uniformity of database on FPO. Once national level Integrated Portal managed through National Project Management Agency (NPMA) is put in place, Implementing Agencies will have to ensure interoperability with Integrated Portal to ensure smooth data transfer and operate in coordination with Integrated Portal design and requirement.

(iv) NABARD and NCDC will maintain and manage Credit Guarantee Fund (CGF) as per the established procedure.

(v) Implementing Agencies in consultation with DAC&FW will formulate rating tools for FPOs to assess them in terms of level of activity, economic viability and sustainability, etc. The rating of the FPOs can be used as an instrument to promote FPOs.

(vi) Implementing Agencies will prepare Annual Action Plan and submit to DAC&FW in advance for consideration of Project Management Advisory and Fund Sanctioning Committee (N-PMAFSC) along with prescribed Utilization Certificate.

(vii) As assigned by DAC&FW/N-PMAFSC, Implementing Agency will coordinate with concerned Value-Chain Organization(s) regarding stages of formation and promotion of FPOs by those organizations along with FPO management cost & utilization of previous amount along with documentary proof from time to time as well as requirement of Equity Grant for channelizing their claim to N-PMAFSC for payment.

(viii) Other Implementing agencies may create with prior approval of DAC&FW, if and when required, their monitoring and data management units for FPOs to manage the growing volume of FPOs and their activities but will coordinate with NPMA to provide all requisite input, as national level data repository.

7.0 Cluster- Based Business Organizations (CBBOs)

7.1 Implementing Agencies will set up Cluster- Based Business Organizations (CBBOs) at the State/Cluster level to form and promote FPOs as per their requirements; however, targets for produce clusters, full or part of the State or region will be allocated by Project Management Advisory and Fund Sanctioning Committee (N-PMAFSC). The Implementing Agencies will apply due diligence to ensure that professionally competent CBBOs are transparently engaged & have experience in promotion and professional supports to FPOs.

a) In a State, based on geography, produce clusters, cropping pattern, etc., there may be one or more than one CBBO. Even one CBBO may serve more than one State as per requirement. However, CBBOs should be given work according to available human resources with them, their past turnover and work experience etc.

b) The CBBOs should be going concern with professional experience and exposure in formation of FPOs in agriculture and allied sector and providing handholding support to them.

c) The CBBOs should be supported with five categories of specialists from the domain of (i) Crop husbandry; (ii) Agri. marketing / Value addition and processing; (iii) Social mobilization; (iv) Law & Accounts; and (v) IT/ MIS in agriculture & agriculture marketing. The CBBOs with requisite number of other technical and supporting staff to be housed/operated from their own offices in respective States or from offices of respective Implementing Agencies, which have selected them.

7.2 **Criteria for Identification of CBBOs:**

a) The professional organization to be identified to function as CBBOs will be selected following a transparent method and the organization may be required to demonstrate such technical strength as is reasonably required for discharging its role envisaged under the Scheme.

b) A Committee under Chairmanship of MD, SFAC with representatives of Chairman, NABARD and MD, NCDC will consider and recommend the criteria for eligibility and qualification and other minimum requirements to select the CBBOs. The Committee may consider minimum requisite qualification and experience of requisite experts of CBBO, area of expertise & minimum experience as well as net worth of organization to be selected as CBBO. Finalization of criteria for selection will be with approval of DAC&FW.

c) Implementing agencies, if required, may seek the support of NPMA for assistance in the selection process.

d) Each Implementing Agency will then draw up the list of empaneled CBBOs for engagement by them in any cluster as may be necessary.

e) The initial engagement of CBBOs will be for a period of maximum three years for the purpose of formation of new FPOs (for which they will continue handholding for entire relevant five years for each concerned FPO as provided in the Scheme).In case the performance of the CBBO is found satisfactory by Implementing Agency, their term may be extended appropriately.

f) Implementing Agency will review the performance of CBBOs from time to time for their continuation or otherwise to ensure that CBBOs perform efficiently in formation and promotion of FPOs.

g) Interested State and Central Government Agriculture Universities and KVKs promoting FPOs may be empanelled as CBBOs as may be relevant in consultation with N-PMAFSC on nomination basis.

h) Subordinate and attached organisations of DAC&FW may be co-opted on operational need based in consultation with N-PMAFSC on nomination basis.

7.3 **Duties and Responsibilities of CBBOs:**

a) Assist in the implementation of the programme as suggested by the NPMA and as per Scheme guidelines.

b) Assist Implementing Agency in cluster identification.

c) Assist in community mobilization - baseline survey, cluster finalization, value chain study, formation of groups and FPO and assist in their periodic meetings. They may seek the assistance of Local Bodies, wherever feasible in identification of proper produce cluster and mobilization of members.

d) Registration of FPOs and Training of BODs on roles, responsibilities, management and also capital/ equity mobilization.

e) Training and capacity buildings of FPOs/farmer groups- Training needs identification, develop training modules, conduct basic training workshops and exposure visits.

f) Encourage and promote social cohesiveness amongst members of FPOs.

g) Preparation and execution of Business Plans for long-term sustainability of FPO- Business plan preparation (for different incubation services), acquiring land, mobilizing equity capital and implementation of Business Plan while assisting in input management, adoption of proper and good agricultural practices through knowledge sharing, aggregation of produce, quality management, assaying, processing, packaging, supply chain development and marketing and market linkages with buyers/processors/exporters, trading, export etc as may be necessary to ensure long-term sustainability of FPOs.

h) Assist in regular interface with stakeholders like various Government Departments, Financial Institutions, Training, Research and Development Institutions at the cluster level.

i) Assist FPO in availing Equity Grant and Credit Guarantee Facility as per need and growth.

j) Incubation/handholding services for sustainability - Provide support and monitoring in terms of incubation activities; capacity building of BODs and FPO management for sustainability. The incubation/handholding services include ensuring input, market linkages, preparing and implementing related business plans.

k) Facilitate establishment of necessary common pool production, marketing and processing infrastructure facility by the FPO, as may be necessary, to develop the business for long-term viability.

l) Facilitating traceability, compliance and global market connectivity. m) Review and monitoring of the field team during implementation as per desired outcomes.

n) Assist in communication and dissemination of information to farmers by way of market and crop advisory.

o) Progress report on all specified target activities to be submitted periodically to the NPMA.

p) Ensuring programme/project targets are met.

q) Assist in compliance issues of FPO including their capacity building in the subject.

r) Assist NPMA and Implementing Agency in data collection and generating MIS reports/information in the required data sheets.

s) Assist Implementing Agency and NPMA in rating of FPOs as may be necessary.

t) Assist in federating FPOs when necessary for business growth and expansion.

u) Assist FPO in proper financial management and utilization of fund and accounting and timely submission of returns and certificates.

v) Any other activity related to implementation, management and monitoring of the project.

w) An advisory body consisting of various stakeholders including state government representative, NGOs, RIs, KVKs or any other support institutions will provide active guidance over project implementation.

7.4 **Payment to CBBOs:**

a) Payment will be made to the CBBOs by Implementing Agencies after applying the due diligence will satisfy themselves with the performance of the CBBOs as per criteria laid down below at clause (c). The Project Management Advisory and Fund Sanctioning Committee (N- PMAFSC) will consider the proposal for release to Implementing Agencies.

b) Payment shall be released after receiving the utilization certificate of the previously released amount.

c) Following indicative criteria/guidelines are provided for guidance of Implementing Agencies for performance assessment of CBBOs-

(i) In the first six months of a FPO project, performance of the CBBOs will be assessed based on baseline survey, report submitted and aggregation activities undertaken for FPO formation.

(ii) In the period from six months to one year, performance of the CBBOs will be assessed based on (a) No. of FPOs formed in allocated aspirational districts in different blocks, if any (b) number of farmers mobilized to become the members of FPOs with minimum membership of 300 in case of plain areas and 100 members in case of North-Eastern and Hilly areas (including such other areas of UTs) as per prescribed minimum number; (c) Registration of FPOs; and (d) formulation of Business Plan for FPOs.

(iii) In the second year, performance will be based on (a) first equity grant availed by the FPOs;(b) statutory clearances obtained to carry out business activities; (c) minimum 50% of business activities executed as per business plan; (d) number of preliminary awareness programmes for member/BoDs and exposure visits of FPOs are undertaken; (e) first tranche of Equity Grant availed by FPOs, if any; (f) first tranche of Credit Guarantee Facility availed by FPOs, if any; (g) Institutional Training provided to CEOs/BoDs; and (h) registration of FPOs in e-NAM or other electronic platform undertaken and trading activity thereon taken place.

(iv) In third and fourth year, performance of the CBBOs will be assessed based on – (a) issuing Share Certificates to each member in third year, if any; (b) audited Financial Statements for FPOs for second year and third year in due time and filing as required; (c) MoU and vendor registration as per Business Plan with Marketing Agencies/ Institutional Buyers; (d) trading/uploading of produce in e-NAM/ other sources, if any; (e) second tranche equity grant to FPOs, if any; and (f) second tranche of credit guarantee facility, if any.

(v) In the fifth year, performance of the CBBOs will be assessed based on (a) audited Statements of accounts of FPO and filing it; (b) 100% of agri-business plan executed and value chain developed; (c) revenue model showing financial growth in last 3 consecutive years; (d) detailed project completion Report; and (e) third tranche of credit guarantee facility if any.

