



CHIEF MINISTER'S KRISHI SAMUH YOJANA (CMKSY)

Department of Agriculture
Govt. of Arunachal Pradesh

FPO formation costing

SI No	Head	Amount	Remarks
1	Mobilization of farmers to form FIG &FPO	1.25 Lakhs	150 Farmers
2	Training Materials	0.50 Lakh	For Meeting up training expenses
3	Management & Technical Training to Governing body of FPO	0.60 Lakh	For Meeting up training expenses
4	FPO registration cost	0.40 Lakh	One Time
5	FPO office equipments	0.60 Lakh	Table, Chairs etc.
6	FPO office rents, electricity bills etc. @6000/Pm	0.72 Lakh	For 12 Months
7	GPS & MIS to department	0.17 Lakh	Software Entry
8	Demonstrations at field	0.50 Lakh	As model plot, farms etc
	Total (Per/FPO)	4.74 Lakhs	

Proposed Component wise Funding Pattern

SI No	Activity	Allocation of Fund (Crore)	Remarks
1	Formation & Nurturing of 50 Farmers Producer's Organizations including Training/Handholding of FPO 4.74 Lakhs /FPO/ Per Year	2.37	District Agriculture Development Society (DADS)to function as implementing agency.
2	Financial Support to FPOs after its registration: (i) Revolving Fund of Rs. 10 lakhs Per FPO after its registration (ii)Need based infrastructure. (Support to each FPO (Max Rs.50 lakh)/FPO)	30.00	To be parked with APADS Bank Account
3	Fixed Honorarium (inclusive of House rent & others) @ 1.25 lakh/pm to one State Consultant Advisor (Agri & Allied)	0.15	To be with APADS Bank Account at State level for release to Implementing Agency(DADS) , APAMB & Nodal Dept.
4	Travel Expenses for APADS members, Consultant and Directorate officials	0.30	
5	Exposure Visits of govt. officials/ CEOs of FPOs/ Progressive Farmers to other states with successful FPOs @ Rs.5.00 lakhs per district for 22 districts	1.10	
6	Buyer Seller Meets in Guwahati, Kolkata, New Delhi Marketing manuals etc. (through Marketing Board)	1.10	
7	Advertisements/Publicity, Print & Electronic Media etc.	0.50	
8	Creation of Digital Directory of the Farmers associated in CMSKY	0.20	
9	Admin charges @ 0.7% of 40 cr (0.28	
10	Total	36.00 Crores	

CREDIT RISK MITIGATION UNDER KRISHI SAMUH YOJANA

- I. Of the total allocation, an amount of Rs. **4.00 Crores** to be parked in APEX Bank as credit risk fund to provide collateral free loans of upto Rs 50 Lakhs to farmer organizations.
- II. The amount will be parked with the State Cooperative Apex Bank through an Agreement with the APADS Executive Committee duly vetted by the state Law & Finance Department with enunciation of terms of reference for transparent utilization of the Credit Risk Fund.
- III. Periodical Utilization progress and Annual Audit Report shall be submitted by the APEX Bank to the APADS Executive Committee for placing it to the APADS Governing Body for review.

* The provision of Rs.5.00 Crores under credit risk fund announced in the Budget has been modified to Rs.4.00 Crores in terms of Cabinet decision of 4th June2018.

Eligible Criteria of FPO for availing Revolving Fund by ADS at District.

- 1. FPO should be a registered body (under Societies Act, Cooperative society Act, Companies Act)**
- 2. FPO should have a minimum of 150 Members and an active bank Account for minimum of 6 months and duly authenticated by concerned Branch Manager.**
- 3. Resolution of the FPO Board/Governing Council to seek Revolving Fund.**
- 4. For, existing FPO, Registered Farmers Societies, if formed prior to this scheme, will have to submit Audited statements to be certified by a Chartered Accountant(CA)**
- 5. Business Plan/DPR against the revolving Fund so sought, may be submitted to DADS along with the requisition for revolving fund.**
- 6. Revolving fund should be used only for the purpose for which the FPO was formed viz. Production, Growth and Marketing.**
- 7. Each page of the Application Form and accompanying documents shall be signed by a minimum of three Board Members.**

FPO.....Concept

The concept behind Farmer Producer Organizations (FPO) is that ::

- ➡ Farmers, who are the producers of agricultural products, can form groups and register themselves under the Indian Companies Act.
- ➡ To facilitate this process, the Small Farmers' Agribusiness Consortium (SFAC) was mandated by Department of Agriculture and Cooperation, Ministry of Agriculture, Govt. of India, to support the State Governments in the formation of Farmer Producer Organizations (FPOs).
- ➡ The aim is to enhance farmers' competitiveness and increase their advantage in emerging market opportunities.
- ➡ The year 2014 was observed as the “**Year of Farmer Producer Organizations**”, and slowly but surely, the concept is catching on. The FPO's major operations will include supply of seed, fertilizer and machinery, market linkages, training and networking and financial and technical advice.

