

F.No. 28011/1/2020-M-II (Pt.)  
Government of India  
Ministry of Agriculture & Farmers Welfare  
Department of Agriculture, Cooperation & Farmers Welfare  
(Agricultural Marketing Division)

.....

Dated: the 29<sup>th</sup> February, 2020.

To

The Chief Secretary/Administrator  
of all States/UTs

Subject: Launch of Centre Sector Scheme- **"Formation and Promotion of Farmer Producer Organizations (FPOs)"**— reg.

Madam/Sir,

Government of India has approved a dedicated central sector scheme - **"Formation and Promotion of Farmer Producer Organizations (FPOs)"** for formation of 10000 new FPOs in order to provide adequate handholding and professional support to develop economically sustainable FPOs while facilitating adequate market and credit linkages.

2. Under the Scheme, formation of 10,000 FPOs across the country is targeted in five years period of 2019-20 till 2023-24, while providing adequate handholding to each FPO for five years from the formation for which support will continue till 2027-28. Intensive efforts will be made to form & promote at least 15% of the targeted 10,000 FPOs in aspirational districts with at least one FPO in each block of aspirational districts of the country.

3. Under the scheme, FPOs are to be registered either under Part IXA of Companies Act or under States' Co-operative Societies Act. FPOs should have 300 minimum numbers of members in case of plain areas; while in case of North-East and Hilly areas, it shall be 100 to avail the benefit under the scheme. 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.

4. Small Farmers Agribusiness Consortium (SFAC), National Cooperative Development Corporation (NCDC) and National Bank for Agricultural and Rural Development (NABARD) will serve as Implementing Agencies. In addition, if any State/ Union Territory is desirous to have its own implementing agency, they may approach DAC&FW with details about the State Organisation/agency, its activities and experiences and existing manpower for nomination as Implementing Agency in the Concerned State/Union Territory.

5. New FPOs will be developed by specialist 'Cluster Based Business Organisations (CBBOs)' engaged by Implementing Agencies in the Cluster(s)/State(s), allocated by Department of Agriculture, Cooperation and Farmers Welfare. FPOs will be formed on the production cluster basis in agriculture and allied sectors, while encouraging the concept of "One District One Product" to promote marketing, processing and export.

6. Further, under the scheme, FPO management cost consisting of assistance for salary component of CEO, Accountant and rental and other utility charges for office of FPO, cost of registration, provision of matching equity grant up to Rs 2000.00 per member without Government participation in equity with a limit of equity grant of Rs.15.00 lakh per FPO and credit guarantee facility up to Rs 2.0 crore of project loan per FPO from Eligible Lending Institutions to ensure institutional credit accessibility to FPOs have been made. Apart from this, provision has been made for specialized training and skill development under the



Scheme through reputed national and regional level training institutions in organizational management, accounts management, resource planning, marketing and processing etc as per need.

7. While the Equity Grant will be released to Implementing Agencies by DAC&FW, it has been decided that to create a dedicated Credit Guarantee Fund (CGF) for which NABARD will create/manage and maintain a Credit Guarantee Fund of Rs.1000.00 crore and NCDC will create/manage and maintain a Credit Guarantee Fund of Rs. 500.00 crore, to both of which DAC&FW will contribute annually on matching share basis. While the FPOs registered under the Cooperative Societies Act of the States can avail credit guarantee facility from CGF managed by NCDC and NABARD, FPOs registered under Companies Act can avail CGF from that by NABARD.
8. Capacity building, training and skill development of CEOs/Board of Directors, Accountant and other stake holders will be made through important National/Regional training Institutions in the area of organizational management, account maintenance, resource planning, marketing and processing etc as per requirement for which Bankers' Institute of Rural Development(BIRD) under NABARD will be nodal training institution, while LINAC, Gurugram promoted by NCDC will be nodal training Institutions for FPOs registered under Cooperative Societies Act of the States.
9. In order to further provide guidance and maintenance of data and MIS, a National Project Management Agency (NPMA) with specialists in Crop Husbandry, Incubation management, Marketing & Processing, Law & Accounting, IT/MIS will be set up by SFAC. NPMA will be guiding CBBOs, coordinate with Implementing Agencies on management of information system on FPOs and assist DAC&FW in smooth implementation of the Scheme. Additionally a National Level Project Management Advisory and Fund Management Committee (N-PMAFSC) will be set up under Chairmanship of Secretary, DAC&FW with members drawn from various concerned Ministries and Implementing Agencies for overall coordination for formation and promotion of FPOs including fund release.
10. Considering the significance and strategic roles of the State Government and its machinery down the line in synergising the efforts in mobilising 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 (SLCC) and for monitoring of the scheme at the District/Cluster Level with effective coordination among the stakeholders, a District Level Monitoring Committee (D-MC) have been proposed to be constituted. The composition of SLCC and D-MC are as under-