8.0 Budgetary provisions

8.1 The scheme on formation and promotion of 10,000 FPOs is to be implemented till 2023-24 with budgetary support of Rs. 4496.00 crore. Since financial support excepting management cost is to be extended for five years, therefore, FPOs formed will be required to be financially supported till 2027-28, with the additional committed liability for period from 2024-25 till 2027-28 of Rs. 2369.00 crore say Rs. 2370.00 crore. Thus, the total budgetary requirement up to 2027-28 would be Rs. 6866.00 crore. The budget requirement is to be met from overall allocations of DAC&FW.

8.2 **Payment to Implementing Agencies:**

8.2.1 DAC&FW will make the advance release to the Implementing Agencies (IAs) on six monthly basis based on recommendation of N-PMAFSC, Annual Action Plan (AAP) of IAs and the due utilization certificate submitted to meet out the expenses for engaging NPMA, FPO formation & incubation cost to CBBO and also meeting out the cost of FPO management cost direct to concerned FPOs account on recommendation of concerned CBBO and Equity Grant etc. for effective and timely implementation of the programme. The Implementing Agencies will develop the payment schedule based on their various stages and component of payment involved. The Implementing Agencies will raise the demand to DAC&FW for release of payment. The Implementing Agencies will submit utilization certificate of last payment released as per GFR for releasing the next payment to them. In case of training, NABARD and NCDC will submit to N- PMAFSC the training schedule for a year with tentative expenditure for training through specialised training institutes organised through their respective nodal training Institute. DAC&FW will make due payment to NABARD and NCDC for training through specialised Institutions based on the demand raised by NABARD and NCDC respectively and utilisation certificate will be submitted to DAC&FW by both as due. Further, as regards DAC&FW's share towards Credit Guarantee

Fund (CGF) to be maintained and managed by NABARD and NCDC, the DAC&FW will provide its matching share to NABARD and NCDC, as the case may be, which in turn will submit detailed status of utilization to DAC&FW before raising the further demand for next installment of CGF.

8.2.2 **Payment of supervision charges to Implementing Agency (IA):**

Implementing Agencies (viz. SFAC and NCDC) will be given upfront amount computed @ 3% of estimated annual expenditure in the form of supervision charges to meet the expenses incurred in discharge of their duties and responsibilities; while additional amount computed @ 2% will be given to them based on their performance assessment. The supervision amount will be released in two instalments and second instalment may be released after assessment of performance. This amount shall not include amount towards Credit Guarantee Channelized through Implementing Agencies only. However, NABARD, as consented will not charge any supervision charges for activities undertaken towards formation and promotion of FPOs under the Scheme. The expenditure on this account of supervision charges will be met from the budget of this Scheme.

The performance assessment will be done on quarterly or half yearly basis by N-PMAFSC, as deems fit. The N-PMAFSC will recommend to DAC&FW for consideration of release of additional amount @ up to 2%. The performance assessment criteria may be as under-

(i) During the first four quarter , number of FPOs registered will be basis for assessment of performance.

(ii) For the remaining period after one year, there may be criteria like (a) activeness of FPO exhibited by their activities; (b) adoption and execution of business development plan; and such other criteria as decided by N- PMAFSC.

(iii) Sustainability of FPOs formed.

9.0 FPO Formation & Incubation Costincluding CBBOs Cost and Cost of Monitoring & Data Management/MIS Portal including Cost of NPMA

9.1 The Formation and Incubation cost of CBBO, limited to maximum of Rs. 25 lakh / FPO of support or actual which is lesser, is to be provided for five years from the year of formation. It includes cost towards undertaking baseline survey, mobilization of farmers, organizing awareness programmes and conducting exposure visits, professional hand holdings, incubation, cost of engaging CBBOs and other overheads etc. There is also a provision for cost of NPMA towards manpower, establishment, travel and advisory and maintaining MIS portal. This also includes a provision towards cost for development of appropriate overall ICT based MIS web portal for the Scheme.

10.0 FPO Management Cost

10.1 Under the scheme, financial support to Farmer Producer Organization (FPO) @ up to maximum of Rs. 18 lakh / FPO or actual, whichever is lesser is to be provided during three years from the year of formation. The financial support is not meant for reimbursing the entire administrative and management cost of FPO but it is to provide the financial support to the FPOs to the extent provided to make them sustainable and economically viable. Hence, the fourth year onwards of formation, the FPO has to manage their financial support from their own business activities. The indicative financial support broadly covers (i) the support for salary of its CEO/Manager (maximum up to Rs.25000/month) and Accountant (maximum up to Rs. 10000/month); (ii) one time registration cost(one time up to maximum Rs. 40000 or actual whichever is lower); (iii) office rent (maximum up to Rs. 48,000/year); (iv) utility charges (electricity and telephone charges of office of FPO maximum up to Rs. 12000/year); (v) one-time cost for minor equipment, including furniture and fixture, maximum up to Rs. 1,00,000 subject to the condition that the FPO is saving from other heads like office Rent, travel, cleaning, etc. by the FPO subject to overall ceiling of assistance of Rs. 18 lakhs per FPOs in 3 years;

(vi) travel and meeting cost (maximum up to Rs.18,000/year); and (vii) misc. (cleaning, stationery etc. maximum up to Rs. 12,000/year). Any expenditure of operations, management, working capital requirement and infrastructure development etc., over and above this, will be met by the FPOs from their financial resources.10.2 FPO being organization of farmers, it does not become feasible for FPO itself to professionally administer its activities and day to day business, therefore, FPO requires some professionally equipped Manager/CEO to administer its activities and day to day business with a sole objective to make FPO economically sustainable and farmers' benefiting agri-enterprise. Not only for business development but the value of professional is immense in democratizing the FPOs and strengthening its governing system. To substantiate the fact, the most successful example is of dairy co-operative in India where professional managers have contributed immensely to make it a success. There are other so many examples which prove the absolute requirement of professional managers. The number of professional staff could depend on geographical spread of business operation, diversity of activities and volume of business. However, an FPO should have minimum a CEO/Manager and an Accountant. Accountant is required in FPO to look after its day to day accounting work. Based on requirement, FPO can engage other staff also.

10.3 The CEO/Manager is to be appointed by the executive body of the FPO who should be either graduate in agriculture / agriculture marketing / agri-business management or BBA or equivalent. Locally available professionals with 10+2 and preferably diploma in agriculture / agriculture marketing / agri-business management or in such other related areas may be preferable. The accountant should have educational qualification of 10+2 with Mathematics as a compulsory subject or alternatively with Commerce or Accountancy background. If any members of the FPO meet the above criteria, they may be considered preferably in the selection process.

10.4 Under the scheme, financial support towards salary of CEO/Manager up to @ Rs. 25,000/- per month and of Accountant up to @ Rs.10,000/- per month with annual increment up to 5% is to be provided from the earmarked financial support for first 3 years only. Thereafter, FPOs will manage from their own resources to pay the salary of CEO/Manager and Accountant. In order to create interest of good professional activities of CEO/ Accountant, the FPO may also offer higher payment with their own sources of funds on above of Govt. support. One CEO will provide full time services to one FPO at a time only. It will be duty and responsibility of respective Board of Directors (BoDs) and CBBO that quality of services is rendered by CEO for developing the business for sustainability of the FPO.

10.5 **One time registration cost:** Under the scheme, the registration cost of incorporating FPOs under Companies Act. or registering under Co-operative Societies Act. will be reimbursable up to a limit of Rs. 40,000/- or actual, whichever is less; and remaining, if any, will be borne by respective FPO.

10.6 FPO will forward the periodic utilization certificate for FPO management cost received and utilized as may be necessary to Implementing Agency through concerned CBBO.

11.0 Provision for Equity Grant

11.1 Producer members' own equity supplemented by a matching Equity Grant from Government, which is required to strengthen financial base of FPOs and help them to get credit from financial institutions for their projects and working capital requirements for business development. Equity Grant shall be in the form of matching grant upto Rs. 2,000 per farmer member of FPO subject to maximum limit of Rs. 15.00 lakh fixed per FPO. This Equity Grant is not in the form of government participation in equity, but only as a matching grant to the FPOs as farmer members' equity. Therefore, Rs.1,500 crore with DAC&FW is proposed in the scheme to cover all the 10,000 FPOs, if maximum permissible equity is contributed to all 10,000 FPOs.

11.2 **Objectives of Equity Grant:** The objectives of Equity Grant are to (i) enhance viability and sustainability of FPOs; (ii) increase credit worthiness of FPOs; and (iii) enhance shareholding of members to increase their ownership and participation in their FPO.

11.3 **Eligibility Criteria for FPOs:** An FPO fulfilling following criteria shall be eligible to apply for Equity Grant under the Scheme-

(i) It shall be a legal entity as per para 2 of this guidelines.

(ii) It has raised equity from its Members as laid down in its Articles of Association/ Bye laws, as the case may be.

(iii) The number of its Individual Shareholders is in accordance with the terms hereto read together with the Scheme.

(iv) Minimum 50% of its shareholders are small, marginal and landless tenant farmers as defined by the Agriculture Census carried out periodically by the Ministry of Agriculture, GoI. Women farmers' participation as its shareholders is to be preferred.

(v) Maximum shareholding by any one member shall not be more than 10% of total equity of the FPO.

