



GOVERNMENT OF ODISHA

Operational Guidelines for

SUPPORT TO FARMER PRODUCER ORGANISATIONS (FPOs)

As per Odisha FPO Policy, 2018



DEPARTMENT OF AGRICULTURE
& FARMERS' EMPOWERMENT



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& FARMERS' EMPOWERMENT**

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EXECUTIVE SUMMARY

Department of Agriculture & Farmers' Empowerment (DA&FE), Government of Odisha has formulated the Operational Guidelines of the Odisha FPO Policy launched in 2018. The Odisha FPO Policy has a vision to make Odisha the most sought-after investment destination for agribusiness and food processing sectors with focused attention and handholding support to FPOs in production, aggregation, storage, processing, distribution and marketing of agriculture and allied sector resources for sustainable development thereby generating large scale employment in rural and semi urban areas.

There are close to 700 Farmer Producer organizations (FPOs) in the state, registered under various Government schemes, programs and by independent actors. Department of Agriculture & Farmers' Empowerment has promoted several FPOs under schemes like Central Sector Scheme for "Formation & Promotion of 10,000 FPOs", Agriculture Production Cluster (APC) Initiative, Vegetable Initiative for Urban Cluster (VIUC), National Demonstration Project - NFSM (Pulse Village program), Rashtriya Krishi Vikas Yojana (RKVY) and Odisha Millet Mission (OMM). NABARD has promoted FPOs in the state under its PRODUCE and PODF Funds.

In the face of all the existing schemes for promotion and supporting FPOs, the need of the hour is to provide them the right support to help them become self-sustaining organizations. The Support to FPOs State Plan Scheme aims to extend support to already formed FPOs in the state and the FPOs being formed outside, as well as those formed under the Central Sector Scheme "Formation and Promotion of 10,000 FPOs"

The Support to FPOs State Plan Scheme is being implemented by Department of Agriculture & Farmers' Empowerment (DA&FE), Government of Odisha for a period of **5 years**. The total budget outlay of the State Sector Scheme Promotion and Stabilization of FPOs is **Rs. 31361.25 lakhs for 5 years**.

The state scheme will be implemented in synergy with the Central Sector Scheme "Formation and Promotion of 10,000 FPOs" scheme implementation framework. FPOs which are formed out of any other scheme assistance will also be covered under Odisha FPO Scheme. The scheme implementation framework will engage Cluster Based business Organizations (CBBOs), Implementing Agencies (IAs), State Project Management Unit (SPMU), District Project management Unit (DPMU) established under Department of Agriculture & Farmers' Empowerment (DA&FE).

The Operational Guidelines of the PSFPO scheme addresses the existing lacunae in the current nexus of government schemes and initiatives. Brief details of the budget and support components under the PSFPO Scheme are as follows:

I. Promotional Campaign of Farmer Producer Organizations:

- a. the objective of this component is to catalyze membership drive in FPOs, to make the farmer members aware about better marketing opportunities, highlight benefits of shareholders of the producer organization, inform members about the benefits available to FPOs through various schemes, programs and convergence opportunities for the small and marginal farmers.
- b. The budget provision for this component is Rs. 10 Crores.

II. Capacity Building & Exposure Visits:

- a. Trainings will be provided to FPOs on key topics like Sensitization and Capacity Building of Member farmers, Sensitization and Capacity Building of Member farmers and Sensitization and Capacity Building of Member farmers. Support will be provided to FPOs to prepare strategic business plans.
- b. Seminars and meets will be organized to promote collaboration among FPO ecosystem stakeholders. An industry immersion programme will be organized with private sector players to increase corporate engagement with the FPOs & mentoring the FPOs on business processes, standard practices and access to remunerative markets. Support will also be provided for preparation of DPRs for FPOs.
- c. The budget provision for this component is Rs. 31.4 Crores

III. Credit Linkage for FPOs

- a. The scheme will provide support FPOs in accessing credit from banks and formal financial institutions for procurement, marketing, processing, and value addition activities. Government of Odisha has entered into an agreement with NABKISAN Financial Service Pvt. Ltd to extend credit guarantee coverage for the loans extended by NABKISAN to the FPOs.
- b. The budget provision for this component is Rs. 2.25 Crores

IV. Capital Grant support for FPOs

- a. FPOs will be provided support under 2 components, credit-linked capital grant support @20% on the fixed capital cost and credit-linked capital grant support @20% on the working capital. Business risk fund for FPOs will also be provided under the grant component to safeguard FPOs against business risks.
- b. The budget provision for this component is Rs.168 Crores

V. Management & Governance Grant

- a. Additional support for salary of CEO of upto Rs. 10,000 per month and salary of accountant of upto Rs.5,000 per month for 3 years will be provided to FPOs. For FPOs formed under the Central Sector scheme “Formation and Promotion of 10,000 FPOs” - this will be provided over and above the assistance for salary of professional staff under the FPO management cost component of the central sector scheme.
- b. The budget provision for this component is Rs.1.5 Crores

VI. Allocation of land on need basis

- a. Land will be made available for the FPOs at a concessional rate for establishment of exclusive storage, sorting, grading yards, and processing plants as per processing norms.

VII. Operational handholding Support (Legal and Accounts, Technical)

- a. SPMU will empanel the Technical Experts (TE) which can be hired by FPOs on short term basis to work on increasing business turnover. FPOs can avail services of CA/CS towards concurrent audit of books of accounts. One CA/CS will be empaneled at each district. FPOs will also be provided 100% exemption from stamp duty charges in case of land lease or setting up common processing centers, 100% reimbursement on license fee for seeds, fertilizers license through e-licensing application, 50% reimbursement on certification fee for FSSAI, HAAP, etc. and 30% reimbursement on export license fee. Compliance Advisory support for revival of FPOs on a case-to-case basis will also be provided.
- b. The budget provision for this component is Rs.7.5 Crores

VIII. Marketing Support

- a. FPOs will be mapped with local mandis, satellite markets, rural haats to manage and market their produce, onboarding of FPOs on eNAM platforms will be promoted. Efforts will be made to map FPOs to available PHM and processing facilities.
- b. Export will be promoted under the scheme for potential high value crops, particularly the local indigenous varieties through value addition, branding and packaging.
- c. There will be provision to enable formation of federation of FPOs. A portal for FPO Markets will be developed and will be managed by the Market Facilitation Agency (MFA) to link FPOs to the buyers. The portal will be integrated on the state SWS portal.
- d. The budget provision for this component is Rs.8.25 Crores

IX. Establish a Center of Excellence (CoE) for FPOs

- a. The scheme proposes to develop model FPOs which will be work as Centers of excellence for other FPOs in the state. Academic and Research Institutions like OUAT, KIIT, XIMB, SOA and Utkal University to develop a Centre of excellence in the State.
- b. The budget provision for this component is Rs.5 Crores

X. Facilitation of Education and research on FPOs

- a. The scheme proposes to facilitate education of Farmer Producer Organization Management through academic courses curriculum to the agriculture students. Academics and Research Institutions like OUAT, KIIT, XIMB, SOA and Utkal University can be awarded with Research grants to conduct action and policy research on the FPO management and development.
- b. The budget provision for this component is Rs. 0.5 Crores

XI. Performance linked Incentives to CBBOs/POPIs

- a. Well performing and active CBBOs/POPIs will be empaneled as FPO Resource Agency (FRA) and provided financial assistance in the form of a grant under this component.
- b. The budget provision for this component is INR 5 Crores”

XII. Single Window System for FPOs

- a. FPO Odisha Web portal, developed by NIC and DA&FE, which will serve as a Single window system to address all needs of FPOs in the state. FPOs need to regularly input and update their data on the SWS to avail benefits under the scheme.
- b. The budget provision for this component is Rs. 0.6 Crores

XIII. Administration and Management of the Scheme

- a. The budget provision for the State Project Management Unit is Rs. 17.9 Crores
- b. The budget provision for the District Project Management Units is Rs. 39.7 Crores

CHAPTER 1

BACKGROUND

Highlights

- Brief background of Agriculture in Odisha
- Opportunities in agriculture in Odisha
- Major challenges in Odisha's Agriculture
- Non-administrative issues affecting agriculture in Odisha
- Some recent issues
- Requirement for a sustainable agricultural growth
- Role of FPO
- FPO Journey till present
- Case studies from the field
- Existing FPO Policies/Schemes and their efficacy in the ecosystem
- Addressing Critical gaps – Salient features of the scheme
- Various scheme/ project/ mission initiatives of Government of Odisha for FPOs
- Suggestions for Promotion and Stabilization of FPOs in Odisha

BRIEF BACKGROUND OF AGRICULTURE IN ODISHA

Agriculture is the main occupation of people in Odisha. About 65 per cent of the workforce depends on agriculture for their employment and the small and marginal farmers constitute about 83 per cent of that. The State has 41.16 per cent cultivable land that is 64.09 lakh hectares out of total geographical area of 155.711 lakh hectares. Out of this, the total cultivated area is about 61.50 lakh hectares. On an average, the share of agriculture in GSDP hovers around 18 per cent.

Rice is the main cultivated crop of the state and is cultivated under diverse ecosystems and a wide range of climatic conditions. Other major crops grown in Odisha are pulses, oil seeds, jute, coconut, tea, cotton, groundnut, rubber and turmeric. Favourable climatic conditions and presence of rich soils accounts for growth of flower crops.



According to Odisha Economic Survey 2021-22, agriculture sector of the state contracted by 6.54 per cent as against a positive growth rate of 3.38 per cent at National level during 2020-21. Agriculture & allied sector has 21.27 % share in the state's GVA in 2020-21. Prioritizing life to livelihood, the stipulations imposed by the state government to contain the spread of Covid-19 in earlier phases had a greater impact on Rabi crops. Additionally floods in some parts of the state, long dry spells in panicle initiation stage and pest attack on Kharif Paddy also contributed to the reasons for negative growth rate of the agriculture sector of Odisha in comparison to India.

Despite such inherent constraints in stepping up agricultural production, State Government continues to give high priority to this sector due to its huge physical resources, high labour-intensive nature and being the main stay of rural livelihood sustenance. Formation of State Agricultural Policy – 2020 “SAMRUDHI” and Odisha Fishery Policy 2015 show the way for sustainable development in Agriculture sector.

The average monthly income from agriculture per household was Rs. 7,731 compared to Rs. 8,931 at the all-India level according to NABARD's Financial Inclusion Survey for 2015–16.

OPPORTUNITIES IN AGRICULTURE IN ODISHA

Odisha has favourable and varied agro-climatic conditions, abundant water bodies, 480km long coastline along the Bay of Bengal and a command over 11 per cent of total water resources of the country spreading over 11 river basins. The state, therefore, has a favourable condition for a vibrant and growing agriculture sector.

The state has an encouraging policy environment too. Its agriculture policies reflect its aspirations to become the favourable investment destination for industries. It is continuously creating opportunities for business growth, fostering all-round socio-economic development for the state and its people. Agriculture and allied sectors of the state are now open to national and global players. Besides, the state's efforts of linking farmers directly to market and removing intermediaries are effective steps to improve the income of farmers.

MAJOR CHALLENGES IN ODISHA'S AGRICULTURE

- » Over-dependence on rain-fed farming due to inadequate irrigation facilities
- » Low level of capital formation and investment
- » Paddy-centric cultivation system and lack of measures for crop diversification
- » Lack of promotional measures for cultivation of high-value crops
- » Slow modernization that includes low level of fertilizer consumption and low level of mechanization
- » Small land holdings
- » Low water use efficiency
- » Low seed replacement rate

NON-ADMINISTRATIVE ISSUES AFFECTING AGRICULTURE IN ODISHA

Apart from the above challenges, non-administrative issues such as natural calamities also negatively impact agricultural growth.

Odisha is extremely susceptible to cyclones, floods and heat-waves and drought-like conditions due to its geographical location on India's east coast. Over the years, extreme-weather events have been catastrophic and continue to have overwhelming impacts on the agriculture sector of Odisha, and its considered one of the most disaster-prone states in India. In 95 of the last 105 years, the state has been declared disaster-affected – floods have occurred in 50 years, drought in 32 years, and cyclones have struck the state in 11 years.

Cyclones: Among the extreme weather events, cyclones have caused the most damage to agriculture and allied sectors. Cyclones affect crop cultivation in terms of yield and productivity both in the short and long terms. Saline water inundation due to cyclones has been a major problem in coastal areas.

Floods: With a large number of communities living by riversides, flooding has been a major concern for agriculture. Nearly 1.40 lakh hectare of geographical area of the state is flood-prone (OSDMA, 2016).

Heat waves and drought-like conditions: A rise in temperature and heat wave conditions affect both the agriculture sector and animal husbandry. As the sector is primarily rain dependent and there is poor access to irrigation, droughts pose a serious threat at regular intervals in the event of monsoon failure. There have been five years (e.g., 1965, 1974, 1976, 1979 and 1996) in the last 50 years when rainfall was measured below 1000 mm (OSDMA, 2016). Given the growing frequency and extent of droughts, there is crop failure, land alienation, unemployment, indebtedness and migration. Particularly, western Odisha has been vulnerable to droughts.

SOME RECENT ISSUES

Despite continuous efforts by the state government, farmers sometimes resort to distressed sale of production. These distressed sales may be attributed to improper implementation of policies and lack of promotion of collective farming and marketing.