CHAPTER 1

Concept of Farmers Producer Organization (FPO) by NABARD

FAQ

1.10. What are the different legal forms of PO? ... NABARD Reply

Producer Organization can be registered under any of the following legal provisions:

- a. Cooperative Societies Act/ Autonomous or Mutually Aided Cooperative Societies Act of the respective State
- b. Multi-State Cooperative Society Act, 2002
- c. Producer Company under Section 581(C) of Indian Companies Act, 1956, as amended in 2013
- d. Section 25 Company of Indian Companies Act, 1956, as amended as Section 8 in 2013
- e. Societies registered under Society Registration Act, 1860
- f. Public Trusts registered under Indian Trusts Act, 1882

CHAPTER 1

Concept of Farmers Producer Organization (FPO) by NABARD

1.17. Who can become member of a PO? NABARD Reply

All **primary producers** residing in the relevant geography, and producing the same or similar produce, can become member of the PO voluntarily depending on the bye-laws of the PO. The founder-members are those who were there at the time of formation of the PO. Other members join the PO later. However, all members enjoy equal rights. A primary producer can become member of a PO with a nominal membership fee. Although primary producers obtain membership of PO voluntarily, institution should make efforts to involve all producers especially the **small producers**.

1.18 Who is a primary producer?..... NABARD Reply

Primary produce means the produce of farmers from agriculture and allied activities or produce of handloom, handicrafts and other cottage industries, including any by-product and product resulting from ancillary activities thereof. Persons engaged in agriculture, horticulture, animal husbandry, fishery, sericulture, apiary, handloom, handicrafts, etc., can become members of appropriate PO. Persons engaged in collection of minor forest produce are also eligible for membership of PO although they gather these from forests and strictly are not producers.

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CHAPTER 1

Concept of Farmers Producer Organization (FPO)

1.19. Can a person become member of more than one PO?... NABARD Reply

Benefits from the PO will accrue to members in proportion to the volume/value of produce given to the PO. Therefore, one person from a family can provide the whole produce of the family to the PO and get the same amount of benefit as multiple members providing the same volume/value. If however there are two different POs in the vicinity, each for a different type of produce, say vegetables and milk, one person can become member of both these POs, if the family produces both milk and vegetables.

1.22. Can a PO procure produce from non-members? ?... NABARD Reply

The objective of the PO is to ensure better income to the member-producers through aggregation and value addition. Therefore, procurement from non-members is usually not undertaken. However, market exigencies at times may necessitate such procurement. There should be provision in the by-laws of a PO to enable procurement from non-members during such exigencies.

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Difference between Producer Companies and Co-operative Societies

PARAMETER	COOPERATIVE SOCIETY	PRODUCER COMPANY
Registration	Cooperative Societies Act	Indian Companies Act
Area of Operation	Restricted, discretionary	Entire Union of India
Share	Non tradable	Not tradable but transferable; limited to members at par value
Government Control	Functions under overall supervision and control of government; Management supersession threat	Autonomous entity
Operational Flexibility	Any Amendment to bye-law needs to be approved by the Registrar in addition to general body meeting.	All amendments can be carried and be effective from the decisions made in the general meetings.
Support systems	No specific support systems	Multiple specific support systems under the present dispensation

MISSION

- **To promote economically viable, democratic, and self governing Farmer Producer Organizations (FPOs)**
- **To provide the required assistance and resources – policy action, inputs, technical knowledge, financial resources, and infrastructure – to strengthen these FPOs.**
- **To remove hurdles in enabling farmers access the markets through their FPOs, both as buyers and sellers.**
- **To create an enabling policy environment for investments in FPOs to leverage their collective production and marketing power.**

Why farmers Producers organization

- Farmers Producers Organizations influence policies and demand for required services.
- Farmers can participate in the decision making process of the developmental activities.
- Service system becomes more effective and accountable
- They get better access to latest markets and technology
- FPOs can involve in Farmer and market led extension activities
- Build interactions between research, extension and farming systems
- Enable farmers to organize themselves for action or to share resources
- Analyze farmers problems with extension support