(vi) A farmer can be member in more than one FPO with different produce clusters but he/she will be eligible only once(for any one FPO that he/ she is a member) for the matching equity grant up to his/her share.

(vii) In the Board of Directors (BoD) and Governing Body (GB), as the case may be, there shall be adequate representation of women farmer member(s) and there should be minimum one woman member.

(viii) It has a duly constituted Management Committee responsible for the business of the FPO.

(ix) It has a business plan and budget for next 18 months that is based on a sustainable, revenue model as may be determined by the Implementing Agency.

11.4 **Procedure for release of Equity Grant:**

(i) The Equity Grant will be made available to the eligible FPOs to receive a grant equivalent in amount to the equity contribution of their shareholder members in the FPO subject to its cap of Rs. 15 lakh per FPO. Equity Grant sanctioned shall be released to respective Implementing Agency for transferring to the bank account of the FPO. The FPO shall, within 45 days of the receipt of the Equity Grant, issue additional shares to its shareholder members, equivalent in value to the amount of the Grant received by it, provided that the maximum grant per category of shareholder irrespective of their share as aforesaid is as follows:

(ii) Individual Shareholder – up to Rs 2,000/- per member.

a) The criteria for calculation of Equity Grant (rounded off to the Share Unit Value (subject to point a) to each shareholder member of the FPO (as per authenticated copy of the Shareholders' Register maintained by the Producers Company/ Co-operative Society as per the applicable provisions of the relevant Act) is as follows:

(i) Allocation of shares shall be on matching/ pro-rata basis of the shareholders' current shareholding, subject to the maximum specified above and ensuring that each shareholder member receives minimum one equity share.

(ii) If the Grant sanctioned to the FPO is not sufficient to ensure a minimum one share to all its shareholder members, allocation of grant shall be based on the shareholders' current landholding, starting with shareholder with the least land holding / the smallest producer in case of allied activities/ or by transparent draw of lots where such identification is not possible.

b) The FPO shall be allowed to draw the Equity Grant in a maximum of three (3) tranches (within a period of 4 years of the first application and within the handholding period of CBBO) subject to the cap of Rs. 15 lakh per FPO, provided and to the extent that it is able to raise additional Member Equity to qualify for an additional matching grant within the overall ceiling of Rs. 15 lakh. The request for the second tranche shall be treated as a fresh application and the full process of due diligence shall be repeated.

c) In the event that a shareholder, who receives additional shares issued by the FPO against Equity Grant sanctioned by the Implementing Agency, exits the FPO at any point after receiving the shares, the additional shares received by him/her in lieu of the Equity Grant and standing in his/her name must be transferred to another shareholder or new shareholder within 90 days of his/her exiting the FPO, through an open and transparent draw of lots. In such cases, the original shareholder cannot receive the value of the additional shares transferred to other/ new members.

d) DAC&FW may ask Implementing Agencies or Implementing Agencies on its own motion shall have right to recall the Equity Grant amount from the FPO, which shall be legally liable to comply with the same in the case of- a) failure to issue additional shares to members against the Equity Grant received by the FPO within 45 days of its receipt; b) closure / dissolution of FPO within five years of the receipt of the Equity Grant; and c) instances of misuse / misappropriation of the Equity Grant (viz. use of funds for activity other than mentioned in Memorandum of Association/ Articles of Association/ Business plan of the FPO) .

11.5 Application for Equity Grant:-

Eligible FPOs shall apply for the Equity Grant in the prescribed Application Form (**Annexure-I**) only. Other mandatory documents required to be submitted along with the Application are listed below:

(i) Shareholder List and Share Capital contribution by each member verified and certified by a Chartered Accountant (CA)/Co-operative Auditors prior to submission**(Enclosure-I of Annexure-I).**

(ii) Resolution of the Board of Directors/Governing Body to seek Equity Grant for members **(Enclosure-II of Annexure-I).**

(iii) Consent of shareholders, stating name of shareholder, gender, number of shares held, face value of shares, land holding, signifying consent for Implementing Agencies to directly transfer the Equity Grant sanctioned to the FPO on their behalf, to FPO Bank account, against the consideration of additional shares of equivalent value to be issued to them by FPO and on exit- transfer of the shares as per rules **(Enclosure-III of Annexure-I).**

(iv) If the FPO is in operation for more than one or more financial year then it shall provide copy of the Audited Financial Statements of FPO for all years of existence of the FPO, verified and certified by a Chartered Accountant (CA)/ Cooperative Auditors prior to submission.

(v) In case FPO is in operation for period of less than one financial year, Photocopy of Bank Account Statement for last six months authenticated by the Branch Manager of the "Bank" is required

(vi) Business Plan of FPO and budget for next 18 months.

(vii) Names, photographs, and identity proof (anyone from among ration card, Aadhaar card, election identification card, passport) of Representatives/ Directors authorized by the Board for executing and signing all documents under the Scheme. Each page of the Application Form and accompanying documents shall be signed by a minimum of two Board Member /Authorized Representatives of the FPO.

Note: All the information/documents are to be verified by respective CBBOs while submitting the same to the respective Implementing Agencies.

11.6 **Institutional Due Diligence:-**

(i) The Implementing Agency shall undertake a due diligence process to establish the credibility, sustainability and viability of the FPO, before taking a decision on its application for Equity Grant. The Due diligence shall cover the following aspects- a). Governance; b). Business and Business Plan Viability; c). Management Capability; d). Financials. All the documents and information in this respect are to be routed to Implementing Agencies through respective CBBOs duly verified by them.

(ii) Due diligence shall be conducted through Desk Appraisal by the implementing Agencies on the basis of documents received. The Implementing Agencies may seek assistance of NPMA in process of applying due diligence and if required may verify the claims.

11.7 **Sanction:**

The application shall be made by FPOs to the Implementing Agencies. After application of due diligence by Implementing Agencies, the proposal may be approved for sanction of Equity Grant. The Implementing Agency shall make demand of fund for disbursement under the Scheme as per their Annual Action Plan (AAP) to DAC&FW. Same may be released to Implementing Agency upon furnishing Utilization Certificate as described in para 8.2 of this guidelines.

11.8 **Disbursement:**

(i) After accepting the terms of sanction, the FPO shall enter into Agreement with Implementing Agencies.

(ii) Implementing Agencies shall transfer sanctioned funds to the FPO Account.

11.9 **Compliance and Verification:**

The FPO shall submit the following documents to Implementing Agencies:

(i) List of additional shares issued by it to its shareholder members under the Scheme, along with the respective Folio Numbers, verified and certified by a Chartered Accountant (CA), within 45 days of receiving the fund.

(ii) If the FPO does not honour its commitment in any manner whatsoever, either in the matter of issuing shares or in notifying Implementing Agency within the specified time limit, the Equity Grant amount sanctioned and released by Implementing Agency to the FPO is liable to be cancelled and recalled by Implementing Agency, as detailed in the Agreement between Implementing Agency and FPO.

11.10 **Recourse on Non-Compliance:**

In the event of violation of any of the terms and conditions herein contained or contained in the rules or any of the instructions issued by Implementing Agency from time to time or instances of misuse/misappropriation of the Equity Grant sanctioned and released to FPO by Implementing Agency, Implementing Agency shall have the right to demand and enforce forthwith repayment of the entire amount of Equity Grant sanctioned by Implementing Agency along with appropriate damages.

12.0 Credit Guarantee Facility

12.1 In order to ensure access of FPOs to credit from mainstream Banks and Financial Institutions, there is a need to create a dedicated fund. The dedicated Credit Guarantee Fund (CGF) will provide suitable credit guarantee cover to accelerate flow of institutional credit to FPOs by minimizing the risk of financial institutions for granting loan to FPOs so as to improve their financial ability to execute better business plans leading increased profits.

12.2 **Objective of CGF:**

The primary objective of CGF is providing a Credit Guarantee Cover to Eligible Lending Institution (ELI) to enable them to provide collateral free credit to FPOs by minimising their lending risks in respect of loans.

12.3 **Corpus of CGF:-**

(i) A dedicated Fund of up to Rs. 1,500.00 crore will be created as CGF. Out of up to Rs. 1,500.00 crore CGF, up to Rs. 1,000.00 crore will be created, maintained and managed by NABARD and the rest of up to Rs. 500.00 crore by NCDC. DAC&FW will annually contribute on matching share basis to CGF created, maintained and managed by NABARD and NCDC each contributing equal amount to respective CGF without paying any other management cost both NABARD & NCDC for managing the Fund.

(ii) The FPOs promoted and registered under Co-operative Societies Act will have option to avail CGF maintained and managed either by NBARD or NCDC. The FPOs promoted and registered under Companies Act can avail CGF maintained and managed by NABARD.