A few days ago, the farmers of Anandapur, Janghia, Salabani and Sarei areas in Keonjhar district had to sell tomatoes at Rs 2 per kg. Due to a lack of proper market and storage facility, farmers had no option but to sell their produce at a throwaway price to unscrupulous traders. They got Rs 50 per 25kg of tomato while their input cost (excluding labour) for the same is around Rs 30. They are under tremendous pressure to repay their loans. (<https://www.youtube.com/watch?app=desktop&v=FXVO7nOuLkU>)

Last year, farmers of Koraput suffered a distressed sale of ginger, due to lack of market, cold-storage facility and a minimum support price. Farmers sold the ginger at Rs 8-10, though in previous years ginger sold for Rs 65 per kg. Ginger is cultivated on thousands of hectares of land every year in the district. (<https://www.youtube.com/watch?v=eul-l2KK85I>)

Paddy farmers suffered distressed sales both in the Rabi and Khariff seasons last year. The issue of tokens and creation of mandis are prerequisites for the smooth beginning of the procurement process. But season after season, farmers have been made to go through the same ordeal despite a decentralised system in place. There are a number of actors in the procurement process but all the good intent is lost in the procedural maze and vested interests that hold the farmers to ransom. Thousands of farmers were left with unsold paddy last year. After bearing the brunt of nature (drought-like conditions and unseasonal rains) last year, whatever the farmers had reaped, remained unsold. Farmers allege the hand of rice millers was behind the crisis. Middlemen from Jharkhand

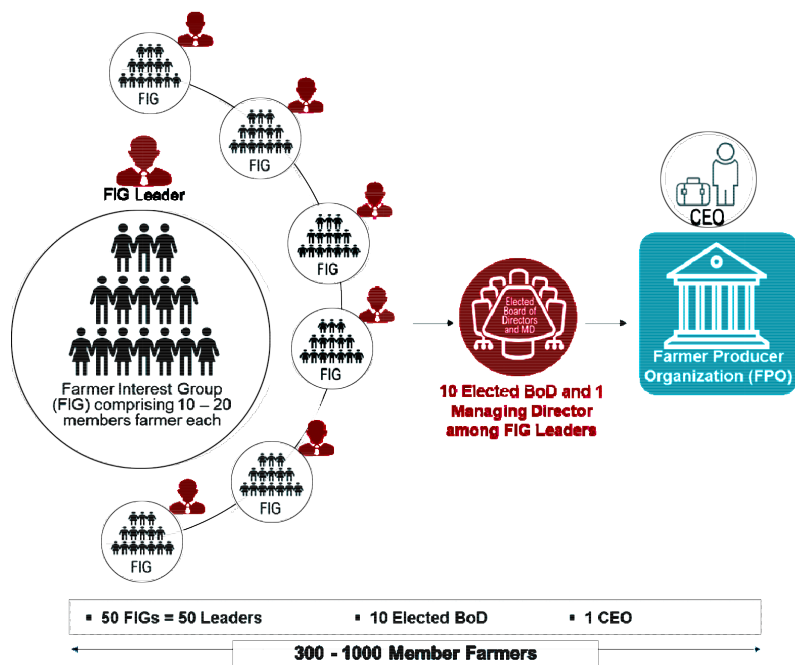
and Chhattisgarh too are exploiting the situation. They blamed the district administration that was entrusted with the smooth running of the process for mismanaging the system. The government has directed the engagement of women self-help groups to further decentralise procurement, but it is futile without adequate infrastructure and internal understanding of the mechanism at the grassroots. (<https://www.newindianexpress.com/opinions/editorials/2021/dec/22/odishas-paddyprocurement-woes-2398394.html>)

REQUIREMENT FOR A SUSTAINABLE AGRICULTURAL GROWTH

- » A holistic agricultural development holistic plan
- » Sufficient efforts to bring in a shift from the present level of subsistence agriculture to commercial agriculture
- » Efforts to change people's mindset to accept agriculture as a business
- » Measures for crop diversification (adopting crop rotation/multi-cropping and improved rice varieties)
- » More emphasis on horticultural crops
- » Livestock and dairy development
- » Expansion of fisheries sector:
- » Storage and processing infrastructure
- » Long term investment in agricultural sectors (on farm as well as off farm) both by private sector, public sector and private & public partnership (PPP), particularly for post-harvest management, marketing, agro processing and value addition.
- » Ease of access to credit for small and marginal farmers
- » Appropriate market linkages for agricultural produce
- » Facilities to undertake regulatory, enforcement and quality assurance activities
- » Drought-proofing rain deficient areas through a watershed management programme

ROLE OF FPO

- » A Producer Organisation (PO) is a legal entity formed by primary producers that are farmers, milk producers, fishermen, weavers, rural artisans, craftsmen, etc.
- » PO is a generic name for an organization of producers of any produce, e.g., agricultural, non-farm products and artisan products.
- » Farmers Producers Organizations provide support to small farmers with end-to-end services covering almost all aspects of cultivation from inputs, technical services through processing and marketing.
- » The role of an FPO is to act as an **aggregator** for member farmers including inputs and outputs which will enhance the economies of scale and bargaining power of member farmers.



The FPO will offer a variety of services to its members as illustrated in the table. It can be noted that it is providing almost end-to-end services to its members, covering almost all aspects of cultivation (from inputs, technical services to processing and marketing). The FPO will facilitate linkages between farmers, processors, traders, and retailers to coordinate supply and demand and to access key business development services such as market information, input supplies, and transport services. Based on the emerging needs, the FPO will keep on adding new services from time to time.

The set of services include Financial, Business and Welfare services. An indicative list of services includes:

- i. **Financial Services:** The FPO will provide loans for crops, purchase of tractors, pump sets, construction of wells, laying of pipelines.
- ii. **Input Supply Services:** The FPO will provide low cost and quality inputs to member farmers. It will supply fertilizers, pesticides, seeds, sprayers, pumpsets, accessories, pipelines. The FPOs buys essential inputs such as seed, fertilizer, pesticide in bulk and sells through its retail outlet. The inputs are sold to the members at a price which is far below the market price and thereby help the member farmers to reduce the cost of inputs. This activity also ensures timely delivery of quality inputs.
- iii. **Procurement and Packaging Services:** The FPO will procure agriculture produce from its member farmers; will do the storage, value addition and packaging.
- iv. **Output Marketing Services:** The FPO will do the direct marketing after procurement of agricultural produce. Needless to mention that procuring produces from the farmers and selling them to big traders and companies for realizing better prices has its own set of challenges and opportunities. However, many FPOs have succeeded in creating market

linkages for their produce. FPOs have tied with major retailers for selling their produce and have succeeded in getting remunerative prices for their produce. Besides, many of our FPOs, with assistance from State Government, have established retail outlets for marketing their produce. Some of the FPOs have also gone ahead with value addition, processing and branding of their produce. This will enable members to save in terms of time, transaction costs, weight losses, distress sales, price fluctuations, transportation, quality maintenance etc.

- v. Custom hiring Centres: The need for having these machineries available at a local level at an affordable cost has been realized since long. To address the ever increasing cost of farming by small and marginal farmers many FPOs have established Custom Hiring Centres with assistance from Central/ State Schemes on farm machinery. The FPOs rent out machineries and implements to members at affordable cost (much below the cost charged by private players). In fact, farm mechanization has helped the farmer in increasing the productivity.
- vi. Insurance Services: The FPO will provide various insurance like Crop Insurance, Electric Motors Insurance and Life Insurance.
- vii. Technical Services: FPO will promote best practices of farming, maintain marketing information system, diversifying and raising levels of knowledge and skills in agricultural production and post-harvest processing that adds value to products.
- viii. Networking Services: Making channels of information (e.g. about product specifications, market prices) and other business services accessible to rural producers; facilitating linkages with financial institutions, building linkages of producers, processors, traders and consumers, facilitating linkages with government programmes.

FPO JOURNEY TILL PRESENT

- » Rochdale Society of Equitable pioneers in England & Raiffeisen Movement in Germany emerged in late 18th century led to the enactment of **Cooperative Credit Society Act, 1904** in India.
- » Credit cooperatives started as a way to stop exploitation of farmers from moneylenders and gradually **spread to many sectors including agriculture, dairy and retail.**
- » In **1984, Economist DR Gadgil** convinced farmer leader Balasaheb Vihke Patil to establish a sugarcane factory in the cooperative sector.
- » **Farmer leader Tribhuvan Das Patel formed Anand Milk Union Ltd (AMUL)** by organising farmers of KHEDA district in Gujarat. He hired a young professional, Verghese Kurien to compete with the Private Sector.
- » Cooperatives are promoted by the government with the **aim of welfare overshadowing the aim of doing business.** This resulted in success of only a few cooperatives (AMUL, IFFCO, KRIBHCO). **This led to search for alternative forms of collectives.**

- » **Brahma Dutt Committee 1989** - recommended **mutually aided cooperative societies** as a preferable option over the state aided cooperatives.
- » **Alagh Committee 2003** - conceptualized a Producers' company, a hybrid between cooperative and company, by addition of a new chapter IX A in the Indian Companies Act 1956.
- » In 2013, **Policy and Process Guidelines for FPOs** released by Ministry of Agriculture to mobilize farmers into FPOs and to facilitate access to fair and remunerative markets including linking of producer groups to marketing opportunities through market aggregators.
- » **Directorate of Horticulture (DoH)**, Odisha promoted **31 FPOs** as producer companies during the years 2013 to 2017 in the state under the **Vegetable Initiative for Urban Cluster (VIUC) Scheme**.
- » **NABARD** is promoting formation of FPOs since 2015, under its **PRODUCE and PODF Funds** it has promoted 240 FPOs.
- » **Directorate of Agriculture & Food Production (DAFP)**, Odisha promoted 11 FPOs under the **National Demonstration Project - NFSM (Pulse Village program)** under the NFSM Scheme in 2016.
- » **The Department of Agriculture & Farmers' Empowerment, Government of Odisha launched its Odisha FPO Policy in 2018.**
- » In **2019**, **DAFP** started promotion of FPOs under **the Odisha Millet Mission (OMM)** in 15 tribal districts, as of now 75 FPOs have been registered under OMM.
- » **Central Sector Scheme for "Formation & Promotion of 10,000 FPOs"** launched in 2020 by the Department of Agriculture & Farmers' Welfare (DACFW), under the scheme Implementing Agencies like **NABARD, NAFED, FDRVC, SFAC and NCDC** are forming FPOs in the state. In the year 2020-21, they have collectively promoted 120 FPOs.
- » In **2020**, the **Department of Agriculture & Farmers' Empowerment, Government of Odisha** launched the **Agriculture Production Cluster (APC) Initiative** under which 30 Producer Companies and 932 Producer Groups were formed.

CASE STUDIES FROM THE FIELD

KOUSTAV VEGETABLES FARMERS PRODUCERS COMPANY, SAMBALPUR DISTRICT

The formation

Koustav Farmer Producer Company (FPC) was formed in 2015 with 1200 members and a share capital of Rs 8,04,000. Motivated by the Directorate of Horticulture, Bhubaneswar, the enthusiastic farmers formed the FPC to enhance their income through a collective approach.

The FPC that consists of members belonging to 35 villages under 11 panchayats under the industrial belt in Sambalpur district with seven Board of Directors (BoDs).



Experience counts

Majority of members despite having only school-level education, have been enriching the FPC with their profound knowledge and long experiences in agriculture – their ancestral occupation. Most of the BoDs are graduates, whereas the educational qualification of the founder and secretary are B.Tech and MBA, respectively.

What it does

The farmers under this FPC mainly cultivate vegetables, paddy, mango and chilly. They manufacture and sell mango pickles, dry mango pulp, chilly sauce and chilly chutney. The turnover of the FPC in the 2019 fiscal was Rs 22 lakh. The FPC stopped functioning after the Covid-induced lockdown started in March 2020. It resumed work only a couple of months back.

Major Challenges

- » Lack of awareness on different government schemes
- » Poor planning and execution
- » Poor market analysis and market linkages
- » Zero member fee: The entire share capital was provided by the BoDs during its formation. None of the member farmers has shared any capital. It results in fund crunch for the FPC.
- » Poor management: The FPC is currently functioning without a CEO.
- » Lower collaboration with the government.

Key support requirements

The FPC seeks support for the following:

- » **Managing paddy Mandi:** The FPC seeks to manage the local paddy Mandi. Though talks with the administration are on, it is yet to get the opportunity.
- » **Proper market linkage:** The FPC still lacks proper market linkage. If the government or other agencies come up to support it in marketing the products, the farmers would have been benefitted a lot.

- » **Land Ownership:** The FPC needs a piece of land in its name, so that, it will not have to depend on its members for land documents while applying for bank loans. The members are unwilling to give their land documents as a guarantee to the bank.
- » **Business expansion:** The FPC aspires to increase its business through proper planning. It is planning to set up an automated processing unit for milk and chilly.

PATITAPABAN FARMER PRODUCER ORGANIZATION, PURI DISTRICT

The formation

Patitapaban Farmer-Producers' Organisation was formed in 2013 in 17 village in Puri district with the efforts of four enthusiastic farmers – Subhash Chandra Jena, Kartik Chandra Jena, Lingaraj Dalei and Nabakishore Pradhan.

They don't have much educational qualification – one of them is 12th pass, another 10th, and two others 7th. However, their more than 20 years of experience as farmers and zeal to exhibit farming as a profitable occupation, landed them in forming the FPO that received the Best Farmers Award from the Government in 2016.

In 2014, the International Traceability Systems (ITSL), held a meeting in Dhanua village under Gadachandapur GP and formed around 50 Farmer Interest Group (FIG) each consisting of 20 members to promote farming. Empowered with the knowledge of farming and marketing techniques, the four farmers, who were FIG members, decided to form an FPO with an aim of bringing new technologies to enhance productivity. The ITSL provided all necessary support to these enthusiastic farmers and also helped in its registration.

What it does

With around 1000 members, the FPO has been involved in different activities including vegetable supply to Udyan Fresh, Veggieskart and local mandis, providing input subsidies for hybrid vegetables to farmers and net-house demonstrations (for five farmers, each worth Rs. 6,00,000). It has a turnover of Rs 1,00,00,000 in the 3.5 Years in sales with Udyan Fresh. It has received a support of Rs. 25,00,000 for Government for a mini-cold storage facility which is under construction.

Challenges

Despite Patitapaban FPO is facing several problems including lack of knowledge about schemes for FPOs at block level and lack of efficient manpower to manage accounts and documentation. There are legal compliances too. This apart, the construction of the mini cold store is incomplete due to some pendency at govt level. Though it requires an efficient CEO and accountants, it is unable to afford to this.

The FPO requires support to clear the pendency and complete the cold storage. It also requires

support for CEO recruitment and a fertilizer license for carrying out input business.

It is now planning for new FPO registration. It is also planning to establish a functional haat with a greater number of buyers. It is now planning to provide the member farmers inputs like seed and fertilizer at market price.

EXISTING FPO POLICIES/SCHEMES AND THEIR EFFICACY IN THE ECOSYSTEM

Intervention Area	Name of Scheme/Policy	Details and its efficacy
Formation of FPOs	» Odisha FPO Policy, 2018	<p>» Government of India launched its Central Sector Scheme “Formation and Promotion of 10,000 FPOs” in 2020, which governs the process of registration of FPOs and provides handholding support the newly formed FPOs for 3 years</p> <p>» Over the years, several FPOs have been promoted in the state under NABARD’s PODF & PRODUCE Fund, central schemes like Paramparagat Krishi Vikas Yojana (PKVY), Rashtriya Krishi Vikas Yojana (RKVY), Central Sector Scheme for ‘Formation & Promotion of 10,000 FPOs’, and state sector schemes & programs like Odisha Millet Mission (OMM) and Agriculture Production Cluster (APC).</p> <p>» While a substantial number of FPOs have been formed (close to 600 FPOs registered in the state), the need of the hour is to provide them the right support to help them become self-sustaining organizations.</p> <p>» There is need to extend support to already formed FPOs in the state and the FPOs being formed outside the Central Sector Scheme</p>
	» Central Sector Scheme Formation and Promotion of 10,000 FPOs	
	» Paramparagat Krishi Vikas Yojana (PKVY)	
	» Rashtriya Krishi Vikas Yojana (RKVY)	
	» Odisha Millet Mission (OMM)	
	» Agriculture Production Cluster Initiative (APC)	
FPO Management Support	» Central Sector Scheme Formation and Promotion of 10,000 Farmer Producer Organizations (FPOs)	<p>» The scheme provides FPO Management cost to the tune of Rs. 18 Lakhs (Salaries of CEO/Manager - ≤ INR 25,000/month and Accountant - ≤ INR 10,000/month; Office rent - ≤ INR 48,000/year; Utility charges - ≤ INR 12,000/year; One-time cost for minor equipment/ furniture - ≤ INR 1,00,000; Travel/ meeting cost- ≤ INR 18,000/year; Misc. expenses - ≤ INR 12,000/year)</p> <p>» The Scheme, however, does not provide assistance to FPOs formed outside the scheme or already existing FPOs.</p>