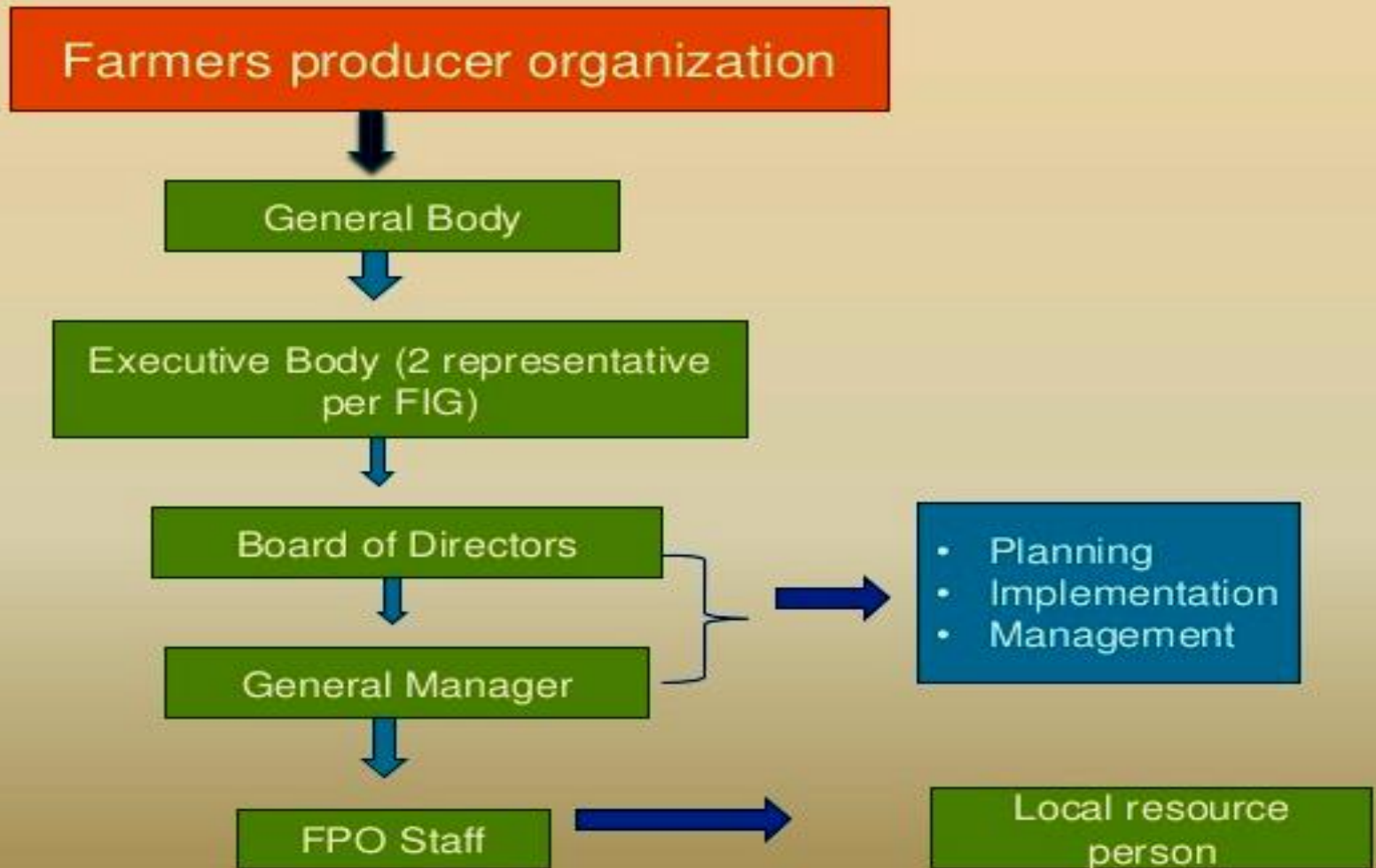
Steps in establishing FPO

- Understanding the village community
- Identifying potential leaders in the community
- Talking to the identified leaders and seeking cooperation from other agencies
- Helping local leaders to call community meetings
- Nominating core group leaders to develop the FPO
- Developing an organizational structure for the FPO & Developing the FPO's management through education and action learning
- Gearing up for action
- Implementing selected projects
- Monitoring and Evaluating the FPO's progress

Source : Manish Runthla, Development Professional 18.07.2018

Adani Wilmar Limited (AWL)

Structure of FPO



Source : Manish Runthla, Development Professional 18.07.2018

Adani Wilmar Limited (AWL)

ORGANISING AND FORMALISING FPOs

- ❖ FIGs in an aggregated cluster together form FPOs.
- ❖ Typically, around 50-70 FIGs can come together to form a FPO. However, smaller number of FIGs also may federate in states like Arunachal Pradesh
- ❖ FPOs can be registered under the Producer Company provision under the Companies Act
- ❖ A separate manual on registration of FPOs is available in the website of SFAC & NABARD.
- ❖ However, it must be clarified that the purpose of mobilizing farmers is not merely to achieve the target of registering a formal entity. The final form which the FPO assumes (i.e. cooperative, producer company, multi- state cooperative etc.) must be a decision taken by FIG members at an appropriate time. It is important to stress that the process must not be hurried in any manner and there is no “right time” by which the FPO must be registered. Any period between 18 months to 24 months may be necessary for the FIGs to settle down and understand the implications of aggregation. Only then should the FPO registration be attempted.