12.4 **Definitions:**

i. **"Credit Facility"** means any fund based credit facility extended by an Eligible Lending Institution (ELI) to an Eligible Borrower without any Collateral Security or Third Party Guarantee ;

ii. **"Credit Guarantee Fund"** means the Credit Guarantee Fund for FPOs created with NABARD and NCDC respectively under the Scheme with matching grant from DAC&FW for the purpose of extending guarantee to the eligible lending institution(s) against their collateral free lending to eligible FPOs;

iii. **"Eligible Lending Institution (ELI)"** means a Scheduled Commercial Bank for the time being included in the second Schedule to the Reserve Bank of India Act, 1934, Regional Rural Banks, Co-operative Banks, Cooperative Credit Society, NEDFI, or any other institution (s) as may be decided by the NABARD and/or NCDC, as the case may be, in consultation with Government of India from time to time. NABARD and NCDC can also finance, if they so desire with the approval of DAC&FW/N-PMFSC. NBFCs and such other financing institutions with required net worth and track record may also serve as Eligible Lending Institutions (ELIs), for lending to FPOs with a moderate spread between their cost of capital and lending rate. However, Standard Financial Sector Rating Agency should have rated NBFC **to be AAA** to be considered as ELI;

iv. **"Guarantee Cover"** means maximum cover available per eligible FPO borrower;

v. **"Guarantee Fee"** means the onetime fee at a specified rate of the eligible credit facility sanctioned by the ELI, payable by the ELI to NABARD or NCDC, as the case may be; and

vi. **"Tenure of Guarantee Cover"** means the agreed tenure of the Term loan/ composite credit i.e. the maximum period of Guarantee Cover from the Guarantee start-up which shall run through the agreed tenure of the term credit, and where working capital facilities or Term loan alone are extended and/or continuing working capital arrangements granted along with the Term Loan, for a period of 5 years or block of 5 years and/or loan / working capital credit or composite credit facilities' termination date, whichever is earlier or such period as may be specified by the NABARD or NCDC, as case may be.

12.5 **Eligibility Criteria for FPO:**

(i) An ELI can avail Credit Guarantee for the FPO/Federation of FPOs, which are covered under the Scheme.

(ii) Further, it should be ensured that the ELI has extended / sanctioned within six months of the date of application for the Guarantee or / in-principle agreed in writing / has expressed willingness in writing to sanction Term Loan/ Working Capital/ Composite Credit Facility without any collateral security or third party guarantee including personal guarantee of Board of Directors/Governing Body Members.

12.6 **Credit Facilities Eligible under the Scheme:**

Under CGF, NABARD and NCDC, as the case may be, shall cover:

i. Fund based Credit facilities already sanctioned / extended within six months from the date of the application for the Guarantee Cover or intended to be extended singly or jointly by one or more than one Eligible Lending Institution (ELI) to a single eligible FPO borrower by way of term loan and/or working capital/composite credit facilities without any collateral security and/or third party guarantees.

ii. The ELI can extend credit without any limit; however, the Guarantee Cover shall be limited to the maximum guarantee cover specified under the Scheme.

iii. Non-Banking Financial Companies (NBFCs) and such other Financial Institutions (FIs) with required net worth, track record and rating of AAA may also be accommodated as Eligible Lending Institutions (ELIs), such NBFC should on-ward lend to FPOs with a moderate spread between their cost of capital and lending rate.

12.7 **Non-Eligibility of Credit Facilities from Credit Guarantee Fund:**

The following credit facilities shall not be eligible for Guarantee Cover under the Scheme:

i. Any credit facility which has been sanctioned by the ELI against collateral security and/ or third party guarantee.

ii. Any credit facility in respect of which risks are additionally covered under any scheme operated/administered by Reserve Bank of India/ or by the Government/or by any general insurer or any other person or association of persons carrying on the business of insurance, guarantee or indemnity.

iii. Any credit facility, which does not conform to, or is in any way inconsistent with, the provisions of any law, or with any directives or instructions issued by the Central Government or the Reserve Bank of India, which is, for the time being, in force.

iv. Any credit facility granted to any borrower, who has himself availed of any other credit facility covered under this scheme or under the schemes mentioned in clause (i), (ii) and (iii) above at any point in time.

v. Any credit facility that is overdue for repayment/ NPA taken over by the ELI from any other lender or any other default converted into a credit facility.

vi. Any credit facility which is overdue for repayment.

vii. Any credit facility which has been rescheduled or restructured on becoming overdue for repayment.

12.8 **Eligible project loan amount for Credit Guarantee Cover and its period:**

i. The credit guarantee cover per FPO will be limited to the project loan of Rs. 2 crore. In case of project loan up to Rs. 1 crore, credit guarantee cover will be 85% of bankable project loan with ceiling of Rs. 85 lakh; while in case of project loan above Rs.1 crore and up to Rs. 2 crore, credit guarantee cover will be 75% of bankable project loan with a maximum ceiling of Rs. 150 lakh. However, for project loan over Rs. 2 crore of bankable projet loan, credit guarantee cover will be limited maximum upto Rs.2.0 crore only.

ii. ELI shall be eligible to seek Credit Guarantee Cover for a credit facility sanctioned in respect of a single FPO borrower for a maximum of 2 times over a period of 5 years.

iii. In case of default, claims shall be settled up to 85% or 75 % of the amount in default subject to maximum cover as specified above.

iv. Other charges such as penal interest, commitment charge, service charge, or any other levies/ expenses, or any costs whatsoever debited to the account of FPO by the ELI other than the contracted interest shall not qualify for Credit Guarantee Cover.

v. The Cover shall only be granted after the ELI enters into an agreement with NABARD or NCDC, as the case may be, and shall be granted or delivered in accordance with the Terms and Conditions decided upon by NABARD or NCDC, as the case may be, from time to time.

12.9 Procedure to avail Guarantee Cover:

The ELI shall be required to apply to NABARD or NCDC, as the case may be, for Guarantee Cover in the specified form only provided at **Annexure-II** for credit proposals sanctioned by them during any quarter prior to expiry of the following quarter viz., application w.r.t. credit facility sanctioned in April–June Quarter must be submitted by the ensuing quarter, i.e. July-September to qualify for consideration under the Scheme.

- **NABARD or NCDC, as the case may be, shall-**

i. Scrutinize the proposal before sanctioning the Guarantee Cover to the ELI under the Scheme in accordance with its Terms and Conditions of respective Implementing Agencies.

ii. Insofar as it may be considered necessary, for the purposes of the Scheme, inspect or call for copies of the Books of Account and other records (including any Book of Instructions or Manual or Circulars covering general instructions regarding Conduct of Advances) of the Lending Institution or of the Borrower from the Lending Institution.

iii. Such Inspection shall be carried out either through the officers of NABARD or NCDC, as the case may be, or any other officer of DAC&FW specifically appointed for the purpose of Inspection.

iv. The Investment and Claims Settlement Committee (I&CSC) of NABARD or NCDC, as the case may be, shall sanction the Guarantee Cover to the concerned Bank based on the findings of the above.

v. The ELI shall enter into an Agreement with NABARD or NCDC, as the case may be, at the level of the Bank Branch as per the format of Agreement decided by NABARD or NCDC, as the case may be.

12.10 Guarantee Fee (GF):

i. Annual Guarantee Fee on outstanding basis, if chargeable by NABARD or NCDC as the case may be, will be payable by ELI for Credit Guarantee

Cover (CGC) under the Scheme, which will be maximum up to @ 0.75% of credit facility up to and including Rs. 1.0 crore project loan and up to @ 0.85% of credit facility above Rs. 1.0 crore and up to Rs. 2.0 crore project loan sanctioned by the ELIs. The ELI shall pay the Guarantee Fee upfront to NABARD or NCDC, as the case may be, within 30 days from the date of issue of sanction letter for CGC, failing which the Guarantee will be liable to become void unless and until its continuance is specifically approved by NABARD or NCDC, as the case may be.

ii. The Guarantee Fee once paid by the lending institution to NABARD or NCDC, as the case may be, is non-refundable except where Guarantee Cover for which Guarantee Fee is paid has not been approved.

12.11 Responsibilities of Lending Institutions under the Scheme prior to recommending proposals for the consideration of NABARD or NCDC, as the case may be, the ELI shall:

i. Appraise each loan proposal for selecting commercially viable projects. ELI's Appraisal Note shall accompany the Application for Guarantee Cover under the Scheme.

ii. Carry out processing, legal work and documentation for sanction of the loan in accordance with the requirements of the ELI and the terms and conditions of NABARD or NCDC, as the case may be.

iii. Furnish such statements, information, documents, receipts, certificates etc. as NABARD or NCDC, as the case may be, may require in connection with any credit facility under this Scheme.

iv. Certify that /be deemed to have affirmed that the contents of such documents, receipts, certificates and other written documents are true, provided that no claim shall be rejected and no liability shall attach to the lending institution or any officer thereof for anything done in good faith.

v. Monitor the Borrower -account and maintain records of periodical monitoring and actions initiated on observations, if any.

vi. Ensure that the Guarantee Claim in respect of the credit facility to the FPO Borrower is lodged with NABARD or NCDC, as the case may be, in the form and manner and within such time as may be specified by NABARD or NCDC, as the case may be, in this behalf. Further, there shall not be any delay on its part to notify NABARD or NCDC, as the case may be, of the default in the Borrower's Account, as a result of which delay, NABARD or NCDC, as the case may be, shall face higher Guarantee Claims.

vii. The payment of Guarantee Claim by NABARD or NCDC, as the case may be, to the lending institution does not in any way absolve the lending institution of the responsibility of recovering the entire outstanding amount of the credit from the borrower. The lending institution shall exercise all necessary precaution and take recourse to all measures to recover from the borrower the entire amount of credit facility that is owed to it by the borrower and safeguarding the interest of NABARD or NCDC, as the case may be, as it shall exercise in the normal course if no guarantee had been furnished by NABARD or NCDC, as the case may be.

viii. The lending institution shall be bound to comply with such directions as NABARD or NCDC, as the case may be, may deem fit to issue from time to time, for facilitating recoveries of the guaranteed account, or safeguarding its interest as a guarantor.

ix. The lending institution shall, in particular, refrain from any act either before or subsequent to invocation of guarantee, which may adversely affect the interest of NABARD or NCDC, as the case may be, as the guarantor.

x. The lending institution shall be bound under the Scheme to intimate in advance to NABARD or NCDC, as the case may be, its intention to enter into any compromise or arrangement, which may have effect of discharge or waiver of primary security.

xi. Further, the lending institution shall secure for NABARD or NCDC, as the case may be, or its appointed agency, through a stipulation in an Agreement with the Borrower or otherwise, the right to list the defaulted Borrowers' names and particulars on the Website of NABARD or NCDC, as the case may be or Integrated Portal

12.12 **Monitoring by NABARD and NCDC:-**

i. The ELI shall undertake regular desk and /or field monitoring of the borrowing FPOs.

ii. NABARD or NCDC, as the case may be, shall be authorized to call for reports of such monitoring as may be required from time to time.