Intervention Area	Name of Scheme/Policy	Details and its efficacy
Equity Grant Support	» Equity Grant and Credit Guarantee Fund Scheme (SFAC)	<ul style="list-style-type: none"> » SFAC's Equity Grant and Credit Guarantee Fund Scheme provides equity grant to FPCs upto Rs 10 Lakhs, which has been increased to Rs. 15 lakhs for FPOs being formed under Central Sector Scheme for 'Formation & Promotion of 10,000 FPOs' » For FPOs formed outside the Central Sector Scheme for 'Formation & Promotion of 10,000 FPOs', <i>the minimum membership strength to avail Credit guarantee scheme is 500 members, which is difficult to satisfy in the Odisha scenario</i> where the average number of members per FPO comes down to approximately 350
Credit Guarantee Support	» Equity Grant and Credit Guarantee Fund Scheme (SFAC)	<ul style="list-style-type: none"> » The scheme also provides credit guarantee to FPOs, 85 percent of the eligible sanctioned credit facility or Rs. 85 Lakhs, this limit has also been extended to Rs. 2 crores under the Central Sector Scheme for 'Formation & Promotion of 10,000 FPOs'. » For FPOs formed outside the Central Sector Scheme for 'Formation & Promotion of 10,000 FPOs', <i>the minimum membership strength to avail Credit guarantee scheme is 500 members, which is difficult to satisfy in the Odisha scenario</i> where the average number of members per FPO comes down to approximately 350.
	» State Sector Scheme – Odisha Credit Guarantee Fund Scheme	<ul style="list-style-type: none"> » Odisha Credit Guarantee Fund is one of the first such credit guarantee fund by any state in India which provides credit guarantee coverage for the lending institutions » NABKISAN financial Service Pvt. Limited has signed an MoU with Directorate of Horticulture to avail the credit guarantee fund. » INR 10 crore has been sanctioned to NABKISAN in this regard. » <i>Credit Guarantee fund from SFAC provides 85% risk coverage which makes low intake for the Odisha FPO Credit guarantee fund which provides only 50% coverage.</i> » <i>The Directorate of Horticulture submitted has a proposal to increase credit guarantee coverage upto 85% at par SFAC Credit Guarantee scheme</i>

Intervention Area	Name of Scheme/Policy	Details and its efficacy
Capacity Building of FPOs	» Central Sector Scheme “Formation and Promotion of 10,000 FPOs”	» Training on specific activities is provided under various schemes including the adoption of organic farming under PKVY, exposure visits of farmers under NHM-MIDH, support in DPR preparation and processing related trainings under PM Formalization of Micro Food Enterprises (PMFME).
	» Central Scheme – Paramparagat Krishi Vikas Yojana (PKVY)	
	» National Horticulture Mission under Mission on Integrated Development of Horticulture (NHM-MIDH)	» Under the Central Sector Scheme for ‘Formation & Promotion of 10,000 FPOs’ the Cluster Based Business Organizations are providing training and exposure visits to FPOs, however it is limited to only the new FPOs being formed under the scheme.
	» Central Scheme – Pradhan Mantri Formalization of Micro Food Enterprises (PMFME)	» <i>There is, however, no training being imparted to all FPOs, under any scheme on the aspects of management and governance of FPOs, to empower and educate rural farmers in the state to efficiently run FPOs.</i>

ADDRESSING CRITICAL GAPS – UNIQUE FEATURES OF THE SCHEME

Customized components for FPOs at different life cycle, different stages

- i. The state’s agricultural diversity varies greatly across its landscape, 4 different broad physiographic zones namely, Coastal plains, Central tableland, Northern Plateau and Eastern ghats and follows 3 major kinds of agricultural practices are seen in Odisha namely, Traditional agriculture (Non-commercial /less remunerative agriculture), Hill & Tribal agriculture (in hilly areas, practiced by tribal people, whose livelihood depends on forest economy), Commercial agriculture (Horticulture based agriculture cultivating fruits, vegetables, Fishery, Dairy & poultry).
- ii. FPOs have been promoted in the state since more than decade ago, the FPOs in the state also vary in terms of the maturity and life-stage. This kind of diversity reflects in the business of FPOs and supporting all the FPOs in one ambit doesn’t necessarily justify the need and vision of the government. The scheme has been designed so that different types of FPOs and farmers can take the maximum benefit through the scheme.

Empowering Farmer members, not just only management of FPOs-Farmer centric interventions for building sustainable FPOs

- i. Majority of the capacity building programmes has been developed for empowering the Farmer producer company at the organisational level, by providing training and various capacity building activities to the management of the organisation.
- ii. However, the critical constituent of the FPOs, member farmers are often ignored assuming benefits from the organisations ultimately trickle down at farmer level. When member

farmers aren't empowered on the vision behind forming the FPO, its operations and the benefits that can be tracked down through the FPO, the sustainability and closeness of working in the group doesn't get addressed.

- iii. The scheme has given much needed emphasis on empowering member farmers through various trainings, capacity building programmes on Good Agriculture practices, Modern Technologies in Agriculture, Benefits of Collectives, Case studies, FPO concept, Legal Structure, FPO Mission and Vision, Basic Operational Details of a FPO, FPO Business models, FPO Ecosystem stakeholder mapping, assistance under Govt. Schemes and programs, Fund raising, Private sector participation, and mandatory compliances.

'One on One' interaction between experts & FPOs

- i. The construction and constituent of each of the FPOs is different, so does the vision and business outlay. Most of the FPOs aren't burgeoning because they are following available templates and processes.
- ii. In case of developing a business plan/project report, most of the FPOs have to rely on available templates and hence, they quickly tailor made their needs to fit into the available format.
- iii. The scheme has identified this need and has plans to empanel a pool of experts who will work with the FPOs in their locations in developing customized business plan in accordance with the situational demand.

Establishing a nexus of Experts and support services for supporting FPOs

- i. Lack of qualified human resources, absence of management standards and systems and Lack of guidance and advisory often results in lower business turnover of the FPOs. It has been observed that FPOs have been struggling to comply with the legal requirements required by MCA to be done periodically. Especially, in case of FPOs registered under companies act as farmer producer companies (FPC), there are more items of compliance required than the FPOs registered under as cooperatives. Statutory annual audit, GST filing, return filing, share capital filing etc. are some of the cost incurring items of a FPO. More number of legal compliances translates to increased cost in terms of payment to MCA, fees to be paid to CA/CS for filing etc.
- ii. The scheme provides for empanelment of experts for providing FPOs handholding support and to strengthen the business and operations for increase in profitability. FPOs will be able to hire these experts for increasing business turnover, conducting concurrent audits and applying for relevant certifications and licenses. Under the scheme, a leading agribusiness corporate/company operating in the state and active in the district level will be empaneled as a Market Facilitation Agency (MFA) for increasing FPO market share.

Real world business exposure for FPOs

- i. FPOs are promoted mostly by not-for-profit organisation. Though the aspect of social development is taken care of, whereas the business building aspects need a little more push to take off.
- ii. While interacting with most of the FPOs in the state, it was reported that the 5 organisations that they are associated with are all development organisations. They have never visualised or been to a business set up.
- iii. The scheme has identified the above challenge and has provisioned to provide exposure visits to agri& food industry to experience the real-world scenarios. The scheme also provides for Industry immersion program wherein corporates to spend one day as employee-engagement with the FPOs in the state as part of their Corporate Social responsibility.

Business Risk Fund for FPOs

- i. Though the state has provisioned the Credit guarantee fund to cover the risk of FPO lending, a FPO faces risk due to unprecedented changes in the business cycle.
- ii. The risks for FPOs in marketing of agri-food produce emanate from factors such as unknown & varying demand, high investments, price volatility, credit defaults, inadequate information on supply chain, customers, and competitors, changing customer loyalties and preferences etc.
- iii. A fund equivalent to 20% of the Capital Support Grant will be earmarked for the FPO business risk fund and aim to support FPOs who faced loss in their business due to losses incurred due to climate related hazards

FPO Federations and Export promotion

- i. Agri Export Policy announced by Government of India with “Farmers’ Centric Approach” suggests for developing product specific clusters in the country to help improving productivity and quality of the varieties of crops with special involvement of Farm Producer Organizations (FPOs).
- ii. To facilitate farmers’ produce to break market barriers and explore international markets, the scheme has provisioned for creation of federations of FPOs and encouraged enhanced export cooperation with APEDA and SFAC.
- iii. Export will be promoted under the scheme for potential high value crops in the market, such as Non-basmati Aromatic rice, turmeric, Ginger, coffee, cashew, millets, Lemongrass Oil, Sal seeds, Organic vegetables, etc.

VARIOUS SCHEME/ PROJECT/ MISSION INITIATIVES OF GOVERNMENT OF ODISHA FOR FPOS

Sl.No.	Name of Scheme/ Initiative/Project	Particulars
1	Odisha FPO Policy	<ul style="list-style-type: none"> The Department of Agriculture & Farmers' Welfare, Government of Odisha launched its state FPO Policy in 2018 with a vision to make Odisha the most sought-after investment destination for agribusiness and food processing sectors with focused attention and handholding support to FPOs in production, aggregation, storage, processing, distribution and marketing of agriculture and allied sector resources for sustainable development thereby generating large scale employment in rural and semi urban areas. The Policy shall provide direction, incentives and exemptions over and above the FPO Policy of Government of India and any other existing Policy in the State.
2	Odisha Credit Guarantee Fund (CGF) for FPOs	<ul style="list-style-type: none"> Odisha Credit Guarantee Fund is one of the first such credit guarantee fund by any state in India which provides credit guarantee coverage for the lending institutions. In case of default from the FPOs, lending institutions will be provided 50% of the loan outstanding amount of INR 50lakhs whichever is higher. NABKISAN financial Service Pvt. Limited has signed an MoU with Directorate of Horticulture to avail the credit guarantee fund. INR 10 crore has been sanctioned to NABKISAN in this regard.
3	Matching Equity grant fund for FPOs from SFAC	<ul style="list-style-type: none"> SFAC's Equity Grant and Credit Guarantee Fund Scheme provides equity grant to FPCs upto Rs 10 Lakhs, which has been increased to Rs. 15 lakhs for FPOs being formed under Central Sector Scheme for 'Formation & Promotion of 10,000 FPOs'. The scheme also provides credit guarantee to FPOs, 85% of the eligible sanctioned credit facility or Rs. 85 Lakhs, this limit has also been extended to Rs. 2 crores under the Central Sector Scheme for 'Formation & Promotion of 10,000 FPOs'.
4	Agriculture Production Cluster (APC) Initiative	<ul style="list-style-type: none"> Promotion of Agriculture Production Cluster (APC) in Tribal Regions of Odisha is a collaborative effort by Department of Agriculture and Farmers' Empowerment, Department of Panchayat-iraj& Drinking Water, Bharat Rural Livelihood Foundation (BRLF) and Professional Assistance for Development Action (PRADAN). The project aims to sustainably double the income of 1 lakh small and marginal families by establishing the model of Agriculture Production Cluster (APC) in 40 backward Blocks of the State. <ul style="list-style-type: none"> i. Under the APC Initiative, 30 Producer Companies and 932 Producer Groups were formed in 40 Blocks.

Sl.No.	Name of Scheme/ Initiative/Project	Particulars
5	Odisha Millet Mission	<ul style="list-style-type: none"> • Odisha Millets Mission is a flagship programme of Department of Agriculture and Farmers’ Empowerment, Government of Odisha. • Special Programme for Promotion of Millets in Tribal Areas of Odisha (Odisha Millets Mission) was launched by Govt of Odisha in 2017 to revive millets in farms and on plates. • It emerged from a consultation between Government, Academia (NCDS) and Civil Society Organisations (RRA Network, ASHA Network and local NGOs). It is first of its kind of agriculture programme with priority on increasing consumptions in Odisha. • The Odisha Millet Mission is being implemented by government of Odisha, WASSAN and NCDS. • 72 FPOs have been formed thus far under the Odisha Millet mission to promote millets and ensure aggregation of the produce.
6	Promotion and Stabilization of Farmer Producer Organizations (PSFPO) project	<ul style="list-style-type: none"> • Promotion and Stabilization of Farmer Producer Organizations (PSFPO) project is funded by Bill & Melinda Gates Foundation with Government of Odisha. • The project is being jointly implemented by Tanager International as the Project Implementation Unit and Palladium Consulting India Pvt. Ltd. as the Technical Support Unit. • The Nodal department for the PSFPO Project is Directorate of Horticulture, Department of Agriculture & Farmers’ Empowerment, Odisha. • The mandate of the PSFPO Project is to build an inclusive, collaborative FPO ecosystem in Odisha that achieves increased profitability and sustainability of FPOs. • The 5 key outcomes of the Project are: <ul style="list-style-type: none"> i. Enabling Ecosystem: Support Odisha FPOs to be inclusive and engage effectively with stakeholders to avail associated benefits for enhanced profitability & sustainability ii. Increase Business: Increase in target FPOs’ and MFC’s business, commercial, and leadership sustainability iii. Equitable Gender participation: Women and female youth have more equitable access to participation in and benefit from FPO membership and services iv. Strengthened Market Linkages: Strengthened market linkages between Odisha FPOs and the private sector v. Digital Governance: Enhanced capacity of relevant Government of Odisha agencies to implement digital governance and results measurement framework within FPO ecosystem.

Sl.No.	Name of Scheme/ Initiative/Project	Particulars
		<ul style="list-style-type: none"> • The PSFPO project intervenes at three levels for bringing structural and institutional changes to the FPO ecosystem – the government, the FPOs, and the FPO Ecosystem Players. • Some key achievements under the PSFPO Project are: <ul style="list-style-type: none"> i. State FPO profile created through baseline survey of FPOs in the state ii. Conducted FPO Baseline Survey in 2021 through ADAPT portal, integrating block level officials in the exercise. iii. Prepared a central database of 582 FPOs (as of November 2020) in the state formed under various schemes, programs and by private sector. iv. Technical Support provided in preparation of Odisha FPO Policy Operational Guidelines v. Scheme mapping & Consolidation of State and Central schemes under which FPOs can avail assistance. vi. To ensure sustainability of support to FPOs, initiated Institutionalization of FPO Facilitation Cell in Directorate of Horticulture. vii. Regular Monitoring the progress of Central Sector Scheme ‘Formation and Promotion of 10,000 FFPOs’ viii. Conceptualized and developed FPO web portal (www.fpo.odisha.nic.in) in association with NIC as a Single Window System for FPOs. Database of 279 FPOs, 400 + buyers, schemes, one click link to other portals. ix. Organized Odisha FPO Conclave 2021 (connecting 100+ FPOs, 30 Sector experts, 24 CBBOs, 5 Implementing Agencies, 5 Universities, 10+ NGOs, 6+ Financial Institutions) – as a state level annual event and prepared action plans for Increasing Access to Credit, Linking to Markets and Strengthening FPO ecosystem through policy initiatives. x. Trained 120+ District and Block level officials from Directorate of Agriculture & Food Production (DA&FP), Directorate of Horticulture (DoH) and Directorate of Soil Conservation & Watershed Development (DSCWD) through “Know Your FPO series”, a virtual learning series.

Sl.No.	Name of Scheme/ Initiative/Project	Particulars
		<ul style="list-style-type: none"> <li data-bbox="598 291 1439 733">xi. Grooming 28 FPOs as model FPOs across 12 districts. <ul style="list-style-type: none"> <li data-bbox="662 334 1439 485">▪ The FPOs are being trained on – Business plan, roles & responsibilities, Legal compliances, market, stakeholder mapping, sub-committee formation, and gender sensitization. <li data-bbox="662 495 1439 646">▪ Procurement SOP for the FPOs and trained CEOs of 14 FPOs on procurement of Chili, 3 FPOs have followed the SOP in procuring Sweet potato, leading to more transparency in transactions <li data-bbox="662 657 1439 733">▪ Conducted Pilot study on increasing business of FPOs by MIT students (J-Pal) <li data-bbox="598 743 1439 851">xii. Facilitated marketing of 600 MT of vegetables and 2000 pieces of coconut through these FPOs in last harvest season. Marketing linkages established with 6 buyers and FPOs. <li data-bbox="598 862 1439 1131">xiii. Partnerships formed with FPO Ecosystem Players: <ul style="list-style-type: none"> <li data-bbox="662 916 1439 980">▪ MoU with Samunnati Finance for developing apt financial product for FPO <li data-bbox="662 991 1439 1067">▪ MoU with CIP for supporting in cultivation practices of Potato and sweet potato <li data-bbox="662 1078 1439 1131">▪ S4S technologies – processing unit in 60 villages in 3 FPOs <li data-bbox="598 1142 1439 1207">xiv. A model input shop opened, and Custom Hiring Business started in 2 FPOs. <li data-bbox="566 1218 1439 1325">• Conducted Training of Trainers programme with Skill Green Global to prepare a pool of 15 trainers from FPOs representatives and LRPs.