(a) State Level Consultative Committee (SLCC) -

- |  |              |
|--|--------------|
| i. Addl. CS/Principal Secy/Secretary, I/c of Agriculture...as  | Chairperson  |
| ii. Secretary of line Ministries/Departments<br>(Horticulture, Animal Husbandry & Fisheries, Co-operation<br>Marketing, Rural Development, Panchayati Raj).....<br>(In State/UT where there is no post of ACS/PS; and Secretary, I/c<br>agriculture is Chairperson, members may be Directors of line<br>departments) | Members      |
| iii. Representative of SFAC.....   | Member       |
| iv. Representative of NCDC.....  | Member       |
| v. Representative of NABARD.....   | Member Secy* |
| vi. Convener, SLBC.....  | Member       |
| vii. Two Experts from Agri. Universities/Institutions.....   | Members      |

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.

\*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.

**(b) District level Monitoring Committee (D-MC) -**

- |       |   |   |               |
|-------|---|---|---------------|
| (i)   | District Collector  | - | Chairperson   |
| (ii)  | CEO, District Council   | - | Member*       |
| (iii) | District level officers of line departments<br>(Agriculture/ Horticulture / Animal Husbandry/<br>Fisheries/Marketing/Cooperation) | - | Members       |
| (iv)  | DDM (NABARD)  | - | Member Secy** |
| (v)   | Lead District Manager (LDM)   | - | Member        |
| (vi)  | Experts from KVK, ATMA, Local Producers'<br>Organizations (3 No.)   | - | Members       |

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

\*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.

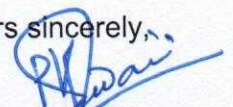
\*\* If representative of NCDC is available at the district level and NCDC is lead promoting agency for that cluster, representative of NCDC may be Member Secretary. Case may be same for SFAC also.

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.

11. Details of the Scheme including process of approval of cluster, formation of FPOs, Equity Grant, Credit Guarantee Facility and fund release including other details are provided in the Operational Guidelines, which will be sent separately and will also be uploaded on the website of the DAC&FW, SFAC, NABARD & NCDC. It is requested to give wide publicity to the Scheme from your side with farmers and other stakeholders in the interest of producers in your State.

12. It is further requested to kindly arrange to constitute State Level Consultative Committee (SLCC) and District level Monitoring Committee (D-MC) in your State/UT so as to implement the scheme immediately and also direct concerned department(s) and officials to involve themselves in mission mode to achieve the target in a time bound manner and outcome as envisaged in the scheme guidelines.

Yours sincerely,



(P.K. Swain)

Joint Secretary to the Govt. of India

**Distribution :-**

1. Secretary, Department of Expenditure, North Block, New Delhi.
2. All Additional Chief Secretaries/Principal Secretaries (Agriculture and Horticulture) of all States/UTs
3. Chairman, NABARD, Mumbai.
4. Managing Director, Small Farmers Agribusiness Consortium, New Delhi
5. Managing Director, National Cooperation Development Corporation, New Delhi
6. Joint Agriculture Marketing Adviser, Directorate of Marketing & Inspection, Faridabad
7. Press Information Bureau, New Delhi.
8. NIC, DAC&FW for uploading the operational guidelines on the Department's website.

**Copy also for kind information to:-**

1. Cabinet Secretary, Cabinet Secretariat, Rashtrapati Bhawan, New Delhi.
2. Principal Secretary to Hon'ble PM, South Block, New Delhi.
3. Secretary, DAC&FW, Krishi Bhawan, New Delhi.