



## Formation & Promotion of 10,000 FPOs

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### Why in News

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Recently, the Ministry of Agriculture and Farmers Welfare celebrated the first anniversary of the **Central Sector Scheme titled 'Formation & Promotion of 10,000 Farmer Produce Organizations (FPOs)'**.

### Key Points

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- **Launch:**
  - In **February 2020**, at Chitrakoot (Uttar Pradesh) with a **budgetary provision of Rs. 6865 crore**.
- **About:**
  - More than **2200 FPOs** produce clusters have been allocated for the formation of FPOs in 2020-21.
  - Implementing Agencies (IAs) are engaging **Cluster-Based Business Organizations (CBBOs)** to aggregate, register & provide professional handholding support to each FPO for a period of **5 years**.
    - CBBOs will be the platform for an end to end knowledge for all issues related to FPO promotion.
- **Financial Assistance:**
  - Up to **Rs. 18.00 lakh per FPO for a period of 3 years**.
  - Provision has also been made for matching **equity grant up to Rs. 2,000 per farmer** member of FPO with a limit of **Rs. 15.00 lakh per FPO**.
  - Provision of a credit guarantee facility up to **Rs. 2 crores of project loan per FPO** from the eligible lending institution to ensure institutional credit accessibility to FPOs.

- **Significance:**
  - **Increase Farmers Income:**
    - It will promote the selling of farmers' produce from the farm gate of farmers thereby **enhancing farmers' income.**
    - This will shorten the supply chain and accordingly marketing costs will get reduced resulting in better income for farmers.
  - **Create Employment:**

It will accelerate more investment in marketing and value addition infrastructure near to farm gates creating more employment opportunities for rural youth.
  - **Make Farming Viable:**

It will make farming more viable by aggregating land.

### **Farmer Producer Organization**

- A **Producer Organisation (PO)** is a legal entity formed by **primary producers**, viz. farmers, milk producers, fishermen, weavers, rural artisans, craftsmen.
  - PO is a **generic name** for an organization of producers of any produce, e.g., agricultural, non-farm products, artisan products, etc.
- A PO can be a **production company, a cooperative society or any other legal form** which **provides for sharing of profits/benefits among the members.**
  - In some forms like producer companies, institutions of primary producers can also become a member of PO.
- The concept of '**Farmer Producer Organizations, (FPO)**' consists of **collectivization of producers especially small and marginal farmers** so as to form an effective alliance to collectively **address many challenges of agriculture** such as improved access to investment, technology, inputs, and markets. FPO is one type of PO where the members are farmers.
- FPOs are generally **mobilized by promoting institutions/resource agencies (RAs).**
  - Small Farmers' Agribusiness Consortium (SFAC)** is providing support for the promotion of FPOs.
- The resource agencies leverage the support available from governments and agencies like **National Bank for Agriculture and Rural Development (NABARD)** to promote and nurture FPOs.

**Source:PIB**