SUGGESTIONS FOR SUPPORT TO FPOS

- i. Establishment of FPOs shouldn't only be limited at block level; even FPOs at Gram Panchayat level are viable by establishment of strong ecosystem and support system for the FPOs
- ii. Viability of FPOs needn't be determined by a suggestive number of members for the FPOs. FPOs can be viable with any number of members given the business proposition is viable and provides caters to the members of the FPO.
- iii. Structure of reaching out to FPOs through Cluster Based Business Organisations (CBBOs) and Implementing Agencies (IAs) as proposed in the Central Sector Scheme of 'Formation & Promotion of 10,000 FPOs' is an effective medium. The structure can be banked upon for rolling out state plan scheme.

- iv. FPO is not limited to the BoDs and Staff; the viability of an FPO can be established by strengthening and capacity building of the farmer members. Many a times, capacity building and trainings are focused on BoDs& staff of the FPOs. It is required to reach out to all the member farmers for their capacity building.
- v. Engagement of professionals for the position of CEO is a critical factor for the success of the FPO. The financial support provided through CSS of 'Formation & Promotion of 10,000 FPOs' and other agencies doesn't attract experienced professionals. An additional top up by the state over the financial support will attract more experienced personnel for the position of CEO & other staff.
- vi. State may recommend institutions and Gol for providing relaxation on the existing stringent norm of educational background for appointment of professional staff of FPOs, as it seems difficult in attracting professionals with the specified higher educational background to work in remote areas at a lower remuneration.
- vii. State may consider inviting engaging a dedicated market facilitating agency (private sector players would be preferred) for supporting the FPOs in output marketing.
- viii. FPOs need to pay a hefty amount towards the legal compliances. It is difficult to spend for the legal compliances without generating business. Also, FPO struggles in finding professionals for filing all the documents to meet the legal compliances. Hence, FPOs need financial as well as professional support in meeting their legal compliances.
- ix. A single window clearance system is needed where FPOs will be able to access all the relevant schemes, licenses, market and other support at one go. This dedicated system will also be one stop information centre for FPOs and other stakeholders in the ecosystem.
- x. Most of the structured financial support to the FPOs provide back ended subsidy and focuses on creating infrastructure. The percentage of support provided in terms of working capital support is marginal. However, FPOs need working capital support for carrying out day to day business. Hence, there needs to be a provision of providing working support to the FPOs.

CHAPTER 2

SUPPORT TO FARMER PRODUCER ORGANISATIONS (FPOS)

Highlights

Background

Objectives

Tenure

Target Groups

Deliverables

Program Budget & Financial Outlay

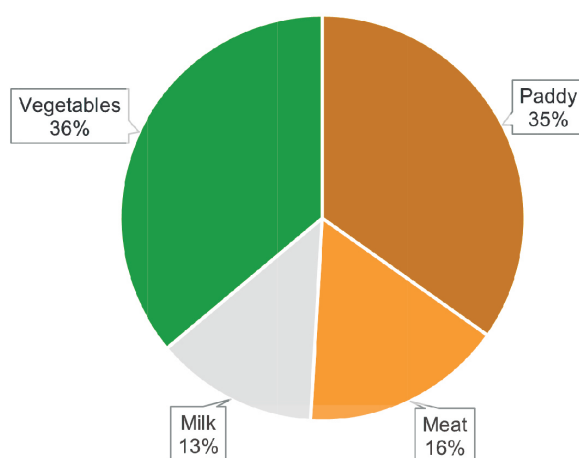
Support Components:

- Promotional campaign of Farmer Producer Organizations
- Capacity Building
- Access to Finance
- Allocation of land on need basis
- Operational & Handholding Support
- Marketing Support
- Management & Government Support
- Establish Centre of Excellence (CoE) for FPOs
- Facilitation of Education and research on FPOs
- Performance Linked Incentives to CBBOs/POPIs
- One Stop Solution System for FPOs

BACKGROUND

Odisha is largely a rural and an agrarian economy. Close to 83 per cent of its people live in rural areas and about 61.8 per cent of its 17.5 million workforce is employed in agriculture. The sector contributes about 18 per cent to the state's GDP. The state has a gross cropped area of about 8 million hectares, 46 per cent of which is double cropped. Paddy is the main crop and covers about 3.89 million hectares (for the triennium ending 2017-18). Odisha produces about `75,800 crore worth of agricultural and allied output. More than half this value is generated from four products: paddy, meat, milk and brinjal. Paddy accounts for 24.4 per cent of the value, meat 11.3 per cent, milk 9.1 per cent and brinjal 6.8 per cent (total share of vegetables is 25.3 per cent).

Value of Output from Agriculture & Allied sector of Odisha



The state is divided into 10 agro-climatic zones and it suffers from frequent droughts and floods, and sometimes both, in the same year inflicting colossal damage to the Agri-sector. Despite of this, agriculture has proven to be one of the most resilient sectors of the state. In the 16 years since the beginning of this century (2000-01 to 2016-17), Odisha's agricultural GDP nearly doubled in real terms, clocking an average annual growth rate of about 4.5 per cent, higher than the all-India average of 3.1 per cent. The state accounts for 3 per cent of India's agricultural GDP.

Further, to generate wealth for the farmers particularly small farm holders there is an urgent need to create appropriate ecosystem in the state. Certain commodities are also identified for providing necessary support systems for the entire production/ value chain. In this entire process, one of the important elements is institutions of farmers. Experiences in India and other parts of the world clearly indicate that farmers institutions that are membership based, financially robust, adopt business model and well connected (to technology, research, markets, banks and other infrastructure facilities) could provide enormous economic benefits to its members – farmers. Such collective action goes beyond coming together for infrastructure development but goes to realms of business and markets. Moreover, institutional arrangement/ membership-based institutions are found to be backbone for primary sector.

With this background, both central government and state governments are clearly putting considerable emphasis on promoting “Farmers Producers Organizations (FPOs)” as an important policy for creating an ecosystem for enhancing farmers’ profits. Owing to the growing importance of FPOs, the principal secretary of the Department of Agriculture and Farmers’ Empowerment has facilitated a series of discussions, brain storming sessions with various departments, experts, farmer’s organizations and NGOs, civil society organizations to formulation of this Odisha FPO Policy in 2018. The policy which aims for Promotion and Stabilization of Farmer Producer Organizations in Odisha has come up with Operational Guidelines covering the objectives, actions to be taken, guiding principles, expected end results, institutional arrangements at district and state level, financial allocations, and monitoring framework.

OBJECTIVES

- i. To provide a supportive ecosystem to for the Farmer Producer Organizations (FPOs) in the State to facilitate better income opportunity and overall socio-economic development for the small and marginal farmers.
- ii. To provide handholding and capacity building support to the FPOs up to 5 years in all aspects of management of FPO, inputs, production, processing and value addition, market linkages, credit linkages and use of technology etc.
- iii. To improve productivity and realize higher returns for the FPOs through remunerative, institutional, and viable market linkages for their produce and become sustainable through collective action.
- iv. To develop FPOs as economically viable and self-sustaining business models beyond the period of support from government.

TENURE

The program is for a period of 5 years from FY 2022-23 to FY 2026-27.

TARGET GROUPS

All Farmer Producer Organizations (FPOs) which is registered and operating in 30 districts of Odisha

DELIVERABLES

- i. 1000 FPOs will be supported in next 5 years reaching to 2,00,000 farmers in the state
- ii. Incremental income of Rs 2000 per month per farmer through implementation of the scheme

- iii. 5 FPOs will be developed as center of excellence (model FPOs) in association with academic and resource institutions.
- iv. Around INR10,000 crore value of transactions through dedicated FPO market platform in 5 years.
- v. Creation of infrastructures of INR 50 crore by 100 FPOs in the state with support of other available schemes like MKUY, AIF, PMFME etc.
- vi. 20% increase in export marketing through FPO federations
- vii. A Center of excellence for FPOs in association with academic and resource institutions.
- viii. Create vibrant marketing models for FPOs in Odisha through linkages and convergence with Private sector and Government programe like- Value addition at FPO level through MKUY, AIF, PMFME schemes, Institutional linkages with remunerative markets, procurement of paddy and other MSP crops etc.

PROGRAM BUDGET & FINANCIAL OUTLAY

- i. Total budget provisioned for the implementation is INR 29515 lakhs for 5 years.
- ii. Entire project will be funded through State Plan Funds.

SUPPORTS COMPONENTS

Component 1: Promotional campaign of Farmer Producer Organizations

RATIONALE

- i. Smallholder farmers are usually isolated from markets, have limited selling alternatives, lack contact with downstream buyers, are unable to enter into contractual relationships due to lack of trust and are usually obliged to accept the price offered by the buyers.
- ii. FPOs provide a platform for smallholder farmers to collaborate, work and make decisions together so as to achieve higher income from the sale of produces, access to quality and low-cost inputs and higher price realization that is of common interest and wellbeing.
- iii. But lack of trust, awareness and year-long distress sale practices creates road block for the farmers to participate in the aggregation and collective marketing model of FPOs.
- iv. FPOs find it difficult to capture minimum market share and respond, supply of bulk orders and thus results inability to negotiate price, meet quality and quantity supply requirements and thus low in business turnover.

SPECIFIC OBJECTIVES

- i. To create awareness and sensitize small and marginal farmers on the FPO functions, benefits, and opportunity for higher value realization.
- ii. To increase membership of FPOs through mobilization of farmers at the ground level.
- iii. To promote schemes and convergence opportunities available for the farmers through FPOs.

ACTIVITIES TO BE UNDERTAKEN

- i. Promotional Campaigning will be done for farmer producer organizations at District level and block level by DPMU and FPOs respectively. The campaign activities include road shows, vehicle advertisement and display through wall paintings, leaflet distribution etc.
- ii. The objective of the campaign is to sensitize and create awareness farmers about FPOs, drive farmer membership for FPOs, highlight the better marketing opportunity for the farmers through FPOs, shareholder benefits, schemes, and convergence opportunities for the small and marginal farmers.
- iii. DPMU will organize the campaign at the district level where as the FPOs will organize the Membership campaign at their respective block level. Promotional campaign to be conducted

OPERATIONAL MODALITIES:

- i. SPMU will design the content of promotion materials, membership tracker tool after approval and distribute across districts.
- ii. DPMU will further conduct FPO coordination meeting for the FPO membership campaign and develop a promotional plan for the district and will share with SPMU for approval.
- iii. DPMU will monitor the result of promotional campaigns through a membership tracker tool and will update SPMU on quarterly basis.
- iv. The campaign will be of two modes.
 - a. **DPMU level :**
 - i. DPMU will do promotional campaign for FPOs in the potential GPs only to increase farmer mobilization and participation.
 - ii. DPMU will hire professional agencies to do the promotional activities like Road Shows and Van Campaign through a tender process. DDH will be the head of the bid evaluation committee.
 - iii. DPM and Institutional Development Expert at SPMU will be other two members.

- iv. The selection criteria of the agency will be developed by DPMU and must have approval from SPMU.
- v. Agency with a lower financial bid will be selected for the promotion campaign.
- vi. A Seven Day promotional campaign will be carried out by DPMU at block level out of which 3 days will be for road shows and 4 days will be for van Campaign
- vii. DPMU will also conduct wall paintings at the village level to create awareness on FPOs and benefits it provide for the farmers.
- viii. FPO officer from DPMU will coordinate the campaigns.

b. FPO level:

- i. FPOs will apply for promotional campaign support through FPO web portal to the DPMU.
 - ii. DPMU will support FPOs to develop a promotional plan and send for DLC approval.
 - iii. On approval, CEOs/In-charge persons of FPO coordinate the campaign plan with the agency for their FPOs to increase membership and increase in participation in the FPO business activities.
 - iv. The FPOs will identify the potential GPs/ Villages for business and Membership and can conduct the campaign in those GPs.
 - v. Lead Farmers in the training groups will conduct group meetings in the target villages.
 - vi. FPOs will have three types of promotional campaigns- Street plays (2 days), Promotion through autorickshaw (30 days) and Group meetings (30 No.s)
 - vii. FPOs will hire Street play artists to for the street play.
 - viii. Banners of 2ft *2ft size can be pasted on the autorickshaws for Promotion through Autorickshaws.
 - ix. Group meetings will be conducted at the village level by the lead farmers to create awareness on FPOs among the farmers.
- v. AHOs will identify the suitable locations for the organizing the awareness campaigns and recommend the locations to DPMU.
 - vi. Preference in street-play will be given to weekly haats/local events/panchayat meetings/ any other suitable congregations of people.
 - vii. DPMU will identify the suitable street play group and link them with them the campaign team for the development of the script covering the above activities.
 - viii. Dates and location of the street play shall be shared with DPMU/AHO// DDH before 14 days of the event.

- ix. **Street play:** The street play shall cover following themes
 - a. FPOs, concept, its functions
 - b. Linkages between farmers and FPOs, shareholder concept
 - c. List of Service FPO offers, Collective marketing.
 - d. Government support for FPOs in production, processing and procurement.
- x. Street play group will make the storyline to convey the above points.
- xi. **Road Shows (3days):** Road shows will be taken up with village roads in the afternoons when the farmers are available at their households. Rally/campaign will cover on the following aspects:
 - a. FPOs, concept, its functions
 - b. Linkages between farmers and FPOs, shareholder concept
 - c. List of Service FPO offers, Collective marketing.
 - d. Government support for FPOs in production, processing and procurement.
- xii. DPMU will finalize the dates for the road shows in consultation with DLC.
- xiii. AHOs and AAOs will identify the suitable villages the organizing the road shows.
- xiv. Preference will be given to do road shows during weekly haats /local events/panchayats meetings/suitable congregations' place.
- xv. Dates and location of the street play shall be shared with DPMU/ AHO/ DDH before 14 days of the event.
- xvi. **Van for audio campaign for (4 days):** AHO identify the suitable locations for the organizing the awareness campaigns.
- xvii. Preference in will be given to weekly haats/ local events /panchayat meetings/ any other suitable congregations of people.
- xviii. DDH will centrally select an agency who will engage a van and perform audio campaign on the procurement, marketing and other awareness activities.
- xix. Content for the audio campaign shall be finalized by the AHO/DDH/DPMU/SPMU
- xx. All printing contents for the campaign shall be available in the FPO web portal which can be downloaded and printed for distribution.
- xxi. Van campaign shall cover following themes
 - a. Process of procurement, FPOs' role
 - b. FAQ about FPOs
 - c. Post-harvest management and Value addition.