Important Links ::

www.agricoop.nic.in

www.sourcetrace.com

www.sfacindia.com

<http://www.mca.gov.in>

www.nabard.org

www.agri.arunachal.gov.in

Characteristics of Farmer Producer Organization(FPO)

Para-3.0 of Operational Guidelines for Farmer Producer Organizations - NABARD

An Organization will be called a Farmer Producer Organization, if

- ➡ it is formed by a group of primary producers
- ➡ it is a registered body and a legal entity
- ➡ producers are primary shareholders in the organization
- ➡ it deals with business activities related to the primary produce/ product/ related inputs
- ➡ it works for the benefit of the member producers
- ➡ Portions of profit are shared amongst the producers and the balance goes to the share capital or reserves.
- ➡ It has minimum shareholding members numbering 50 at the time of registration. However, the shareholding membership will have to be increased over a period of 3 years to a sustainable level.

Guiding Principles for Assistance

Para-4.0 : The guiding principles for assistance under the Fund will be broadly as indicated below:

- 1. The FPO registered under any statute / legal form will be supported**
- 2. The FPO will act for the benefit of the producers**
- 3. There is active community participation (ownership/ management/ empowerment)**
- 4. Activities of FPO to be eligible for support under the Fund may fall within the domain of agriculture / activities allied to agriculture including dairy, poultry, fisheries, etc. and cover the entire value chain.**
- 5. The support under the scheme will broadly cover the cost towards promotion of FPOs including capacity building, business planning, registration, MIS development, market linkages and linkage to value chain, administrative expenses of promoting agency, deliberations/ interaction meets, documentation, research, publicity, monitoring of progress and such other items of expenditure required for promotion of FPOs.**
- 6. There is integrated approach in implementation of projects(need-based and flexible, convergence with other schemes / programmes)**

Source: NABARD guidelines 2014-15

SUPPORT TO FPOs

- ❖ It is important to clarify here that FPOs mobilized and registered under the provisions of these Guidelines are purely member-owned farmer bodies, which are **entitled to receive certain services and financial support as stipulated in the guidelines for a fixed period.**
- ❖ FPOs are not in any way to be equated with Government-owned or Government-promoted institutions. **Grants provided in the budget to invest in the FPOs are one-time support measures** designed to ensure the viability of FPOs, and cannot be used to acquire shares for any individual or institution connected with the Central or State Governments.
- ❖ It is also clarified that no physical infrastructure or human resources created during the period of mobilization of **FPOs will be supported over and above the provisions of the budget and beyond the period specified.**
- ❖ In other words, **RKVY funds cannot be used to meet any recurring liability of any kind related to FPOs** beyond the provisions of these Guidelines.

Who provides support to FPO

- There are many organization who supports FPO's. They supports FPO financially and technically for the promotion and handholding of FPO.
- NABARD
- SFAC
- Govt departments
- Corporates
- Domestic and international Aid agencies
- NGOs

HRD support institutions for FPOs

- 1. National Institute of Agricultural Extension Management (MANAGE) Hyderabad**
- 2. National Institute of Rural Development , NERC, Guwahati**
- 3. Indian Institute of Entrepreneurship (IIE), Guwahati**
- 4. Indian Institute of Packaging, Guwahati**
- 5. Extension Education Institute (EEI), AAU, Jorhat**
- 6. Asst.Agriculture Marketing Adviser, Gol, Guwahati**
- 7. Entrepreneurship Development Center, CAU, CHF, Pasighat**
- 8. State Agriculture Management & Extension Training Institute (SAMETI), Pasighat**
- 9. Krishi Vigyan Kendras (KVK)**
- 10. ATMA**

- ❖ There are more HRD support institutions under Govt.of India and state governments on various subjects pertaining to FPOs.**
- ❖ Coordination and liaison with HRD institutions can be performed directly as well as through concerned departments.**

Thank you



CM's Krishi Samuh Yojana....
Motivate farmers to march hand in hand