

**Press Information Bureau  
Government of India  
Ministry of Agriculture & Farmers Welfare**

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**CCEA approves scheme for "Formation and Promotion of Farmer Producer Organizations (FPOs) " to form and promote 10,000 new FPOs**

The Cabinet Committee on Economic Affairs, chaired by the Prime Minister Shri Narendra Modi, has given its approval for 10,000 FPOs to be formed in five years period from 2019-20 to 2023-24 to ensure economies of scale for farmers. Support to each FPO be continued for 5 years from its year of inception.

### **Benefits**

Small and marginal farmers do not have economic strength to apply production technology, services and marketing including value addition. Through formation of FPOs, farmers will have better collective strength for better access to quality input, technology, credit and better marketing access through economies of scale for better realization of income.

### **Brief of the Scheme:**

- A new Central Sector Scheme titled "Formation and Promotion of Farmer Produce Organizations (FPOs)" to form and promote 10,000 new FPOs with a total budgetary provision of Rs. 4496.00 crore for five years (2019-20 to 2023-24) with a further committed liability of Rs. 2369.00 crore for period from 2024-25 to 2027-28 towards handholding of each FPO for five years from its aggregation and formation.
- Initially there will be three implementing Agencies to form and promote FPOs, namely Small Farmers Agri-business Consortium (SFAC), National Cooperative Development Corporation (NCDC) and National Bank for Agriculture and Rural Development (NABARD). States may also, if so desire, nominate their Implementing Agency in consultation with DAC&FW.
- DAC&FW will allocate Cluster/States to Implementing Agencies which in turn will form the Cluster Based Business Organization in the States.
- FPOs will be formed and promoted through Cluster Based Business Organizations (CBBOs) engaged at the State/Cluster level by implementing agencies. The CBBOs will have five categories of specialists from the domain of Crop husbandry, Agri marketing / Value addition and processing, Social mobilisation, Law & Accounts and IT/MIS. These CBBOs will be platform for an end to end knowledge for all issues in FPO promotion.
- There will be a National Project Management Agency (NPMA) at SFAC for providing overall project guidance, data compilation and maintenance through integrated portal and Information management and monitoring.
- Initially the minimum number of members in FPO will be 300 in plain area and 100 in North East & hilly areas. However, DAC&FW may revise the minimum number of membership based on experience/need with approval of Union Agriculture Minister.
- Priority will be given for formation of FPOs in aspirational districts in the country with at least one FPO in each block of aspirational districts.

- FPOs will be promoted under "One District One Product" cluster to promote specialization and better processing, marketing, branding & export by FPOs.
- There will be a provision of Equity Grant for strengthening equity base of FPOs.
- There will be a Credit Guarantee Fund of up to Rs. 1,000.00 crore in NABARD with equal contribution by DAC&FW and NABARD and Credit Guarantee Fund of Rs.500.00 crore in NCDC with equal contribution by DAC&FW and NCDC for providing suitable credit guarantee cover to accelerate flow of institutional credit to FPOs by minimizing the risk of financial institutions for granting loan to FPOs.
- States/UTs will be allowed to avail loan at prescribed concessional rate of interest under Agri-Market Infrastructure Fund (AMIF) approved for set up in NABARD for developing agriculture marketing and allied infrastructure in GrAMs, by making marketing & allied infrastructure including Common Facilitation Centre / Custom Hiring Centre for FPOs as eligible category for providing assistance to States / UTs.
- Adequate training and handholding will be provided to FPOs. CBBOs will provide initial training. Professional training of CEO / Board of Directors / Accountant of FPOs will be provided in organizational training, resource planning, Accounting / management, marketing, processing etc in reputed National / Regional training Institutes.

## **Background**

The report of 'Doubling of Farmer's Income (DFI)' has emphasized this fact and recommended formation of 7,000 FPOs by 2022 towards convergence of efforts for doubling the farmers' income. In the Union Budget 2019-20, Government has announced creation of 10,000 new FPOs to ensure economies of scale for farmers over the next five years, for which a dedicated supporting and holistic scheme as Central Sector Scheme is proposed for targeted development of FPOs and its sustainability.

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