Budget break up for promotion Campaign at DPMU level

Cost item particulars	Rate	Unit	No.	Cost	Remarks
Road Shows 3 days					Road show at haats/ public gathering places at GP level which are potential for formation of FPOs showing visual display on FPO roles, Functions, success Stories, Govt. Initiatives
Printing of leaflets 200 No.s	20	300	10 days	6,000	leaflets containing the role of FPOs and its functions
Payment to Agencies	6000	2	1 days	12000	
Van campaign - 4 days					Van Campaign at the potential FPO GPs through hiring of van with audio campaign and promotional material distribution
Hiring of Van with fuel, decoration, fixtures, Audio, equipment, flexes	3000		3 days	9000	
Wall Paintings 10 places	300	10		3000	Wall paintings at village walls with consent from GPs on FPO scheme, membership and benefits
Total				30,000	

Budget break up for promotion Campaign at FPO level

Cost item particulars	Rate	Unit	No.	Cost	Remarks
Street Play 2 days -Payment to street play artists	1,000	1	2 days	2,000	INR 2000/- per day
Banner 1 No. for street play	500	1	1 No.	500	One banner mentioning role of FPOs and its functions
Promotion through Autorickshaw 5 No.s	3,000	5	30 Days	15,000	5 autos in one block will use the banner. The banner should describe the role of FPOs and its functions
Banners 2ft*2ft 5 No.s	500	5		2,500	Printing of Banners for promotion through autorickshaw
Group meetings 30 groups meeting	300	30	10 days	9,000	Membership meetings
Printing of leaflets 300 No.s	20	300	10 days	6,000	leaflets containing the role of FPOs and its functions
Total Cost for 1 GP level promotion				35,000	
Total for 2 GPs				70,000	A FPO will conduct promotional campaign in 2 GPs

COMPONENT 2: CAPACITY BUILDING

RATIONALE:

- i. FPCs are formed exclusively by primary producers without many linkages or knowledge about the market both at member and Board of Directors level. FPCs dealing with agricultural commodities must essentially focus on productivity and quality enhancement for creating market surplus for the large market demand.
- ii. There is also needed to increase the market orientation, business planning, managing their operations as well as market participation among the farmer-members.
- iii. Understanding of legal compliances holds equal importance for smooth operation of the farmer producer company- especially FPOs registered as FPCs under companies act.
- iv. Apart from this, the immediate need for these FPCs is to understand the budgetary need and find out suitable funding agency at right time.
- v. Another key challenge faced by the FPOs is low level of member farmer engagement/ participation in FPO operations. Lack of awareness of FPO operations, lack of transparency in business processes and limited ability of the FPO management to mobilize farmers are observed as the critical factors responsible for lower engagement.
- vi. Member farmers are not able to take decisions on the crop planning to marketing which is in synchronization with business plan of FPO. This in turn leads to lack of ownership and accountability among farmer members for their own FPO.

SPECIFIC OBJECTIVES:

- i. To sensitize and create awareness among member farmers of FPOs to increase participation and strengthening of the institution.
- ii. To empower the member farmers on decision making on crop selection, membership rights, business functions of FPOs.
- iii. To increase the aggregation capacity of the FPOs through increase participation of the member farmers.
- iv. To build capacity of FPO management on Governance, business planning and efficient operations.
- v. To provide opportunity for the FPO representatives to visit, interact and learn from best agriculture value chain practices.
- vi. To train and build capacity of Govt. officials on the FPO concept, functions, scheme guidelines and monitoring.

ACTIVITIES TO BE UNDERTAKEN UNDER THE COMPONENT

The scheme proposes to build capacity of both FPO members and management staffs to address the above-mentioned challenges. The capacity building support will be provided to the FPOs in Four areas.

- i. Training
- ii. Strategic Business Plan Development
- iii. Seminars and Meets
- iv. Exposure visits
- v. Industry Emersion/Mentorship program with Private Sector

2.1 TRAINING TO FPO MEMBER FARMERS, FPO MANAGEMENT AND GOVT. OFFICIALS

There will be three types of training provisioned. Capacity building (CB-1) will be provided to the member farmers, CB-2 will be provided to the management representatives of the FPO and CB-3 will be provided to the Government officials at district and block level.

The training target participants and training topics are mentioned in the following table.

CB #	Training Components	Target group	Training Topics
CB-1	Sensitization and Capacity Building of Member farmers	Farmer members of FPOs	<ul style="list-style-type: none"> • FPO concept, functions, • Role of shareholder member farmers, Participation in FPO business activities, Shareholder rights and benefits, • Role of BoDs • List of stakeholders in FPO ecosystem- at FPO level, at District level, at State Level • Grievance redressal
CB-2	Capacity building of Board of Directors	Board of Directors and CEOs	<ul style="list-style-type: none"> • Governance and Legal Compliance, • Strategic Business Plan Development, • FPO Operations and Business Management
CB-3	District and State level officials	State Nodal officers, DDH/ADH and AHOs at the district level	<ul style="list-style-type: none"> • FPO functions, Business Model, • Monitoring and Assessment

OPERATIONAL MODALITIES

- i. Capacity building training module developed by Bankers' Institute of Rural Development BIRD, NABARD, will be used to train FPOs and member farmers.
- ii. Training Modules will be digitalized and will be converted to downloadable videos and will be shared across the FPO member network through social media platforms.
- iii. SPMU will be responsible for digitization of the training modules.
- iv. DPMU will prepare a list of trainers from the training institutes, KVKs, RRTTES, line departments and will recommend to SPMU for their empanelment.
- v. SPMU will empanel the training resources and assign the training areas.
- vi. DPMU will prepare the district training calendar and will present at DLC for approval.

Budget Break up for Training to 200 farmers for One FPO:

Training Cost/FPO	Unit	Rate in INR	No. s	Days	Cost in INR
Training for farmers	No.	150	200 farmers	7 days	210,000

CB-1: Sensitization and Capacity Building of Member farmers

- i. This Training program will focus on training the member farmers of FPOs.
- ii. 200 farmers per FPO will be trained for 7 days i:e average 30 farmers per batch.
- iii. Extension workers will mobilize the farmers for the training.
- iv. Training will be conducted at FPO office.
- v. Dates and venue shall be finalized by DPMU in consultation with AHO and HEW and will be approved by the DDH from DPMU.
- vi. The training will be conducted in two phases
 - a. First phase will be conducted for 4 days
 - b. Second phase will be conducted for 3 days
- vii. Second phase will be conducted after six months of completion of first phase training.
- viii. Training will also have video demonstrations followed by interaction with trainers.

Phase-1	Topics	Duration	Resource Person
Module-1	Good Agriculture practices, Modern Technologies in Agriculture	2 days	Empaneled Trainers from KVK, RRTTES, Research stations
Module-2	Benefits of Collectives, Case studies, FPO concept, Legal Structure	1 day	FPO officer, DPMU
Module-3	FPO Mission and Vision Basic Operational Details of FPO	1 day	FPO officer DPMU
Phase -2	Topics	Duration	Resource Person
Module-4	Recap of the previous sessions, Basic of collective marketing, market- able surplus FPO business model – share capital, membership benefits, profit distribution, problem solving List of Stakeholders in FPO ecosys- tem- at FPO level, at District level, at State Level, Grievance redressal.	1 day	Empaneled Trainers from KVK, RRTTES, Research stations FPO officer DPMU
Module-5	Govt. Schemes and programs Fund raising Private sector participation	1 day	Line department Of- ficer FPO officer DPMU
Module-6	Books of accounts Audit and Compliance Income Tax filing and RoC filing	1 day	FPO officer DPMU

- ix. The FPO officer has to upload geo-tagged group photograph of the training to the FPO web portal.
- x. The lead farmers from the FIGs/ PGs will play role of master trainers at the village level, and they will further sensitize their member farmers on the same.

Target Participants	Duration	Resource Agency
200 Farmer members per FPO • 30 Farmers/day at one village	7 Days	Empaneled trainers from KVK, RRTTES, Line departments, research institutions, FPO Officer, DPMU

CB-2: TRAINING OF BOARD OF DIRECTORS AND MANAGEMENT STAFF OF FPOS

- i. The training will be residential in nature focused to train 4 participants i.e: One CEO, 3 Board of Directors per FPO.
- ii. 20 participants from of 5 FPOs will be grouped together as one batch for the training-One batch at one time will be trained.



- iii. All modules will be conducted as classroom sessions in a spacious hall with adequate space for group activities.
- iv. Handouts on processing, value addition, packaging & marketing shall be distributed in the training programme.
- v. Dates and venue shall be finalized by DPMU and will be approved by the DDH from DPMU.
- vi. DPMU will prepare a Training schedule and Plan for the district on annual basis and submit to SPMU for approval.
- vii. Training plan should consist of selected FPOs, Training groups/batch details, Venue and Logistics planning, resource person details with proposed timelines.
- viii. SPMU and DoH will approve the training plan upon review with concerned DPMUs.
- ix. Institutional Development expert at the SPMU level will be responsible for coordinating the Capacity building and training program.
- x. Upon approval, SPMU will organize the training of trainers (T-o-T) for the Empaneled trainers and DPMU will deliver the training program at the State level in coordination with BIRD, Lucknow.
- xi. CB-2 Training will be conducted in two phases. Module-1 and 2 will be conducted for 2 days in phase 1 and Module 3 will be conducted for 1 day in phase 2. Both phases will be completed within six months i.e one phase per quarter.
- xii. Under CB-2: Module-1 and 2 will be conducted for two consecutive days and Module 3 will be conducted in 2 days.

Training Module	Training Areas	Target Participants	Duration	Resource Persons
Module-1: Governance systems of an FPO	<ul style="list-style-type: none"> » Working together versus individual action » Basic concepts of an FPO » Formation and functions of FIG and FPOs » Board of Directors and Management: Who they are, how to select » Specific and Shared Responsibilities of BoD& CEO 	Board of Directors and CEO (max. 4 members)	1 ½ days	FPO officer, DPMU Empaneled trainers from OUAT and other research institutions,
Module-2: Statutory Legal compliances of an FPO	<ul style="list-style-type: none"> » Importance of Share capital. How to collect and how to maintain? » Statutory Compliances under CompaniesAct 1956 and CompaniesAct 2013 » Statutory compliances – certification/licences for trading 	Management Committee and CEO (max. 4 members)	½ day	FPO officer, DPMU Empaneled trainers from OUAT and other research institutions,
Module-3: Managing an FPO Operations	<ul style="list-style-type: none"> » Introduction to HR and roles of the staff in the FPO operations » Introduction to basics of finance in an FPO » FPO Operations–Needforunderstanding and planning various resources - Part 1 » FPO Operations - Need for planning resources in an FPO - Part 2 » Basics of Finance: Budgeting, Working Capital, Cash flow; Raising funds; Managing share capital; Investment financing » Basics of Finance: Price discovery (of FPO’s produce) and Profitability » Assessing the Financial position of the FPO for its operations » Introduction to Recruitment process » How to leverage available resources and provision for future needs. » Different scenarios in efficiently managing resources using simulation 	Management Committee and CEO (max. 4 members)	1 day	FPO officer, DPMU Empaneled trainers from OUAT and other research institutions,

BUDGET BREAKUP FOR CB-2 TRAINING:

Training Cost for CEO and BoD	Unit	Remarks	No. s	Days	Cost
No. of participants per FPO		CEO and 3 Directors	4		
No of Days				5	
Food expenses @ INR 500 per day per person				2,000	10,000
Staying expenses @ INR 1000 per person per night				4,000	20,000
Total					30,000

CB-3: TRAINING TO DISTRICT AND BLOCK LEVEL OFFICIALS AT THE DISTRICT LEVEL

- i. A total of 50 Govt officials from the state will be trained annually in 2 batches with each batch have 25 participants.
- ii. The training will be conducted for 3 days at the district level and will be residential in nature.
- iii. Dates and venue shall be finalized by DPMU with approval from the DDH from DPMU.
- iv. Handouts on shall be distributed in the training programme.
- v. The officials will be selected from the line departments of Agriculture, Horticulture, Fisheries and Animal resource development through an internal nomination process.
- vi. DPMU will further recommend SPMU for approval of the training program.
- vii. The training program will be provided on
 - a. FPO model, functions,
 - b. Scheme features and guidelines
 - c. monitoring framework
- viii. DPMU will facilitate the list of participants, training schedule and send for approval to SPMU.
- ix. DPMU will organize the training program in the district level.
- x. Institutional Development Expert from SPMU will deliver the training program.

BUDGET BREAKUP FOR COST OF TRAINING OF GOVT. OFFICIALS FOR ONE FPO

Training Cost for Govt officials	Unit	No.s	Days	Cost	Remarks
No. of participants	50	50			District level and Block level officials
No of Days			3		
Food expenses @ INR 1000 per day per person			1,000	3,000	Considering 1000 FPOs in State, average 33 FPO/ district and 50 Govt. officials to be trained, so ~2 No. of officials will be aligned to One FPO
Staying expenses @ INR 1500 per person per night			1,500	3,000	
Total				6,000	
Total cost of training per FPO				12,000	

2.2 STRATEGIC BUSINESS PLAN DEVELOPMENT

RATIONALE

- i. A Good Business Plan acts as a compass to the FPO – showing the right direction needed from time to time. Several FPOs prepare business plans for the sake of preparation and it remains a statement of intention rather than a tool for direction. However, a good Business Plan (BP) is the engine that drives the FPO to the destination it has envisioned.
- ii. A business plan is an important document to be submitted to the funding agency, post registration. The entire plan of activities of an FPO is mentioned in the business plan. Any individual activity within a business plan of an FPO that needs to be promoted as a micro enterprise, requires a bankable business plan for the funding support of a bank. The consolidation of individual activities/micro enterprises becomes a Business Plan or detailed project report for an FPO. Along with the bankable business plan of the micro enterprise, the business plan of an FPO can be submitted as a supporting document.

OPERATIONAL MODALITIES

- i. Business plan development will be a two-day handholding residential exercise and will be conducted with the Chief Executive Officer (CEO) and Managing Directors of FPOs in the district.
- ii. A batch size of maximum 20 participants from 10 FPOs will be undergoing this training.

- iii. SPMU will engage an Expert Agency to develop the on the Strategic Business plan for FPOs.
- iv. DPMU will prepare the list of FPOs to be supported under this component and submit to SPMU for approval.
- v. DPMU along with the AHOs will schedule, organize the workshop, and also monitor the implementation of business plan.
- vi. Dates and venue shall be finalized by DPMU and will be approved by the DDH from DPMU.
- vii. Business plan development will be done through a participatory workshop mode with the participants.
- viii. Some key elements of the workshop will be as follows.
 - a. Understanding the customer
 - b. Broad Components of a Business Plan and data required to prepare business plan
 - c. Identifying the potential business to pursue by the FPO
 - d. Learnings from an existing FPO's business
 - e. Basic understanding of Risk taking
 - f. Impact on business in different scenarios using simulated models
 - g. Role that a FIG plays in the overall FPO's business
 - h. How to prepare and MIS using farmer data
 - i. Preparation of a plan for FIG activities contributing towards FPO business plan.
 - j. Development of Business plan.

Component	Target Participants	Duration	Resource person
Strategic Business Plan development	CEO and MD of FPO	2 days' workshop	External Empaneled Expert

2.3 SEMINAR AND MEETS

OPERATIONAL MODALITIES

State level:

- » A State level FPO conclave will be organized annually by the DoH inviting participants from FPOs, CBBOs, Implementing agencies, Expert groups, Market players, Banks and Financing Institutions, Academic institutions, corporates and officers from concerned Govt. departments.

- » The FPO Conclave will be platform to discuss the existing status of FPOs, key challenges, increase in private sector investment, technology integration, research and development among ecosystem stakeholders.
- » SPMU will be responsible for conducting the workshop with all required financial and approval from DoH.
- » Maximum Two representatives (CEO and One Director) from the FPOs can be invited to participate in the Odisha FPO conclave.