12.13 **Governance:**

i. There shall be an Investment and Claims Settlement Committee (I&CSC) in NABARD and NCDC. The I&CSC in NABARD will be chaired by its Deputy Managing Director (Dy.MD) or as nominated by Chairman, NABARD in case Dy. MD post is vacant ; while in NCDC, it will be chaired by its Managing Director (MD). The respective Committee may have also representative of States in rotation, Banking Institutions and relevant subject matter Experts apart from a representative of DAC&FW. NABARD may also co-opt a representative from SFAC. The procedure, frequency of conduct of meeting etc. will be decided by respective Organization as may be required.

- The I&CSC in NABARD and NCDC will apply their due diligence to scrutinize and accord the financial sanction to the proposals received from ELIs for Credit Guarantee Cover. NABARD and NCDC will submit by tenth day of next month the detailed progress of sanctioned credit guarantee cover of the previous month to DAC&FW on prescribed pro-forma. The N-PMAFSC shall be final authority in all policy and strategic decision making in this regard.

ii. The I&CSC shall have discretion to take decisions in all matters concerning the Fund and its administration, set standards for risk exposure, design the financial structure of the Fund and profit targets, including special consideration for FPO with good track record of recovery.

iii. The I&CSC shall deliberate upon Policy Issues and Strategy for overall development of the Fund and make recommendations to the NABARD and NCDC, as the case may be, for their approval. The NABARD and NCDC will accord approval and inform N-PMAFSC. informed about all major decisions and actions taken by it in this regard, and shall work under its overall control and guidance with regard to the Fund and the Scheme. Simultaneously, the NABARD and NCDC will keep the N- PMAFSC apprised about such decisions and actions taken in this regard.

v. Decisions regarding Guarantee Pay-Outs shall be the primary responsibility of I&CSC which shall meet at least once every quarter or as often as necessary.

vi. The ELI may invoke the Guarantee in respect of Credit Facility within a maximum period of one year from the date of NPA, if the conditions set out by NABARD or NCDC, as the case may be , are met out .

12.14 **Claim Settlement:-**

Only such Claim, as is submitted by the ELI and as specified by NABARD or NCDC, as the case may be, from time to time in consultation with N-PMAFSC will be considered .

12.15 **Modifications and Exemptions:-**

NABARD or NCDC, as the case may be ,reserves the right to modify, cancel or replace the scheme or terms and conditions , in any manner whatsoever, that it deems necessary, in consultation with DAC&FW.

12.16 **Interpretation :-**

The decision of NABARD or NCDC, as the case may be, shall be final in regard to the interpretation of any of the provisions of the Scheme or of any directions or instructions or clarifications given in connection therewith. While taking any such decisions, NABARD or NCDC, as case may be, will hold prior consultation with DAC&FW.

12.17 **Disputes Resolution:-**

Disputes, if any, arising out of the Agreement shall be resolved through mutual consultation, failing which, subject to the relevant agreement, Arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996 and it’s up to date amendments shall be resorted to.

13.0 Training and Capacity Building for Promotion of FPOs

13.1 Capacity building, training and skill development of CEOs/ BoDs and other stakeholders identified by Nodal training institution, in consultation with DAC&FW, through transfer of technology, innovation is very essential for on self-sustainable basis. The transfer of technology and innovation, *inter alia,* includes entire vertical and horizontal aspects of agricultural value chain, managerial aspect including accounting with focus on value addition, processing, and marketing. The subject matter of training will cover topics ranging from Organisational management/behaviour, crop husbandry, value addition, processing, marketing, trading, export, supply chain, grading, branding, packaging, accounting, auditing, compliance requirements, incubation, ICT & MIS as may be relevant for promotion of FPOs including case studies in best practices if any.

13.2 The Bankers Institute of Rural Development (BIRD), Lucknow promoted by NABARD is designated as Nodal Training Institution at central level for FPOs promoted by NABARD and SFAC and other allowed/designated Implementing Agencies whether incorporated under Part IX A of Companies Act or registered under Co-operative Societies Act. The BIRD will work in partnership with other reputed organisations like NIRD, MANAGE, NIAM, NIFTEM, VAMNICOM and such other national and regional institutions such as IRMA, Anand and ASCI, Hyderabad, State and Central Government Agriculture Universities, National Level Skill Development Universities, KVKs and other National Level Management and Skill Development Institutions etc. The BIRD in consultation with NABARD and DAC&FW will prepare a training module and training schedule for the ensuing year, which will be got approved by N-PMAFSC.

13.3 Training expenses, in case of BIRD being nodal agency, will be equally shared by DAC&FW and NABARD. BIRD through NABARD will claim the expenses from DAC&FW and will also submit the utilization certificate through NABARD after the training programme is over.

13.4 Laxmanrao Imandar National Academy for Co-operative Research & Development (LINAC), Gurugram promoted by NCDC is designated as Nodal Training Institution at central level for FPOs registered under Co-operative Societies Act and promoted by NCDC. The LINAC will work in partnership with other reputed national and regional training institutions like NIAM, VAMNICOM, MANAGE, NIRD, NCCT, IRMA, ASCI, State and Central Agriculture Universities, KVK, very reputed National level Management and Skill Development Institutions/Universities etc. The LINAC in consultation with NCDC and DAC&FW will prepare a training module and training schedule for the ensuing year, which will be got approved by N-PMAFSC. As regards training expenses, in case of LINAC being nodal agency, the LINAC through NCDC will claim the expenses from DAC&FW and will also submit the utilization certificate through NCDC after the training programme is over.

13.5 DAC&FW in due course may also identify and designate other training institute(s) as additional Nodal Training Institute at central level, which will undertake training and skill development partnering with other national and regional level institutes.

13.6 The central Nodal Training Institutes will ensure that training programme be held preferably in same State/UT wherein FPO trainees located are proposed to participate to reduce the burden on transportation(TA/DA) cost. While formulating the training schedule, Nodal Training Institutes will ensure that BoDs, CEOs/Managers and other stakeholders etc. are trained twice in a year. Nodal Training Institutes will have to make boarding and lodging arrangements for the trainees and will also reimburse to and fro journey tickets to the extent of sleeper class train tickets and/or ordinary bus fare. Nodal Training Institutions will also evolve methodology to monitor and track the performance of trainees and their FPO organization to ensure effectiveness of training being provided. Nodal Institutions will also provide the annual summary of various training provided and their effectiveness to national level Project Management Advisory and Fund Sanctioning Committee (N-PMAFSC) constituted in DAC&FW.

13.7 Nodal Training Institutions may also develop various video based demonstrative/interactive e-learning modules in relevant subjects and made available in local languages to widely disseminate knowledge to new and existing FPOs.

13.8 Nodal training Institutes may also develop distance learning Diploma Program in FPO management for members of new and existing FPOs so as it may foster in future trained and professional FPO managers/accountants like that for Industry.

13.9 There is budgetary provision of Rs. 3.0 crore each year by DAC&FW for four years for training through specialized institutions and NABARD will be contributing on matching basis for the capacity building to be undertaken by BIRD (in consultation with N-PMAFSC) partnering with other National and Regional level institutions.

14.0 Implementation & Monitoring Mechanism

Considering the significance of effective implementation and better monitoring mechanism for success of a scheme, there is a well-structured, institutionalized three tired structure at National level, State level and District level for effective implementation and monitoring of formation and promotion of FPOs.

14.1 **National Level**

14.1.1 To cohesively coordinate the Implementing Agencies, activities and to decide the policy guidelines in the matter for better outcome of the Scheme, there is a national level Project Management Advisory and Fund Sanctioning Committee (N-PMAFSC) constituted in DAC&FW. Composition of the Committee shall be –

(i) Secretary, DAC&FW --Chairperson

(ii) Addl. Secretary (Marketing), DAC&FW ---------------------------Member

(iii) AS&FA, DAC&FW ---Member

(iv) JS (MIDH, RKVY, Co-operation), DAC&FW ----------------------Member

(v) JS (MoFPI), as nominated by its Secretary-----------------------Member

(vi) JS (DoAHD), as nominated by its Secretary----------------------Member

(vii) JS (Deptt. of Fisheries), as nominated by its Secretary---------Member

(viii) JS (MoRD), as nominated by its Secretary-----------------------Member

(ix) JS (DoNER),as nominated by its Secretary-----------------------Member

(x) JS (Tribal Affairs) nominated by Secretary-------------------------Member

(xi) Managing Director (SFAC)--Member

(xii) Managing Director (NCDC)---Member

(xiii) NABARD's representative not below the rank of CGM----------Member

(xiv) JS (Marketing), DAC&FW--------------------------------Member Secretary

Note: (i) Chairperson may co-opt any additional member(s) including from any other Ministry /Department, States or expert(s) to assist the functioning of the Committee. In case of co-opted Members(s) from States, it shall be on rotation basis. Two prominent farmer members or representatives of FPOs be nominated as member of the Committee by Government of India.

