



# Formation & Promotion of 10,000 FPOs

## Why in News

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

### ▪ **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.

### ▪ **Other Initiatives for Farmers:**

- **[National Mission for Sustainable Agriculture](#)**.

- [Pradhan Mantri Krishi Sinchayee Yojana.](#)
- [Rashtriya Krishi Vikas Yojana \(RKVY\).](#)
- [Nutrient Based Subsidy \(NBS\) Programme.](#)
- [Rashtriya Gokul Mission.](#)
- [Pradhan Mantri Fasal Bima Yojana.](#)
- [Paramparagat Krishi Vikas Yojana.](#)

## 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](#)

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