District level:

- » A Three-day District FPO meet will be conducted at the district level by the DPMU with approval from SPMU and DoH.
- » All FPOs from the district will attend the district FPO meet.
- » Three sessions will be organized in the District FPO meet. Four representatives per FPO including- three Management committee members and CEOs, CBBOs and representatives of Implementing agencies will attend the meeting.
 - **FPO buyer meet:** FPO crop specific buyers will be invited to interact with the FPO on the opportunities, challenges and support required.
 - **CEO interaction:** Interaction with CEO on the FPO business will be conducted through a participatory discussion session.
 - **Bankers meet:** Lead and other banks, financial institutions will interact with the successful FPOs, understand their business plan and models to facilitate increased credit flow to the FPOs.
- » DPMU will identify the list of FPOs and submit the list of participants to SPMU for approval.
- » DPMU will conduct the meeting at the district level and submit a report to SPMU.
- » DLC will coordinate with the district level bankers and invite them to the meeting.
- » DDH will invite the buyers to participate in the FPO buyer meet.

BUDGET BREAK-UP FOR DISTRICT FPO MEET

Cost Items	Unit	No of days	Cost in INR	Remarks
No of Participants from FPO	4			CEO and 3 Directors
No. of FPOs	20			
Total No. of participant	80			
No. of bankers	10			Branch Managers from the districts
No. of buyers	20			

Cost Items	Unit	No of days	Cost in INR	Remarks
no. of officials	20			Line departments
Food expenses @ 300 per person				
Bank representatives	300	1	3,000	
Buyers	300	1	10,000	
No of officials for 2 days	300	2	7,500	
No of FPO persons @ Rs.1300 for 2 days	1200	2	192,000	
Staying expenses				
No of FPO persons @ Rs.1000 for 2 days	1000	2	80,000	
Total			272,000	
Cost per FPO			13,600	
Miscellaneous			500	
Round off			15,000	

2.4 EXPOSURE VISITS FOR FPOS

It is important to go at the pace of the participants so that they understand all the components and details. One of the sessions includes a field exposure visit to an existing successful FPO to meet their Board of Directors and understand their business plan.

OPERATIONAL MODALITIES

- i. Two exposure visits will be organized with five selected FPOs in each batch in a year for 3 members from each FPO (One CEO, One Director and One Farmer) for 10 FPOs in the district in a year.
- ii. The selection of FPOs will be done by DPMU with approval from SPMU.
 - a. **Exposure visit 1:** The participants will visit to a model FPO in Outside the State preferably to best performing FPOs and FPO federations in Maharashtra, Karnataka, Gujarat, Madhya Pradesh, Uttar Pradesh and Bihar.
 - b. **Exposure visit-2:** The participants will visit to an agri-food processing industry.
- iii. DPMU will be responsible for conducting exposure visits with approval from SPMU and DoH and coordinate with the visiting FPOs and industries and other logistic arrangements.
- iv. SPMU will approve the places to be visited for exposure.
- v. A visit learning report is to be prepared and submitted by DPMU.

BUDGET BREAK UP FOR EXPOSURE VISIT FOR ONE FPO

Cost items	Unit	Unit Cost	Days/ Nights	Cost	Remarks
No. of participants per FPO	3				CEO and One Director and One Farmer
No of Days	7				4 day trip to Maharashtra or Karnataka, 3 day travel
Travel to and From by Train	6	1000		6,000	
Food expenses @ INR 1200 per day per person		1200	7	25,200	
Staying expenses @ INR 1200 per person per night		1200	4	33,600	
Local travel	Lumpsum			1,200	
Total				66,000	

2.5 INDUSTRY IMMERSION PROGRAM WITH PRIVATE SECTOR PLAYERS

- i. SPMU will organize five Industry emersion program with selected FPOs annual basis.
- ii. The objective of the program is to increase corporate engagement with the FPOs and mentor the FPOs on the business processes, standard practices and access to remunerative markets.

OPERATIONAL MODALITIES:

- i. SPMU will invite leading corporates to spend one day as employee-engagement with the FPOs in the state as part of their Corporate Social responsibility.
- ii. SPMU will coordinate with interested corporates to organize immersion programs with the FPOs.
- iii. The emersion program will be conducted for one day at the FPO operational area.
- iv. Corporate will sponsor the entire program.
- v. Selection of FPOs will be conducted in consultation with the DPMU.
- vi. SPMU will facilitate the immersion program between the corporate and the DPMU.
- vii. Board of Directors, CEO and selected farmer members from maximum 5 FPOs at the village level will be part of the program.
- viii. Some of the key activities in the program
 - a. Understanding FPO business
 - b. Success stories and failure cases
 - c. Challenges and support required
 - d. Business mentorship on planning, operations and financial management
 - e. Technology and opportunities in the FPO driven supply chains

COMPONENT 3: ACCESS TO FINANCE

RATIONALE

- i. In each of the stage of the FPO, the financial needs were found to be different.
- ii. In early stages, financial need of the FPOs revolves around the cost of mobilizing farmers, registration cost, cost of operations and management, training, exposure visits etc. Mostly the need is met thorough the grant support.
- iii. Later in the emerging and growing stage, FPOs need working capital to run their businesses.
- iv. As the FPOs move towards expanding their businesses, FPOs need term loans are needed to set up processing units, processing/grading/sorting yards, storage go-downs, cold storage, transport facilities, etc.

SPECIFIC OBJECTIVES

- i. To support FPO access to formal credit to expand their business and operations through formal linkage with banks and financial institutions
- ii. To increase credit flow to FPOs through convergence with bankable projects under schemes like MKUY, AIF and PMFME.
- iii. To provide business risk fund support to FPOs for absorption of loss due to climate change or natural disasters and unplanned business risks.
- iv. To promote lending to FPOs through credit guarantee fund coverage.

3.1 CAPITAL GRANT SUPPORT FOR FPOS

- i. Farmer Producer Organization would be provided credit-linked capital grant support @20% on the fixed capital cost and 20% on the working capital.
- ii. The maximum cost of the project will be INR 50 lakhs per FPO.
- iii. FPO contribution should be minimum of 20% of the project cost with balance being loan from Bank.
- iv. FPOs can also apply for projects under AIF, MKUY and PMFME schemes to avail this benefit, preferably under MKUY.
- v. Federations of FPOs can also apply for under the scheme with 30% capital grant support.

OPERATIONAL MODALITIES

Selection Process for FPOs

- i. FPOs can apply for the credit link support to the DPMU through the CBBOs or through AHOs.
- ii. District Project Manager would undertake visit to the FPOs units for rating and due diligence to avail benefits under the Scheme. FPO rating will be conducted by CBBOs annually using the rating tool framework developed by NABARD.
- iii. Based on the rating tool scores the FPOs will be evaluated for the capital grant support through the scheme.
- iv. Rating scores will be linked to the amount of support.

Grade	Marks obtained	Remarks
A	>75%	Ready for credit linkage
B	60-75%	Credit linkage after little capacity building
C	50-60%	Need further capacity building
D	<50%	Need detailed assessment for further capacity building

- v. Due diligence to be carried out by the DPMU for each Unit should have the following details:
 - Annual Turnover of the FPO.
 - Track Record of payments by the FPO.
 - Existing infrastructure.
 - Backward and Forward Linkages.
 - Marketing linkages of the enterprise
 - FPO profile updated in Single window system
 - At least one women in the Board of Director.
 - The cost of the project proposed should not be larger than the present turnover;
 - The cooperative/FPO should have sufficient internal resources to meet 10% of the project cost and margin money for working capital
- vi. Rating tools will also be used to measure the progress of the FPOs.
- vii. DPMU will consolidate the FPO rating results at the district level and the same will be further consolidated at the state level by the SPMU.
- viii. Financial Expert at the SPMU level will be coordinating the FPO credit linkages with banks and financial institutions.
- ix. District project Manager (DPMs) will follow up with the banks on the loan application status, help FPOs to meet the compliances raised by the bank and facilitate timely sanction of the loan.

- x. All the potential FPOs' application received by DPMU will be sent for approval by DLC.
- xi. District Level Committee should study the report submitted by DPMU for each FPO.
- xii. Based on the satisfaction of the DLC, DLC can recommend the FPO application to the bank for sanction.

BUDGET CALCULATION FOR CAPITAL FUND PROVISION UNDER MKUY, PMFME PER YEAR

Capital grant Support under MKUY	%	Cost
Average project Cost under MKUY		5,000,000
Fixed capital (FC) requirement	80%	4,000,000
Working Capital (WC) requirement	20%	1,000,000
Support provided under the Scheme 20% of FC	20%	800,000
Support provided under the Scheme 40% of WC	40%	400,000
Total Support provided to one project under MKUY		1,200,000

3.2 CREDIT GUARANTEE FUND (CGF) FOR FPOS

- i. Government of Odisha has entered into an agreement with NABKISAN Financial Service pvt. Ltd to extend credit guarantee coverage for the loans extended by NABKISAN to the FPOs. Under this component, 50% of the loan outstanding or INR 50 Lakhs whichever is higher is provisioned as credit guarantee to the NABKISAN.
- ii. The operation modality of the CGF will be followed as per the agreement of DoH and NABKISAN.

3.3 BUSINESS RISK FUND FOR FPOS

- i. As FPOs take up enterprise-oriented activities, they require various types of support for financing, incubation, risk management and stabilization of their business operations. Agricultural commodity businesses have higher requirements of working capital finance since most commodities are stocked right after harvest and thereafter consumed steadily out of the stored stocks till the next harvest.
- ii. Though the state has provisioned the Credit guarantee fund to cover the risk of FPO lending, a FPO faces risk due to unprecedented changes in the business cycle. The risks for FPOs in marketing of agri-food produce emanate from factors such as unknown & varying demand, high investments, price volatility, credit defaults, inadequate information on supply chain, customers, and competitors, changing customer loyalties and preferences etc.
- iii. Events such as pandemic restrictions and heavy price fluctuations can result in significant losses for the FPOs.

- iv. Without earmarked or assured support to deal with these business risks, that encourages FPOs to take up marketing-oriented initiatives, the FPOs would remain trapped in the vicious cycle of 'low risk-low returns' business opportunities and low member engagement.
- v. A fund equivalent to 20% of the Capital Support Grant will be earmarked for the FPO business risk fund and aim to support FPOs who faced loss in their business due to losses incurred due to climate related hazards.

OPERATIONAL MODALITIES

Structure of Business Risk for Commercial Loans	
Nature of Instrument	Business Risk Fund (to be released in the form of Grant)
Recipient of Assistance	Lending Institutions- Banks
Time of Release of Funds	Ex-Ante (at the time of Registering Loan with the Bank)
Quantum/Rate of Assistance	20% of the Capital Support Grant will be earmarked for the FPO business risk fund
Tenure	Within 5 years of the on-going loan tenure (One time assistance)
Key Guidelines	<ul style="list-style-type: none"> i. Commercial loans provided to FPOs by banks shall be eligible for business risk fund. These commercial loans (typically working capital loans) shall be provided to FPOs for undertaking aggregation and all relevant value addition activities required for marketing of agricultural and allied produce. The ceiling for credit guarantee shall be INR 40 lacs per FPOs. ii. Preference for assistance under Business risk fund will be given to FPOs which have availed support under Capital Grant Support Component of the scheme. Based on the rating tool scores the FPOs will be evaluated for the capital grant support through the scheme. iii. To be eligible for business risk fund, projects of FPOs for implementing marketing-oriented initiatives shall have to be registered with the business risk fund.

The Business Risk Fund for FPOs will be set up under the Capital Grant Support component of the scheme. The following organizational structure could be adopted for the fund:

- i. **Management Committee** – The Management Committee shall comprise of experts from domains such as development finance, impact investments, agribusiness, horticulture, organizational development, social sciences, social entrepreneurship etc. The Management Committee would be vested with responsibilities to register loans for credit guarantee,

approve proposals for infrastructure development loans, evaluate efficacy of capacity development assistance measures under Business Risk Fund, manage the corpus of the Fund and identify strategies and approaches for better utilization of the gamification instruments (e.g. performance incentives, rewards and awards) included under the Fund. The Management Committee shall comprise of the following members:

- a. **District Project Management Unit (DPMU)** – DPMU will monitor the claim of the eligible beneficiary against the business risk fund and put forward the same in DLC for approval. Upon approval, the claim will be moved to SPMU.
- b. **State Project Management Unit (SPMU)**–SPMU will report to the Management Committee to ensure the smooth operation soft he Business Risk Fund.Theoperating team will collect ground level intelligence with respect to the functioning of FPOs and the FPO climate fund and inthe process actasaconduit between the fund and the FPOs. SPMU will roll out a separate detailed guideline of FPO climate risk fund in consultation with the stakeholders.
- c. **Technical Advisory Panel (TAP)** –This panel shall be constituted by the Management Committee. The member soft he technical advisory panel will have rich experience indifferent technical aspects of agri business and horticulture cutting across different stages of valuechain. Members of the technical advisory panel shall be invited for advisory inputs uponthe request of the Management Committee.

COMPONENT 4: ALLOCATION OF LAND ON NEED BASIS

RATIONALE

- i. Value chain centric FPO activities envisage tasks encompassing pre-production to consumption. They include seed procurement, nurseries, organic method of cultivation, post-harvest processing and marketing.
- ii. Having a common facility centre (CFC) by an FPO boosts its economic activities by way of Ensuring faith of the farmer members in investing in the equity
- iii. Handling the primary processing and grading activities of the commodities and Storing the inputs that are required for their farmer members.
- iv. However, investing on common facility center by the FPOs from their equity mobilised initially will lead to the ‘egg or chick first dilemma’. They face challenges in accessing common lands, or taking lands on lease to set up the common facility centers or production centers.

SPECIFIC OBJECTIVES

- i. To provide infrastructure facilities to the FPOs to set up common facility center and engage in value addition.
- ii. To promote enterprise promotion at the local level and create employment opportunities.

OPERATIONAL MODALITIES

- i. Land will be made available for the FPOs at a concessional rate for establishment of exclusive storage, sorting, grading yards, and processing plants as per processing norms.
- ii. FPOs can apply for availing land or taking lease of land to the DPMU through a formal application with their Board resolution and clearly mention the intended purpose of land allocation.
- iii. DPMU will assess the application, conduct due diligence, present the case to DLC.
- iv. DLC with chairmanship of District collector will decide the land allocation approval through appropriate mechanisms in consultation and coordination with line departments.
- v. However, leasing of unused Government infrastructures at the District level for setting up common facility centres will be encouraged from FPOs through DLC.

COMPONENT5: OPERATIONAL AND HANDHOLDING SUPPORT

RATIONALE

- i. It is noticed that FPOs are finding it difficult to avail technical support for the growth of their business operations. Lack of qualified human resources, absence of management standards and systems and Lack of guidance and advisory often results in lower business turnover of the FPOs.
- ii. It is noticed that FPOs have been struggling to comply with the legal requirements required by MCA to be done periodically. Especially, in case of FPOs registered under companies act as farmer producer companies (FPC), there are more items of compliance required than the FPOs registered under as cooperatives.
- iii. Some of the cost incurring items includes- Statutory annual audit, GST filing, return filing, share capital filing etc. More number of legal compliance translates to increased cost in terms of payment to MCA, fees to be paid to CA/CS for filing etc.
- iv. In the on-going schemes for FPO formation and promotion, FPOs are generally supported for first three years to file their compliances regularly. But, after three years, it was noticed that FPCs with low annual business turnover and low networth find it difficult to meet the legal compliance expenses. In case, the FPC fails to meet any legal compliance, as per the companies Act, MCA charges penalties from the day one of the default. The penalty amount gets accumulated and results in a huge amount which becomes difficult for the FPC to pay. Such case leads FPCs to become defunct and out of business activity. There are many such cases noticed in the State.

