

Activities undertaken by SFAC

- Mobilisation and Formation of FPOs with the help of Resource Institutions (RIs)
- Registration under Companies Act
- Training of CEOs, BoDs and member farmers on business plan, formulation & execution, compliances administrative under Companies Act and basic accounting, etc.
- Support to FPOs for management cost such as salary of CEO, Office expenses, etc. for 3 years after registration of FPO
- Infrastructural support through dovetailing existing Schemes.
- Funding support through:
 - i). Equity Grant Scheme: SFAC provides a matching Equity Grant of upto Rs.10.00 Lakh to double the share capital of FPCs.
 - ii). Credit Guarantee Fund: A Credit Guarantee Fund with a corpus of Rs.100.00 Crore has been created in SFAC to provide cover to financial institutions for lending to FPOs without collateral.

The FPOs can apply online for availing the benefits of the above Schemes and may visit SFAC at www.sfacindia.com for further details.



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Farmer Producer Organisations (FPOs)



Pathways to link farmers to the value chain

Farmer Producer Organisation

Collectivization of producers, especially small and marginal farmers, into producer organisations has emerged as one of the most effective pathways to address the many challenges of agriculture but most importantly, improved access to investments, technology, inputs and markets.

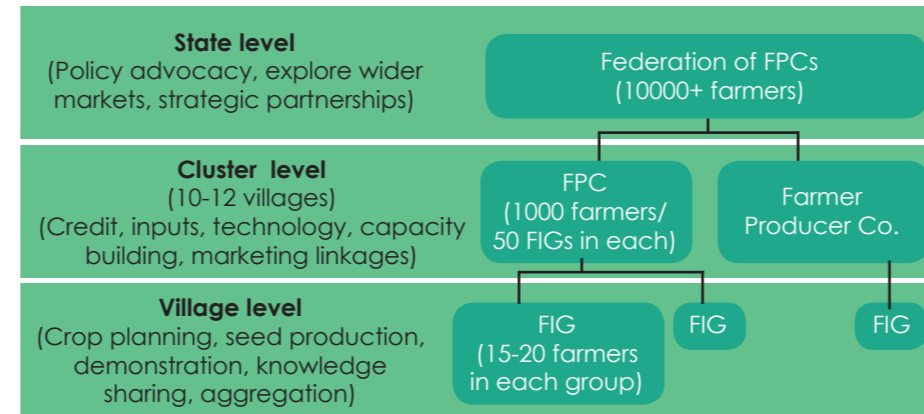
Recognizing the centrality of FPOs to meet national agricultural goals, Department of Agriculture and Cooperation, Government of India, had issued detailed Policy and Process Guidelines for Farmer Producer Organization during 2013. SFAC was nominated as a Single Window Agency by Department of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture and Farmers Welfare, Govt. of India, to support the State Governments in the formation of Farmer Producer Organizations (FPOs). SFAC has promoted FPOs across the length and breadth of country and at present FPOs are operating in 29 States covering wide array of crops. Sitting through thousands of awareness building and training meetings, exposure visits, sharing experiences, contributing savings towards share capital, organizing technology demonstrations, leveraging their collective buying power to source inputs in bulk and carrying pooled produce to distant markets, over a quarter million farmers have helped to anchor the success of the project.



FPO Structure

Farmers are mobilised into groups of between 15-20 members at the village level (called Farmer Interest Groups or FIGs) and building up their associations to an appropriate federating point i.e. Farmer Producer Organisations (FPOs) as can be seen from below given chart:

The typical structure of an FPO is as follows:



Major services delivery by FPOs

FPCs leverage the benefits of economics of scale for both production and marketing enabling more efficient production and better price discovery. Some of the major services that is being delivered are as follows:

- **Farm inputs:**

The FPOs buy essential inputs such as seed, fertilizer, pesticide in bulk and sell through its retail outlet. The inputs are sold to the members at a price which is far below the market price and thereby help the member farmers to reduce the cost of inputs. This activity also ensures timely delivery of quality inputs.

- **Custom Hiring Centre**

The need for having these machineries available at a local level at an affordable cost has been realized since long. To address the ever increasing cost of farming by small and marginal farmers many FPOs have established Custom Hiring Centres with assistance from Central/ State Schemes on farm machinery. The FPOs rent out machineries and implements to members at affordable cost (much below the cost charged by private players). In fact, farm mechanization has helped the farmer in increasing the productivity.

- **Output market linkage**

Needless to mention that procuring produce from the farmers and selling them to big traders and companies for realizing better prices has its own set of challenges and opportunities. However, many FPOs have succeeded in creating market linkages for their produce. FPOs have tied with major retailers for selling their produce and have succeeded in getting remunerative prices for their produce. Besides, many of our FPOs, with assistance from State Government, have established retail outlets for marketing their produce.

Some of the FPOs have also gone ahead with value addition, processing and branding of their produce.