(ii) Directorate of Marketing & Inspection, an attached office of DAC&FW will provide necessary secretarial services and assistance including technical inputs to N-PMAFSC in coordination, scrutiny and sanction of proposals and will coordinate with NPMA, which shall also assist N-PMAFSC with inputs on policy formulation, coordination among implementing agencies.

14.1.2 **Duties & Responsibilities of N-PMAFSC:-**

(i) Coordinate with all the Implementing Agencies, State Level Consultative Committee and District level Monitoring Committee (D-MC) for smooth implementation. It will also consider feedback received from other relevant Ministries and Organizations on Clusters identification for consideration.

(ii) It will monitor the progress either by holding the meetings of Implementing Agencies and other stakeholders or by other means.

(iii) It will allocate the produce clusters/districts/States to Implementing Agencies for formation and promotion of FPOs.

(iv) It will undertake scrutiny of Action Plan of Implementing Agencies(IAs), consider recommendation of release of fund to Implementing Agencies based on previous utilization as due with respect to funding under the Scheme.

(v) It will provide policy inputs to DAC&FW for modification in the Scheme to better suit in the formation and promotion of FPOs to make them economically sustainable.

(vi) It will provide aid and advice to Implementing Agencies as may be required for smooth functioning of the scheme.

(vii) Based on suggestions received from various Implementing Agencies, other Ministries, States and experience/need, N-PMAFSC may examine and recommend revision of the minimum membership norm per FPO to DAC&FW.

(viii) It may seek detailed input and analysis as may be required from time to time from NPMA and also seek assistance of DMI in verification etc.

14.2 **State Level**

14.2.1 Considering the significance and strategic roles of the State Government and its machinery down the line in synergizing the efforts in mobilizing the farmers, offering various services relating to production and post-production and also closely and periodically review the developmental and functioning including constraints faced by FPOs, a State Level Consultative Committee called SLCC is constituted. The Composition of the Consultative Committee is as under-

i. Addl. Chief Secy/Secy. I/c Agriculture/ Agriculture Marketing----Chairperson]

ii. Secretary of line Ministries/Departments--------------------------------Members (Horticulture, Animal Husbandry& Fisheries, Co-operation, Marketing, Rural Development, Panchayati Raj) (In State/UT where there is no post of ACS/PS; and Secretary, I/c Agriculture is Chairperson, members may be Directors of line Departments)

iii. Representative of SFAC --Member

iv. Representative of NCDC --Member

v. Representative of NABARD ------------------------------Member Secretary*

vi. Convener, SLBC ---Member

vii. Two Experts from Agriculture Universities/Institutions ----------Members

Note: (i) Chairman may co-opt additional Member(s) as per requirement and In-charge of DMI of respective State/UT may be invited in the meeting as special invitee. Two prominent farmer members or representatives of FPOs in the State/UT be nominated as member of the Committee by Government of India.

*(ii) Representative of NABARD will be Member Secretary to convene and coordinate the meetings of SLCC, however, in State (s) where there is presence of NCDC and State level SFAC and they are playing

lead and significant roles in formation and promotion of FPOs, their representatives may be Member Secretary in place of NABARD). In case of any dispute, decision of N-PMAFSC in this regard shall be final.

(iii) State Governments/ UT Administration will issue order for formation of State Level Consultative Committee.

14.2.2 **Duties & Responsibilities of SLCC**

(i) It will regularly monitor and review the progress of FPO development and functioning by holding its regular meetings.

(ii) It will work out a strategy for all stakeholders including the Implementing Agencies (SFAC, NABARD and NCDC), institutions engaged in formation and promotion of FPOs and State Government machinery engaged in agricultural and rural development to work synergistically to achieve the objective.

(iii) It will identify the constraints in implementation of scheme and communicate to DAC&FW and N-PMAFSC for taking the appropriate policy decision, if so required.

(iv) It will direct respective State Government departments to help in identification of produce clusters for recommendation to N-PMAFSC and assist in mobilization of farmers to form the FPOs.

(v) It will formulate an effective extension mechanism to be undertaken through existing State extension machinery down the line.

(vi) Most importantly, the committee will coordinate with respective State Government departments to facilitate FPOs in getting the license/ registration for inputs, shops/spaces in the mandis and also availing the assistance for development of various infrastructures relating to production and post- production activities. The committee will also ensure that FPOs be associated/involved in all the farmers' centric schemes of the Government to the extent feasible.

(vii) It will facilitate in making available land at appropriate place for development of common facility center and also custom hiring center. It will also strategize and prioritize for linking of Common Facility Centre (CFC) with e-NAM or with any other e-trading platform.

14.3 **District level**

14.3.1 Monitoring of the scheme at the District / Cluster Level and effective coordination among the stakeholders are critical for real success of the scheme and benefit to the farmer members as envisaged. Therefore, a District level Monitoring Committee (D-MC) is constituted for overall coordination of implementation of scheme in the district including the cluster development and challenges faced by FPOs. The Composition of the District level Monitoring Committee is as under-

(i)	District Collector	- Chairperson
(ii)	CEO , District Council	- Member*
(iii)	District level officers of line departments (Agriculture/ Horticulture / Animal Husbandry/ Fisheries/Marketing/Cooperation)	- Member
(iv)	DDM (NABARD)	- Member Secretary
(v)	Lead District Manager (LDM)	- Member
(vi)	Experts from KVK, ATMA, local producers' Organizations (3 No.)	– Members
(vii)	Representatives of NCDC/SFAC, if available	- Members

Note: (i) Chairperson may co-opt additional Member(s) including the representative of CBBOs/ PACs as per requirement.

*(ii) The District level Committee will be chaired by CEO; Zila Parishad in State(s) where development / agriculture related work is the responsibility of Zila Parishad and the concerned State/UT so decide.

(iii) The implementation of the Scheme for formation and promotion of FPOs would also be reviewed by District Development Coordination & Monitoring Committee (DISHA) in their periodic reviews.

(iv) State Government/UT Administration will issue advisories to Districts for formation of District Level Monitoring Committee.

14.3.2 **Duties & Responsibilities of D-MC**

(i) It will closely monitor and review the progress of FPO development and functioning by holding its regular meetings.

(ii) It will suggest the potential produce clusters in the district (where FPOs can be formed & promoted) to N-PMAFSC and will also assist Implementing Agencies, CBBOs and other stakeholders in identification of cluster(s) and activity (ies) and also in mobilization of farmers.

(iii) It will resolve the financial constraints of FPOs through District Level Bankers' Committee and provide feedback to N-PMAFSC.

(iv) It will identify the constraints in implementation of scheme at the ground level and communicate the same to State Level Consultative Committee for further taking up the matter with DAC&FW and N-PMAFSC for appropriate policy decision.

(v) Any other matter so decided by the committee in the interest of the scheme and farmers.

14.4 Close and effective monitoring has been considered a major trigger for success of this scheme. Therefore, in addition to three tiered afore-stated structured mechanism for monitoring of the scheme, there shall be continuous in-house monitoring by DAC&FW and by the Implementing Agencies also. The DAC&FW may utilize the services of Directorate of Marketing & Inspection (DMI), which has existence through its Regional & Sub-Offices across the country. For effective monitoring, DAC&FW may engage consultants also and cost for same will be borne from the budget of the scheme itself.

15.0 Evaluation of the Scheme

15.1 In order to evaluate the performance of the scheme with reference to its envisaged objectives, the mid-term (4th year) and end-term evaluation will be done in terms of (i) No. of FPOs formed and registered; (ii) No. of farmers mobilized category-wise ; (iii) Quantum of Equity Grant provided and No. of FPOs covered; (iv) Quantum of Credit Guarantee provided for credit linkages including volume of loan availed for working capital; (v) No. of training programmes conducted for capacity building and No. of persons trained and (vi) Business turnover of the FPOs.

15.2 DAC&FW will hire third party appropriate Consultant / Agency transparently for undertaking the study as well as mid-term and end-term evaluation of the scheme. If it deems feasible and appropriate, DAC&FW may ask any of the Implementing Agencies to undertake the mid-term and end-term evaluation of the scheme and evaluation report will be shared with DAC&FW and also among the other Implementing Agencies. Based on the suggestions and findings in the report, DAC&FW may modify the Operational guidelines. If exigency arises in the interest of the scheme, DAC&FW may at any time suitably modify the scheme to achieve the objective as envisaged in it. The evaluation cost will be borne from the budget of the scheme itself.