SPECIFIC OBJECTIVES

- i. To provide handhold support to FPOs and to strengthen the business and operations for increase in profitability.
- ii. To access to technical advisory support services to meet the current market demands
- iii. To introduce the affordable technology and integration of the same in the FPO supply chains.
- iv. To provide legal and compliance support to FPOs and make them business ready.

The scheme will provide the following two key supports.

- i. Technical Support
- ii. Legal and Accounts Support.

5.1 TECHNICAL SUPPORT

FPOs can avail hiring an empaneled Technical Expert on short term basis to work on increasing business turnover and will be paid 2% of the total turnover out of which 50% can be availed from the state scheme. The critical support areas include

- Business Mentorship
- Linking with markets, Technology and Service providers
- Process re-engineering and resource optimization
- Convergence with schemes



OPERATIONAL MODALITIES

- i. Technical Experts across the state and outside will be empaneled to provide the technical support to FPOs through expression of interest.
- ii. SPMU will empanel the Technical Experts (TE) with approval from SLC.
- iii. DPMU will conduct the Rating of FPOs and based on the score, DPMU will place for DLC approval and then recommend the list of FPOs to SPMU who are interested to avail this support.

Grade	Marks obtained	Remarks
A	>75%	Eligible for technical Support
B	60-75%	Eligible for technical Support
C	50-60%	Eligible for technical Support
D	<50%	Not eligible, needs further capacity building

- iv. On the DPMU recommendation, SPMU will assign the TEs with the FPOs for a mutually agreed period and business targets through a contract.
- v. The standard contract contents will be developed by SPMU.
- vi. A tri-party agreement among the FPO, TE and the SPMU will sign the contract containing the scope of the support to be provided and the payment terms and conditions.
- vii. DPMU will be monitoring the progress of the TE support on quarterly basis and share the progress report to the SPMU.

5.2 LEGAL AND ACCOUNTS SUPPORT

- i. 100% Exemption from stamp duty charges in case of land lease or setting up common processing centers
- ii. 100% reimbursement on license fee for seeds, fertilizers license through e-licensing application
- iii. 50% reimbursement on certification fee for FSSAI, HAAP etc.
- iv. 30% reimbursement on export license fee.
- v. Compliance Advisory support for revival of FPOs (Case to case basis)
- vi. Reimbursement of CA/CS fees towards concurrent audit of books of accounts.

OPERATIONAL MODALITIES:

- i. FPOs need to apply for the reimbursement of the fees through the AHOs through a formal application with board resolution.
- ii. The standard application template will be developed by SPMU.
- iii. The following documents will be attached with the application.
 - Certificate of registration
 - Copy of Certificate or license for which claim is made
 - Payment receipts
 - Board resolution
 - Copy of Bank passbook
 - Copy of last FY audited statement
- iv. AHOs will forward the application to the DPMU and DPMU will conduct the due diligence through site visit.
- v. DPMU will recommend the finalized list of FPOs to DLC for approval and then to SPMU.
- vi. SPMU will process the application on approval of SLC and initiate the reimbursement to the FPO accounts.

EMPANELMENT OF CA/CS FOR LEGAL AND ACCOUNTS COMPLIANCE SUPPORT TO FPOS:

- i. One CA/CS will be empaneled at each district through application of invitation followed by due diligence process.
- ii. Any qualified CA/CS Firms/ Individuals having office in the district will be empaneled through a process of selection taken up by DoH and SPMU.
- iii. The selection process involves Expression of interest of CA/CS and application seeking details of their experience on Statutory audit of FPOs.
- iv. Scrutiny of credentials will be done by SPMU.
- v. Shortlisted firms/individuals will give a presentation before a panel of experts identified by SPMU. (Criteria, score sheet and process will be developed by SPMU)
- vi. Based on the scores, final list of CA/CSs will be approved by the selection committee.
- vii. MoU will be signed between Director of Horticulture and selected CA/CS and SPMU after proper scrutiny.

- viii. Based on experience and local presence, districts will be assigned to CA/CS, but not more than 5 districts across the state.
- ix. CA will send the quarterly progress report and payment invoice to the DPMU.
- x. DPMU verify the CA report with the FPO and then forward to SPMU for payment release.
- xi. Payment to CA will be made on quarterly basis based on the progress report.

Budget break-up for technical and legal Support:

	Cost Items	Payment to be made	Amount in INR
Operational handholding support (Technical, Legal and Accounts)	Technical consultant Fee	Technical (Expert consultations)	50,000
	Professional fees reimbursement on secretarial compliance	Legal and Corporate Secretarial Support	20,000
	Concurrent Audit of books of Accounts	Accounts Support	20,000

COMPONENT 6: MARKETING SUPPORT

RATIONALE

- i. Linking farmers and farmer producer organization by guiding them to understand the demand, requirement of food safety, network of market, and market intelligence to take informed decision is prerequisite to strengthen the linkages with markets.
- ii. To bring this transformation, marketing as a function of management needs to guide the flow of produce from farm to fork through the flow of information, so as to fulfill the demand in a way that results is optimization of cost and maximization of value realization.
- iii. Given these changes, linking farmers and FPOs to market is a long term strategy to enhance income and ensure wellbeing of farmers. Studies show that agronomic support services as prevalent in countries are not enough. T
- iv. These efforts need to be complemented by promoting mechanism to do strengthen existing marketing platforms, increase capacity for FPOs on viable aggregation models to scale the business.
- v. Further Limited opportunity for value addition creates a bottle neck for high profit margin realizations and thus limits market share of the producer organizations.
- vi. The lower aggregation is often powered by lack of price discovery mechanisms, absence of bulk demands and inability to supply required quality and quantity.

SPECIFIC OBJECTIVES

- i. To bring understanding of pathways of linking FPOs to alternative markets like e-markets, direct marketing etc.
- ii. To bring understanding of market information and marketing decision.
- iii. To bring information about ways to have access finance, credit and risk management in marketing.
- iv. Provide exposure to best marketing practices in ensuring food safety, managing supply chains and value addition.
- v. Bring awareness about the opportunities and challenges in food safety and requirements for getting linked with profitable value chains.
- vi. To build capacity of FPOs in Production Cluster model and tap the export markets for high value crops.
- vii. To promote business engagement of FPOs directly with leading agribusiness corporates through online marketing portal through Odisha FPO Marketing Initiative.

The proposed support areas under this component are as follows.

- i. Strengthening of marketing systems
- ii. Facilitating Aggregation of produces through streamlining the procurement systems, access to PHM facilities and access to credit
- iii. Export Promotion through FPOs
- iv. Federation of FPOs
- v. Engaging Market Facilitation Agency (MFA) for Increase FPO market share

6.1 STRENGTHENING OF EXISTING MARKETING SYSTEMS

- i. FPOs will be mapped with local mandis, satellite markets, rural haats to manage and market their products through those platforms.
- ii. e-NAM platforms can be strengthened to on-board FPOs and increase volume and value of transaction through FPOs. Operational Modalities:

OPERATIONAL MODALITIES

- i. A study will be undertaken by SPMU with approval from SLC “Mapping of local mandis, satellite markets, rural haats and RMCs having e-NAM facilities with the FPOs.

- ii. SPMU can associate with OSAM board for the conduct and compilation of the study.
- iii. The study should clearly recommend implementation plans to map the FPOs with the existing marketing platforms.
- iv. The district wise FPO mapping plan will be shared with DPMU to initiate the discussion with the FPOs through AHOs.
- v. DPMU with approval from DLC will invite expression of interest from the FPOs to manage the available rural haats, mandi's and Sateelite markets through public advertisement process and through the state FPO portal.
- vi. The interested FPOs need to submit their expression of interest through the portal and/or offline to the DPMU.
- vii. The application should have the recommendation of AHOs/AAOs to be eligible for submission.
- viii. In the chairmanship of District Collector, the DLC will evaluate the FPO applications and assess the feasibility against the study recommendations for the approval.
- ix. Upon approval, the district administration will allocate the market to the FPO through appropriate process on a user-pay revenue model.
- x. FPO will sign the agreement with the district administration for the allocation and management of the markets.
- xi. Detailed terms and conditions will be laid out in the agreement including the tenure, operational procedures, payment of fees, transactions terms, list of commodities to be marketed, termination clauses etc.
- xii. DPMU will monitor the progress of the FPOs and submit the progress report to the DLC.
- xiii. DPMU will support RMCs to conduct awareness campaigns at their block level to sensitize FPOs on the e-NAM registration and trading through the e-NAM platform.
- xiv. The cost of this campaign, sensitization and promotion can be supported by OSAM board.
- xv. DPMU will also facilitate FPOs to trade on commodity platforms like NCDEX for commodities like Turmeric, Coriander, pulses and maize based on the capacity of FPOs to manage the risks.

6.2: FACILITATING AGGREGATION OF PRODUCE AT FPO LEVEL

FACILITATING AGGREGATION OF PRODUCE:

The scheme proposes to increase aggregation of produce at the FPO level through following measures

- i. **FPOs capacity to work on Price Discovery Mechanism:** Competitive, but yes profitable price offering will help FPOs to offer attractive business deals for the farmers.

- ii. **Streamline the Procurement and Marketing Systems:** Cost efficient procurement and supply chains will ensure the inclusion of higher small and marginal farmers.
- iii. **Access to PHM infrastructures:** Availability of post-harvest management infrastructures especially storage can attract aggregation of produces.
- iv. **Integrated FPO market platform for bulk demand generation:** Availability of bulk demand will increase the scope for aggregation of produces, association of FPOs.
- v. **Ensuring transparent and timely payment systems:** Value propositions in the supply chains will fetch increased supply and aggregation of produce through farmer members.



The Operational modalities for each these activities are mentioned down below.

OPERATIONAL MODALITIES:

Measures to Increase aggregation of produces	Operation Modalities
FPOs' capacity to work on Price Discovery mechanism	<ul style="list-style-type: none"> i. FPOs will be trained on the use of Price Discovery tool during the capacity building trainings. ii. Based on the offered price, FPO can offer best competitive price to the member farmers. iii. HEWs and Agri extension workers can use their local network to capture prices of top seasonal crops at the local mandi/ markets on daily basis. iv. District level FPO groups can be formed for market price dissemination through HEWs/ Extension workers/ buyers. v. CBBOs can look for tie up with leading mobile service providers to share price details with the farmers through message services. vi. FPO officer, DPMU will maintain the price list and share monthly price trend reports to SPMU.

Measures to Increase aggregation of produces	Operation Modalities
	<p>vii. FPOs can negotiate on the price with the set of registered buyers on the web portal.</p> <p>viii. FPOs can reach out to farmers on the price list through mobile message services or WhatsApp groups.</p>
Standard Operating Process for Procurement and marketing	<p>i. Standard Operating Process (SoP) for 20 important marketable surplus crops will be developed by SPMU based on the successful procurement models adopted by FPOs across the country.</p> <p>ii. The SoPs will cover the following topics</p> <ul style="list-style-type: none"> • Pre-procurement planning- Potential member farmers-village wise, collection route mapping, collection centers, availability of assets and storage infrastructures, roles and responsibilities of Board of Directors, capital availability and requirement, Buyer identifications and MoU signing • Procurement plan - Purchase order from buyers, Advance payment to farmers, transportation arrangements, Collection and aggregation, processing, supply of orders • Post-Procurement – payment realization from the buyers, payment settlement with farmer members <p>iii. FPOs will be trained on the SoP during the CB-2 Module and FPO-buyer meet.</p> <p>iv. CBBOs and FPOs can ensure the implementation of SoPs during the procurement and marketing season.</p>
Access to Infrastructure support for Post-Harvest Management/Processing	<p>i. FPO can access and utilize existing PHM infrastructures at the District and Block level for their business use subjected to approval from District level authority.</p> <p>ii. Types of Common infrastructures to be funded under the scheme:</p> <ol style="list-style-type: none"> a. Premises for assaying of agriculture produce sorting, grading, warehouse and cold storage at the farm-gate b. Common processing facility for processing of produce. <p>FPOs can apply for availing PHM infrastructures at the district level through the FPO web portal (www.fpooshisha.nic.in)</p> <p>The application will be routed to the concerned AHO in the block level.</p> <p>AHO can put forward his/her recommendations with mention of schemes under which the facility can be allocated.</p> <p>DPMU will receive the application from the AHO and will send the recommendations to SPMU with approval from DDH for the new facilities which needs to be constructed.</p>

Measures to Increase aggregation of produces	Operation Modalities
	<p>Assistance will be provided on a case-to-case basis and the applications for the same will be evaluated by the DPMU on following criteria.</p> <p>Due diligence to be carried out by the DPMU for the FPOs which should have the following details:</p> <ul style="list-style-type: none"> a. Annual Turnover of the FPO b. Existing infrastructure c. Marketing linkages of the FPO d. Type of PHM service use <p>iii. In case of application for availing the existing facilities, DPMU can recommend the case to the DLC and under the chairmanship of District Collector, the allocation process will be followed as per Government norms.</p> <p>iv. DPMU will be coordinating this process of PHM unit allocation to FPOs</p>
Integrated FPO Market Portal for Demand generation	<p>i. A portal for FPO Markets will be integrated on the state SWS portal to place deals offered by buyers and this in turn will create demand at the FPO level with price specifications.</p>
Transparent and timely payment Systems	<ul style="list-style-type: none"> i. The CEOs of the FPOs will be trained to follow an transparent payment systems which will boost the farmers' confidence to sell his/her produce through the FPO. ii. During the bankers' meet, transactions through the banks will be encouraged by bankers. iii. During concurrent audit of books of accounts, empaneled CA will advise and ensure the timey payment systems followed by FPOs.

BUDGET BREAKUP FOR MARKETING SUPPORT FOR ONE FPO

Cost Items	Specific Activties	Unit	Unit Cost in INR per FPO
Marketing platform development on the FPO web portal	Platform development	Lumpsum	2,500
Branding and promotion	Branding and Promotion	Lumpsum	50,000
Aggregation System Strengthening	Price discovery	Lumpsum	7000
Export promotion for FPOs	Export licensing, market Linkage	Lumpsum	30,000

6.3 EMPANELMENT OF MARKET FACILITATION AGENCY (MFA) FOR INCREASE FPO MARKET SHARE

- i. Any leading agribusiness corporate/company operating in the state and active in the district level will be chosen as MFA through a process of selection taken up by DoH and SPMU. The selection process involves :
 - a. Expression of interest of all potential organizations and application seeking details of their agribusiness plans with the FPOs in Odisha.
 - b. Scrutiny of credentials will be done by SPMU.
 - c. Shortlisted organization will give a presentation before a panel of experts identified by SPMU and selection committee comprising state level senior officials from Horticulture, Agriculture, Fisheries, OLM, Soil Conservation and Watershed development under the chairmanship of APC. (Criteria, score sheet and process will be developed by SPMU)
 - d. Based on the scores, the qualified agency will be approved by the selection committee.
 - e. MoU will be signed between Director of Horticulture and selected MFA and SPMU after proper scrutiny of MFAs.
- ii. A portal for FPO Markets will be developed and will be managed by the MFA to link FPOs to the buyers. The portal will be integrated on the state SWS portal.
- iii. Other than MFA, other institutional buyers can also register on the portal and offer suitable marketing deals to the FPOs.
- iv. Administrative approval of the Portal management will be with SPMU only. MFA will work in consultation with SPMU for the management of the portal.
- v. SPMU will ensure the data privacy and authentic use of data on the portal.
- vi. Performance of MFA will be evaluated based on the volume and value of transactions occurred on the portal.
- vii. Payment to the MFA will be linked on the volume and value of the transactions.
- viii. MFAs will support FPOs in aggregation of produces, quality control through its existing business network and sale of produces to the buyers through the portal.
- ix. MFAs will be responsible to ensure that business of FPOs is as per set milestones and deadlines.
- x. MFAs will be responsible for submission of all the reports and documents related to FPO marketing to SPMU.

