

### Policy support to FPOs in the XII Plan

The encouraging feedback on the benefits to farmers through the membership of FPOs has generated a positive wave of policy support to nurture and promote these institutions. The XII Plan document approved by the Planning Commission, in the Chapter on Agriculture, strongly endorses the promotion of FPOs as a means of linking farmers to agri value chains. A working group of the National Advisory Council (NAC) has also supported the idea of promoting FPOs in different value chains as part of the larger strategy to increase the income of small farmers.

Recognizing the centrality of FPOs to meet national agricultural goals, Department of Agriculture and Cooperation, Government of India, has issued detailed Policy and Process Guidelines for Farmer Producer Organizations, a comprehensive compendium of instructions, methodology and standard costing to encourage State Governments to promote FPOs during the XII Plan by deploying funds from the Rashtriya Krishi Vikas Yojana (RKVY) window.

The Union Finance Minister, in his Budget Speech for 2013-14, announced two major initiatives to strengthen the funding viability of the FPOs:

1. Government will provide a matching Equity Grant of upto Rs.10.00 Lakh to double the share capital of FPOs.
2. A Credit Guarantee Fund with a corpus of Rs.100.00 Crore will be created in SFAC to provide cover to financial institutions which lend to FPOs without collateral.

These measures are expected to further boost the prospects and viability of FPOs during the XII Plan period.



### Krishidoot

SFAC is now focused on creating wider linkages for FPOs to reduce their transaction costs, improve access to technology and services and ultimately link them to better market opportunities for higher returns. One of the initiatives in this regard is the launch of Krishidoot, an ICT backed platform which will electronically network all the FPOs in the country and leverage their collective bargaining power. Rolled out on 1st June, 2013, Krishidoot will offer FPOs a gateway to a wide range of services through the simple medium of the mobile phone.

Please visit our website for further details.



Small Farmer's Agribusiness Consortium  
(Department of Agriculture & Cooperation,  
Government of India)  
NCUI Auditorium Building August Kranti Marg  
Hauz Khas, New Delhi- 110016  
Tel. : +91 11 26862365, 26966017  
Fax : +91 11 26862367  
Email : sfac@nic.in, Web : www.sfacindia.com



Farmer  
Producer  
Organisation  
**FPO**

A pathway to link farmers to  
value chains

## Background

Member based FPOs offer a proven pathway to successfully deal with a range of challenges that confront farmers today, especially small producers. Overcoming the constraints imposed by the small size of their individual farms, FPO members are able to leverage collective strength and bargaining power to access financial and non-financial inputs and services and appropriate technologies, reduce transaction costs, tap high value markets and enter into partnerships with private entities on more equitable terms. With fragmentation of holdings due to generational transfer unlikely to abate, FPOs offer a form of aggregation which leaves land titles with individual producers and uses the strength of collective planning for production, procurement and marketing to add value to members' produce. International and national experience in the performance of FPOs makes a strong case for policy support to member based farmer bodies, to significantly increase their power in the market place, reduce risks and help them move up the agri value chain.

FPOs can provide essential goods and services to the rural poor, besides their own members, and contribute significantly to the process of rural poverty alleviation. They are also increasingly seen as an important link in the risk mitigation strategy to overcome the challenge of climate change. They have been found to positively impact research priorities through participation and closer feedback to scientists, besides providing valuable inputs to policy formulation by channeling the opinions of the farming community. The role of FPOs in reducing costs of financial intermediation for formal financial institutions and more effective targeting of small producers for financial services has also been favourably noted.

## FPO Pilot Project

SFAC was mandated by Department of Agriculture and Cooperation, Ministry of Agriculture, Govt. of India, to lead a national pilot project to promote FPOs as a demonstration of

the benefits of building institutions of producers and their integration in agri value chains. SFAC has implemented this project since 2011, in close collaboration with State Governments, civil society and technical organisations as well as private sector companies. Working across 25 states, the project has helped to mobilize approximately 2.85 lakh farmers in over 250 FPOs, the majority of which have been incorporated as producer companies under Chapter IXA of the Companies Act, 1956.

Farmers have responded enthusiastically to the message of aggregation brought to them by 21 civil society institutions which partnered SFAC in implementing the pilot project. Sitting through thousands of awareness building and training meetings, journeying to neighbouring districts and sometimes to other states for 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.

(Details of the FPO project may be perused on the link: [www.sfacindia.com](http://www.sfacindia.com))

The activities undertaken by the FPO are summed up in the following diagram:-



Promotion of Farmer Producer Organisations by SFAC (As on 31.3.2015)					
S no.	Name of State	fcl l u l d h l i ; k		- 'l d l x Bu d h l i ; k	
		l x f Br	l x Bu A f O: k / h u	i a t h - r	i a t h j . k A f O: k d s r g r
1	Andhra Pradesh	0	7000	0	7
2	Arunachal Pradesh	1750	0	2	0
3	Bihar	13295	4705	8	11
4	Chhattisgarh	13293	12707	5	20
5	Delhi	3535	0	4	0
6	Goa	1810	0	0	2
7	Gujarat	19047	953	10	11
8	Haryana	8408	3342	16	9
9	Himachal Pradesh	3733	1117	0	4
10	Jammu	3060	921	1	2
11	Srinagar	3120	960	1	3
12	Jharkhand	10009	0	8	0
13	Karnataka	25377	59123	14	68
14	Madhya Pradesh	83277	61723	48	96
15	Maharashtra	62278	29222	40	49
16	Manipur	1750	1200	2	1
17	Meghalaya	1970	1780	2	2
18	Mizoram	1000	1700	0	3
19	Nagaland	1750	0	2	0
20	Odisha	23263	15637	6	35
21	Punjab	6288	0	7	0
22	Rajasthan	40277	6223	26	12
23	Sikkim	1876	0	2	0
24	Tamil Nadu	11116	0	1	10
25	Telangana	23492	506	10	10
26	Tripura	2850	0	3	1
27	Uttarakhand	6004	0	7	0
28	Uttar Pradesh	27453	5547	20	14
29	West Bengal	58599	10901	8	59
	Total	459680	225267	253	429