16.0 Integrated portal

16.1 NPMA in consultation with DAC&FW will get configured an “Integrated portal” and will also be national level data repository. The portal will serve as an e- National platform for FPOs. The portal will have basically two components, namely (i) vertical and horizontal e-Market place functioning digital platform for business transaction through various stakeholders; and (ii) Management Information System (MIS) to cater the data needs of stakeholders. The portal will have in tracking all type of data up to FPO level. The integrated portal may be developed through outsourcing or through NIC by SFAC**.**

16.2 Functions of Integrated portal

(i) The software for vertical and horizontal e-Market place will provide information about the details of FPOs produce with its quality ready for sale.

(ii) It will provide details of availability of quality inputs with price and also the details of custom hiring facility with rate.

(iii) It will also provide detailed information about formation of FPO, its registration, location, major business activity, profitability status and all other related information FPO-wise.

(iv) It will have window to highlight the problems being encountered in any stage of formation and promotion of FPOs and quick response by respective agency to resolve the problem.

(v) All the software developed by Implementing Agencies with respect to FPOs are to be inter-operable with this Integrated portal.

17.0 Miscellaneous

(i) Those corporate bodies (Agri-Value Chain/Industry) forming and promoting FPOs through cluster-based approaches without going through CBBOs may be encouraged through providing financial support under this scheme. Concerned Industries/Value Chain Processing & Export Industries forming and promoting FPOs through cluster approaches without going through CBBOs / Professional Agencies engaged by CBBOs, will be eligible for assistance for their new FPOs under the Scheme in case at least 60% of the produce of members of such FPOs is ensured with appropriate processing & assured marketing linkages on sustainable basis for remunerative prices for improving the income of the members as well as to developing processing and value addition within the country. In addition, such FPOs can also avail credit guarantee cover under CGF if comply the eligibility for same under this Scheme and also norms & guidelines of CGF maintaining and managing agency. Such FPOs will also be allowed benefits of advisory services from NPMA and other components on par with FPOs such as Equity Grant promoted by implementing agencies. These Organizations will submit DAC&FW/ N-PMAFSC in advance about detail proposal of forming and promoting FPOs and will also submit the detail Year- wise Action Plan for consideration. Thereafter, they will submit the stages of formation and promotion of FPOs and submit proposal for FPO management cost from time to time along with utilization of previous amount along with documentary proof as well as requirement of Equity Grant to one of the assigned Implementing Agency for verification, which in turn will channelize the claim to N- PMAFSC for payment through respective IA. As regards Credit Guarantee facility, they will approach concerned Credit Fund with bank credit detail.

(ii) Ongoing schemes of Government will be used in convergence to enhance the cost effectiveness of FPOs in production and raising productivity and also to meet the cost of infrastructure requirement of the FPOs. Implementing Agency may converge the fund available with various on-going Government of India schemes such as Rashtriya Krishi Vikas Yojna (RKVY), Mission for Integrated Development for Horticulture (MIDH),National Food Security Mission (NFSM), Pradhan Mantri Kisan Sampada Yojna (PM-SAMPADA), Deendayal Antyodaya Yojna-National Rural Livelihood Mission (DAY-NRLM), PM- FME Scheme of MoFPI, TRIFED etc. in programs, activities and creation of infrastructure like Custom Hiring Centre/Common Facilitation Centre with machinery/equipment relating to production and post-production, value addition and farm level processing, storage and other activities to make FPOs sustainable and economically viable.

(iii) Further, Agricultural Marketing Infrastructure (AMI) Sub-Scheme of Integrated Scheme for Agriculture Marketing (ISAM) will also be converged and an FPO willing to develop post-harvest management and marketing infrastructure can avail assistance thereunder.

(iv) States/ Union Territories can avail assistance for development of marketing and farm level value addition infrastructure/facilities for FPOs including setting up of Custom Hiring Centre (CHC)/Common Facilitation Center (CFC) for marketing and supply chain etc. under Agri- Market Infrastructure Fund (AMIF) approved for creation in NABARD for development of marketing and farm level value addition infrastructure/facilities in Gramin Agriculture Markets (GrAMs). In this case, operational guidelines of AMIF and NABARD's procedure and terms and conditions of sanction and repayment of loan for AMIF shall be applicable.

(v) States/Union Territories can top up and additionally supplement the activities of FPOs from their own fund for activities and infrastructure not covered under Government of India Scheme.

(vi) States/Union Territories may actively consider to make available appropriate size of land to FPOs for setting up of CFCs and CHCs at cheaper rate on rent/lease or otherwise; or may make available free of cost.

(vii) Government may prioritize FPOs to undertake procurement operation on Minimum Support Price (MSP).

(viii) States must actively consider encouraging FPOs for selling their produce through e-National Agriculture Market (e-NAM) including FPO module of e-NAM or through other electronic platform from their premises itself without physically bringing the produce to the APMC market yards.

(ix) Department of Agriculture, Cooperation & Farmers Welfare is authorized to finalize Operational Guidelines of the scheme (and model Bye Laws if any) including mid-term changes thereto, and issue the same with the approval of Hon'ble Minister for Agriculture & Farmers' Welfare.

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Annexure I

Application Form for seeking Equity Grant by FPO

Date:

To,

(i) The Managing Director
Small Farmers' Agri-Business Consortium (SFAC), NCUI Auditorium, August Kranti Marg, Hauz Khas, New Delhi 110016.

(ii) The Managing Director
National Co-operative Development Corporation (NCDC),
4, Siri Institutional Area, Hauz Khas, New Delhi 110016.

(iii) The Chief General Manager

National Bank for Agriculture and Rural Development (NABARD), Regional Office ---

(iv) To any other additional Implementing Agency allowed/designated, as the case may be.

Sub: Application for Equity Grant under scheme of Formation and Promotion of 10,000 Farmer Producer Organizations (FPOs) Dear Sir/Madam, We herewith apply for Equity Grant as per the provisions under the captioned scheme.

1. The details of the FPO are as under-

S. No.	Particulars to be furnished	Details
1.	Name of the FPO	
2.	Correspondence address of FPO	
3.	Contact details of FPO	
4.	Registration Number	

S. No.	Particulars to be furnished	Details
5.	Date of registration/incorporation of FPO	
6.	Brief account of business of FPO	
7.	Number of Shareholder Members	
8.	Number of Small, Marginal and Landless Shareholder Members	
9.	Paid up Capital (in INR)	
10.	Amount of Equity Grant sought (in INR)	
11.	Maximum shareholding of an Individual Shareholder Member	
12.	Bank name in which account is maintained	
13.	Account number	
14.	Branch name & IFSC code	
15.	Number of Directors with their briefs	
16.	Mode of Board formation (election/ nomination)	
17.	Number of Women Director(s)	
18.	Date(s) of Board/Governing Body Meetings held in the last year	
19.	Number of functional committees of the FPO: (Mention the major activities of each committee)	1. 2. 3.

S. No.	Particulars to be furnished	Details
20.	Roles & Responsibility of Boards/ Governing Body	1. 2. 3. 4.

2. Details of Board of Directors/Governing Body-

S. No.	Name of the Directors of Board/ Governing Body	Designati on/ Role in the FPO	Aadhar Number	DIN Number	Qualifi- cations Tenure (in yrs.)	Contact No./ Address	Land holding (in Acres)
1.							
2.							
3.							
4.							

3. Details of Members of Board/ Governing Body

S. No.	Name of the Members of Board/ Governing Body	Role in the FPO	Aadhar Number	Qualifications Tenure (in yrs.), if any	Contact No./ Address	Land holding (in Acres)
1.						
....						

4. Details of Shareholding of FPO Members-

#	Number of shareholders	Number and face value (INR) of shares allotted	Total amount paid (including premium in INR.)

We certify that no member of our FPO had availed Equity Grant facility earlier.

We submit our application along with the mandatory documents and request that the equity grant be approved.

Yours faithfully,

President/Chief Executive Officer/Manager

Authorized Representative/ Director of FPO

***List of mandatory documents to be attached with the application form**

i. Shareholder List and Share Capital contribution by each Member verified and certified by a Chartered Accountant (CA) prior to submission (Format attached, Annexure I- Enclosure-I).

ii. Resolution of FPO Board/Governing Council to seek Equity Grant for Members (Format attached, Annexure I- Enclosure-II).

iii. Consent of Shareholders, stating name of shareholder, gender, number of shares held, face value of shares, land holding, and signature, signifying consent for Implementing Agency to directly transfer the Equity Grant sanctioned to the FPC on their behalf, to FPC Bank account, against the consideration of additional shares of equivalent value to be issued to them by FPC and on exit- transfer of the shares as per rules (Format attached, Annexure I-Enclosure-III).

iv. Audited Financials of FPO for a minimum 1 year/for all years of existence of the FPO if formed less than three years prior to application/ for the last 3 years for FPO in existence for 3 years or more, verified and certified by a Chartered Accountant (CA) prior to submission.

v. Photocopy of FPO Bank Account Statement for last six months authenticated by Branch Manager.

vi. Business plan and budget for next 18 months.

vii. Names, photographs, and identity proof (one from among ration card, Aadhaar card, election identification card, and passport of Representatives/ Directors authorized by the Board for executing and signing all documents under the Scheme.

viii. Each page of Application Form and accompanying documents should be signed by a minimum of two Board Member Authorised Representatives of FPO;

Enclosure-I of Annexure-I

Shareholders' List and Share Capital contribution by each member verified and certified by a Charted Accountant (CA) prior to submission

S.No	Member Name & Gender	Date of Member-ship	Share Money deposited by member (Rs.)	No. of Shares allotted (Share Value in INR)	Folio Share distinctive Number	Land holding of Shareholders (in Acres)	Land Record (Khasra No.)

Signature of President

Place:

Date:

Signature of CEO Name: Name:

Place:

Date:

Verified and certified by Charted Accountant (CA) (Sign and Seal)

Enclosure-II of Annexure-I

Resolution of Board of Directors/Governing Body to seek Equity Grant for Members

FPO to seek Equity Grant for Shareholders (Certified true Copy)

a) Place of meeting...

b) Date of meeting..
Agenda of Meeting: to avail Equity Grant support

Whereas the FPO has been formed under ____________________________ (legal registration status of FPO) and on the basis of the decision of the AGM/EGM (held on) ___________________________ (mention the date) to avail Equity Grant support under the Scheme.

We, the Board of Directors of the FPO unanimously resolve that-

i. The grant shall be utilized for business enhancement of the FPO.

ii. The basis of allocation of the said fund shall be the individual share money contribution by members and in accordance with the criteria laid down in the Scheme.

iii. The accounts of the said grant shall be maintained in a proper manner.

iv. The benefit of the said support shall be extended shareholder member-wise and shall be available to an individual till she/he is the member of the FPO.

v. If a shareholder member quits the FPO at any point, the shares issued in lieu of the grant shall be retained by the FPO and shall not be paid to the member but shall be allocated to a new/additional existing member as per the scheme guidelines. This has been discussed in the AGM/EGM held for this purpose on---------- and the Shareholders are fully cognizant of the Terms and Conditions of the Scheme & have agreed to abide by the same.

We further resolve that to execute the documents pertaining to this support, the President / in his absence, any one of the following Directors of the FPO for any reason due to non-availability of the President and the Chief Executive of FPO, whose signatures are given below and certified by the Bank are authorised to sign all documents and forms jointly. Further resolved that this Resolution be communicated to.............................. (Name of Implementing Agency) and shall remain in force until further notice in writing.

Signed by the CEO & Board of Directors and Sealed

S.No.	**Name**	**Designation**	**Signatures**

Enclosure-III of Annexure-I

Consent Form of all Shareholders

We are Shareholders in ________________(Name of the FPO) located in_______________________ (Name of village/block/district/State). We have purchased____________________ (number of issued Shares) worth Rs. (value of the issued Shares) from the FPO, as per the list below-

(List to be attached stating name of shareholder, gender, number of shares held face value of shares, land holding, and signature.)

We have been informed about /read the Terms and Conditions of the EG and agree to the same. In particular, each shareholder hereby agrees that the entire amount of Equity Grant sanctioned by................................(Name of Implementing Agency) on our behalf be directly transferred to our FPO's account towards the consideration of additional shares to be issued to us of equivalent amount in the FPO.

On receipt of the amount, the FPO shall immediately, issue additional shares to respective shareholders, of the equivalent amount sanctioned to each shareholder by the..................................(Name of Implementing Agency)

We also agree that should any shareholder at any point cease to be a Member of the FPO for any reason whatsoever, the additional shares against the Equity Grant that stand in his/her name shall be retained by the FPO to be allocated to another Member as specified under the Scheme and that in such a case, he shall not receive the value of the share.

In support of our consent, we have affixed our signatures /thumb impressions below: Consent details:-

	Name & Gender of Shareholder	Current Equity holding (Number and Face Value in INR)	Current Landholding (in acres.)	Signatures/ Thumb impressions
1.				
2.				
3.				

We declare that the information furnished by the shareholders above is true.

Chief Executive Officer (Seal) President/Authorised Signatory
Certified by a Chartered Accountant (CA) (Seal) Countersigned by Bank Manager (of the Bank where the FPC has the account) (Seal)

ANNEXURE-II

Application Form for Seeking Credit GUARANTEE Cover UNDER CGF

Name of Implementing Agency (NABARD/NCDC):..
Address: ....
....
....
Phone Number: ....

(Each page of the application form should be signed by Branch head and Zonal Manager)

	Name and Address of the applicant Bank Branch :			
1 a)	Complete Postal Address (*with pin-code) :			
1 b)	Phone No. with STD :			
1 c)	Fax No.:			
1 d)	E-Mail Address:			
1 e)	Details of the authorised person of the Bank submitting the Claim:	Designation	Mobile No.	E-Mail Address.
2	Name of Borrower FPO :			
2 a)	Constitution:	Producer Organization		
2 b)	Registered Office Address (*with pin-code):			
	(i). Phone No.	(ii). Fax No.	(iii). E-mail Address	
2 c)	Business Office Address (if any)			
	(i). Phone No.	(ii). Fax No.	(iii). E-mail Address	
2 d)	Name of CEO :			
	Mobile No.			
2 e)	Credit Facility for which guarantee cover sought :			
	Old	New	Expansion	Technical Up- gradation
2 f)	Give details of components:-			
	Inputs:		Processing:	
	Marketing:		Any other:	
	Total Investment:			
3	Banking Facilities Sanctioned by sanctioning authority (Rs. in Lakh):-			
	(i). Term-Loan :	Date of Sanction:	Amount Outstanding:	IRAC Status:

	(ii).Cash Credit :	Date of Sanction:	Amount Outstanding:	IRAC Status:
3 a)	Sanctioning Office:	Branch:	ZO / RO:	HO:
3 b)	Designation of Sanctioning Authority :			
3 c)	Sanctioning authority approval vide :			
3 d)	Sanction / Appraisal Note No.		Dated:	
3 e)	Agenda No. / Minutes conveying sanction :			
4	Name and Address of Controlling Office of the Branch (*with pin-code):			
4.a).	Name of Controlling Authority :			
4.b).	Mobile No.:			
4.c).	Fax. No. :			
4.d).	E-Mail Address. :			
5	Present status of FPO Activity : (Give component wise details)			
5. a)				
5. b).				
5. c).				
5. d).				
5. e).				
5. f)				
6	Status of Accounts			
6. a).	Term-Loan:			
	Amount of Disbursement till date :		Outstanding as on date :	
	i). First installment due on (date) :			
	ii). Last Installment due on (date) :			
6. b).	Cash Credit :			
	Limit:	Drawing Power:		Outstanding:
	Comments on Irregularity (if any):			
	Any adverse comments on the unit by inspecting official in last inspection report:			

7.	A. Cost of Project (as accepted by sanctioning authority)(In Rs. Lakh)		B. Means of Finance (as accepted by sanctioning authority)(In Rs. Lakh)
	Give component wise details		a. Term loan of Bank:
			b. Promoter Equity

			c. Unsecured loan :	
			d. Others if any	
	Total		Total	
8.	A. Forward Linkages:		B. Backward Linkages with Small/Marginal farmers:	
	1		No. of members:	
	2		Details of Primary and Collateral Securities taken by the bank (if any)	
	3		a. Primary Securities	b. Collateral Securities
	4			
	5			
	6			
	(Please enclose details separately)			
9	Name of the Consortium (if any) associated with Credit Facility with complete address, contact details and email:			
9 a)	Address (*with pin-code) :			
9 b)	Contact Details :			
9 c)	Email Address :			

Request of Branch head for Credit Guarantee:-

In view of the above information, we request Credit Guarantee Cover against Credit Facility of Rs....................(in Rupees) to FPO(copy of sanction letter along with appraisal/process note of competent authority is enclosed for your perusal and record).

Further we confirm that :

1. The KYC norms in respect of the Promoters have been complied by us.
2. Techno-feasibility and economic viability aspect of the project has been taken care of by the sanctioning authority and the branch.
3. On quarterly basis, bank will apprise the ....(Name of Implementing Agency)about progress of unit, recovery of bank's dues and present status of account to........................(Name of Implementing Agency)
4. We undertake to abide by the Terms & Conditions of the Scheme.

Date………………………………	……………………………………………………………………………… Signature of Branch Manager with branch seal Name ………………………………………………………………… Designation ………………………………………………………………… ………………………………………………………………… ………………………………………… Signature of Authorized Person in zonal office Name………………………………… Designation ……………………………………

List of Enclosures

1. Recommendation with amount of CGC sought on Bank's Original letterhead with date and dispatch number duly signed by the Branch Manager on each page.	5. Promoter's request letter addressed to the Bank Manager on original letter head of FPO	9. List of shareholders confirmed by promoter and bank
2. Sanction letter of sanctioning authority addressed to recommending branch.	6. Implementation Schedule confirmed by the bank.	10. Affidavit of promoters that they have not availed CGC from any other institution for sanctioned Credit Facility.
3. Bank's approved Appraisal/Process note bearing signature of sanctioning authority.	7. Up-to-date statement of account of Term loan and Cash Credit (if Sanctioned).	11. Field inspection report of Bank official as on recent date.
4. Potential Impact on small farmer producers 1. Social Impact, 2. Environmental Impact 3. Risk Analysis	8. a). Equity Certificate, C.A/CS certificate/RCS certificate b). FORM-2, FORM-5 and FORM-23 filed with ROC for Company/ RCS.	* Pin Code at Column No. 1. a), 2. b), 2. c), 4. a) and 9. a) is Mandatory

For further information, please contact:

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Agricultural Marketing Division
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