CRITERIA FOR SELECTION OF MFA

The marketing firm should understand the uniqueness of your industry, eliminating the need to educate them. In addition, they may already know your competitors, understand what motivates your prospects and be aware of who your top prospects should be.

- » It should be a Company/ Firm/ LLP registered in India with a good track record in trading of agri commodities, providing marketing and export support, advisory services at least for at least 5 years
- » Should be an accredited agency with legally compliant
- » Should be having a scale of operation in terms of volume and presence in the state
- » Average turnover of the company should be more than 100 Cr for last 3 years
- » It must come to the table with experience, pragmatic ideas, and the knowledge necessary to grow your business.
- » It should also have key contacts in the media as well as trade organizations, making it easier to obtain press coverage and speaking engagements.

6.4 EXPORT PROMOTION THROUGH FPOS

- i. Agri Export Policy announced by Government of India with “Farmers’ Centric Approach” suggests for developing product specific clusters in the country to help improving productivity and quality of the varieties of crops with special involvement of Farm Producer Organizations(FPOs).
- ii. FPOs are an institutional innovation to help small holders to reduce cost of produce by procuring necessary inputs in bulk at wholesale rates, aggregation of produce and bulk transport reducing marketing cost etc. and extend their reach to modern technology and distant markets. The policy also aims at addressing the obstacles faced by FPOs through organisation like Small Farmers Agribusiness Consortium (SFAC) and State level organizations to expand FPO network.
- iii. APEDA has been focusing on collaborative approach to bring synergy with such organizations and has been engaged with them for mutually working together in the development of agriculture and allied sectors and its exports for bringing better value to the stakeholders.
- iv. APEDA has been in dialog with SFAC for linking of Farmer Producer organizations, farmers’ cooperatives to the export value chain through capacity building, production of the quality produce as per the requirement of importing countries, creation of infrastructure, facilitating primary and secondary processing in the clusters and also by linking them to the exporters.
- v. Areas of export cooperation includes
 - a. SFAC to share list of all clusters in various states with APEDA for achieving scale and aggregation with export orientation.

- b. APEDA and SFAC to jointly work together to link up the FPOs/FPCs with the exporters to achieve the goal and doubling the farmers income as well.
- c. To work towards capacity development, outreach programs, awareness programs and workshops of various stakeholders.
- d. To work together to showcase to the Indian and Global Market, the products, technologies, processes, knowledge and services by the FPO sector stakeholders through variety of modes as may be identified by them from time to time.
- e. APEDA to facilitate certification of organic produce /areas by the FPCs assisted or identified by SFAC.

FARMER CONNECT PORTAL BY APEDA (<https://farmerconnect.apeda.gov.in/>)

APEDA (Agricultural and Processed Food Products Export Development Authority) has undertaken a Programme for Agro food cluster for export promotion and had identified potential clusters and products based on the export potential. APEDA is planning to carry out a number of Farmer Connect initiatives in these clusters partnering State Governments, Exporters, Experts, etc., as well through a number of direct interventions. APEDA has developed an online facility to implement an ICT (Information and Communication Technologies) solution in the form of a Portal and Mobile Applications, to bridge this gap between farmers and exporters. This will help enable conversion of under- performing farms into high yielding farms of quality products in demand, by leveraging ICT enabled services.

The main objective of this initiative shall be the facilitation and integration of activities of farmers and Aggregators in the form of **Farmer Producer Organizations (FPOs)** with Exporters through the assistance of an ICT platform and a Field Coordinator who shall assist the Farmer / FPO to make better use of the opportunities provided by the Exporters and the ICT platform. This platform can also later on establish active enrolment and involvement of agricultural input providers, ware housing facility providers, logistic service support providers, banks and Insurers etc.

Export will be promoted under the scheme for potential high value crops like Non-basmati Aromatic rice, turmeric, Ginger, coffee, cashew, millets, Lemongrass Oil, Sal seeds, Organic vegetables, etc.

OPERATION MODALITIES

- i. SPMU will work closely with SFAC and APEDA and facilitate ease of export for the FPOs through Farmer Connect Portal.
- ii. SPMU will organize online webinars and learning sessions for the state FPOs to know the requisites for export market supply in association with APEDA.
- iii. FPOs can reach out to avail handholding support for export through applying on the FPO web portal.

- iv. On receipt of the application, the AHO will validate and recommend the application to the DPMU.
- v. DPMU will coordinate with SPMU about the list of FPOs recommended for export market support.
- vi. With Govt. of Odisha's support APICOL is being planned to be a Special Purpose Vehicle for facilitating export linkages for the State. APICOL will connect with export markets, establishing linkages with the exporters and facilitate the logistics and coordination during export of goods.
- vii. SPMU will inform and coordinate with APICOL to connect with FPOs to supply to the export markets.
- viii. APICOL will facilitate the supply of goods by FPOs to the export market and ensure the price realization subject to terms and conditions of trade.
- ix. DPMU will coordinate at the district level for all need based available support to the FPOs for the supply of orders.

EXPORT PROMOTION THROUGH FEDERATIONS

Identifying a product is the foremost step in zeroing in on an effective export strategy. Keeping some key parameters in mind can augur well for those looking to branch out in the business. In case of FPO, for operational convenience and suitability, a federation needs to be formed and given the responsibility of monitoring and management of marketing with special focus on export. The federation would be given all the responsibilities and authorities to decide and execute on behalf of the feeder FPOs.

1. FORMATION

- i. The federation would be registered as a for profit company under companies act taking one or two BoDs from each onboarded FPO and the governing bodies would have to be finalized among them.
- ii. Obtaining PAN, TAN, Bank Account and GST registration is the immediate action after formation.
- iii. As per the Foreign Trade Policy, it is mandatory to obtain IEC for export/import from India. This procedure would be initiated based on the PAN number. (www.indiantradeportal.in)
- iv. The federation would follow the documentation process to avail authorization to import/ export or any other benefit or concession, as also to avail the services/ guidance, exporters are required to obtain RCMC granted by the concerned Export Promotion Councils/ FIEO/Commodity Boards/ Authorities.

2. LINKAGE

Forward

- i. Linkage is the most vital and critical part of marketing, that includes identification of crop and market, finding buyers, price and terms negotiation, order execution and covering risk through ECGC.
- ii. The Federation would adopt a comprehensive marketing strategy covering both domestic as well international markets. Such strategy helps the company in ensuring farmers remunerative price for their produce.
- iii. Establishing linkages with reputed retail chain operators in the country, thereby ensuring remunerative price to its members for the produce.
- iv. The company must make its presence felt in the international market also by fulfilling safety and quality norms as per the international standards.
- v. Sharing its profits earned through processing and exports amongst its members
- vi. The Federation has also ventured into retailing through its subsidiaries to develop better integrated supply chains.

Backward

- i. To provide back-end support to the member-farmers, the company has started a Farmer Facility Centre in the company premises. The Centre includes facilities like Consumer Mall, Agri-input retail centre facilitating farmers having easy access to modern agriculture inputs with latest varieties, farm equipment's and technology for scientific crop cultivation to attain maximum output. The company is also providing other services like Bank Finance, Insurance, and welfare measures.

3. PROCESSING AN EXPORT ORDER

- i. **Confirmation of order** - On receiving an export order, the federation would examine carefully in respect of items, specification, payment conditions, packaging, delivery schedule, etc. and then the order should be confirmed. Accordingly, the exporter may enter into a formal contract with the overseas buyer.
- ii. **Procurement of Goods** - After confirmation of the export order, immediate steps may be taken for procurement/manufacture of the goods meant for export. The federation should remember that the order has been obtained with many efforts and competition so the procurement should also be strictly as per buyer's requirement.
- iii. **Quality Control** - It is important to be strict quality conscious about the export goods. Some products like food and agriculture, fishery, certain chemicals, etc. are subject to compulsory pre-shipment inspection. Foreign buyers may also lay down their own standards/specifications and insist upon inspection by their own nominated agencies. Maintaining high quality is necessary to sustain in export business.

- iv. **Finance** : The federation is eligible to obtain pre-shipment and post-shipment finance from Commercial Banks at concessional interest rates to complete the export transaction. Packing Credit advance in pre-shipment stage is granted to new exporters against lodgment of L/C or confirmed order for 180 days to meet working capital requirements for purchase of raw material/finished goods, labour expenses, packing, transporting, etc.
- v. **Labeling, Packaging, Packing and Marking** : The federation should give more focus on labeling and packing strictly as per the buyer's specific instructions. Good packaging delivers and presents the goods in top condition and in attractive way. Similarly, good packing helps easy handling, maximum loading, reducing shipping costs and to ensuring safety and standard of the cargo. Marking such as address, package number, port and place of destination, weight, handling instructions, etc. provides identification and information of cargo packed.
- vi. **Insurance** : Marine insurance policy covers risks of loss or damage to the goods during the while the goods are in transit. Generally, in CIF contract the exporters arrange the insurance whereas for C&F and FOB contract the buyers obtain insurance policy.
- vii. **Delivery** : It is important feature of export, and the exporter must adhere the delivery schedule. planning should be there to let nothing stand in the way of fast and efficient delivery.
- viii. **Customs Procedures** : It is necessary that the federation should obtain PAN based Business Identification Number (BIN) from the Customs prior to filing of shipping bill for clearance of export good and open a current account in the designated bank for crediting of any drawback amount and the same has to be registered on the system. The shipping and delivery procedure for EDI and Non-EDI system is different and includes lots of procedural changes, which needs to be taken care of while dispatching.
- ix. **Customs House Agents** : Federation can avail services of Customs House Agents licensed by the Commissioner of Customs. They are professionals and facilitate work connected with clearance of cargo from Customs.
- x. **Submission of documents to Bank** : After shipment, the federation should present the documents to the Bank within 21 days for onward dispatch to the foreign Bank for arranging payment. Supporting documents would be drawn under Collection/ Purchase/Negotiation under L/C, along with the following documents -
 - Bill of Exchange
 - Letter of Credit (if shipment is under L/C)
 - Invoice
 - Packing List
 - Airway Bill/Bill of Lading
 - Declaration under Foreign Exchange

- Certificate of Origin/GSP
 - Inspection Certificate, wherever necessary
 - Any other document as required in the L/C or by the buyer or statutorily.
- xi. Realization of Export Proceeds: As per FTP 2015-2020, all export contracts and invoices shall be denominated either in freely convertible currency of Indian rupees, but export proceeds should be realized in freely convertible currency except for export to Iran.

The whole export proceeds should be realized in 9 months.

6.5 BRANDING AND PROMOTION OF FPO PRODUCE

- i. An effective marketing strategy for agricultural products is branding. It helps to bridge the firm with their customers by identifying the product. This is possible only through the uniqueness of the brand by its logo, name, type, and use of the product.
- ii. Odisha could well emerge as the food factory of the country with the opening up of global markets. It is essential to look at the world markets and examine what they are demanding for and then offer them branded agricultural products.
- iii. Traditionally farmers were supplying agricultural produce to wholesale markets. But now a day modern food chains are there and because of these chains there is increasing importance on branding, distribution and services. Branding of agricultural produce may be an answer to get higher price for our nation's agricultural products at the global and national level. Branding help to create consumer demand and thereby giving farmers leverage in negotiations with large number of buyers.
- iv. Under the policy support, FPOs will be supported to develop and promote their brands for the processed products. Brand types to be supported under the scheme are as follows.

	Purpose	Example	Ownership	Legal device
Producer brands	Distinguish between different products and their producers	Kewda Ganjam Floriculture Ganjam, Sambalpur Maize Nabrangpur	Primary producers, Processors	Trademark
Varietal brands	Distinguish between different varieties of product type	Stern brinjal Ganjam Black chili Kuchinda Totapuri Mango	Owner of the variety	Trademark with associated patent
Geographical brands	Distinguish between different products through their geographical origins	Kandhamal Turmeric Koraput Ginger Koraput Coffee Bamnda Chili	Public sector bodies or associations	GI or Appellation of origin
Certification brands	Distinguish between different products and ethical and social standards	Fair Trade Rainforest Alliance Organic	Certification bodies	Trademark

OPERATIONAL MODALITIES

- i. Branding through Firm or Corporate level: SPMU will push for Branding at the firm/corporate level Branding at the firm/corporate level, which will be is probably the easiest and most extensively of the branding methods available for the agricultural products. Thus, with there is lot of scope to sell branded vegetables, fruits, commodities like rice, pulses, etc.
- ii. SPMU will work in coordination with the PMFME scheme PMU to brand and promote the ODOP products which can be produced and marketed by FPOs.
- iii. For Non-ODOP products, SPMU will coordinate with suitable marketing agencies like ORMAS to promote the FPO brands in the trade fairs, exhibitions and retail outlets.
- iv. SPMU will coordinate with Spices Board of India, to create brands for FPOs which can market branded spices under the FPO brands.
- v. SPMU can work with retailer association of India to push FPO branded products through Organized retailers' network. When branding at a farm level is not economically viable, then, branding at a point of sale is a way of creating a brand.
- vi. The scheme aims at developing branding for potential commodities (for e.g. chili, ginger, turmeric, coffee, sweet potato etc) particularly the local indigenous varieties through value addition, branding and packaging.
- vii. SPMU will work closely with OSAM board to promote branding and promotion of the FPO products across the country and overseas markets.



6.6 PROMOTE FEDERATION OF FPOS

Since a good volume of FPOs have been formed in the state so far, therefore, there is a need for well-structured architecture to overcome the challenges of socio-cultural, market dynamics, shelf-life of agricultural products, infrastructural and technological requirements at different points of agricultural value chain and institutional deficiencies. The structural design of FPOs is to be need based. To overcome the challenges at different points of agricultural value chain and institutional deficiencies, the Odisha FPO policy operational guideline proposes the following operational modalities for the FPOs -

Under the scheme, One FPO or group of FPOs can form FPO federations to meet the desired quality and quantity of the produce for export. Such federations will be responsible for procurement, aggregation, value addition and market linkage with higher order markets including export markets.

OPERATIONAL MODALITIES

- i. The legal framework of federation will be rolled out during the scheme implementation.
- ii. Potential production clusters will be identified by SPMU for setting up federations based on the stake holder consultation workshops.
- iii. DPMU will recommend the potential clusters and based on DLC approval SPMU will prepare an action plan for registration and function of FPO federation.
- iv. The plan will be presented to SLC for approval.
- v. Government will designate a nodal FPOs to manage the federation in the first year. The federation will be gradually managed by all member FPO representatives.
- vi. Quality control and testing labs, processing facilities will be set up at Federation level as per market requirement.
- vii. The primary role of the FPO federation will be procurement from member FPOs and marketing linkage with bulk buyers.
- viii. FPOs can access to avail such services based on their market requirements.
- ix. FPOs in a district shall follow a three-tier structure. The primary FPO shall be at a GP level or blocks level; the federation of primary level FPOs at Block level or at the district level depending upon the marketable surplus of the crops.
- x. The primary FPO shall collate surplus produce from farmers, undertake primary value addition and market its produce in local community and nearby markets and provide all necessary production and post-harvest services to its members. The primary FPO shall serve as a single window service centre to the producers in respective geographic areas of GP blocks as the case may be.

- xi. FPO Federation at the Block level shall collate surpluses of agricultural, horticultural and allied produce including livestock of all primary level FPOs of its Block and the other Blocks of the District and undertake appropriate value addition for enhancing shelf-life of respective agricultural products. An FPO Federation at the Block level with a minimum nos of primary level FPOs of the respective Block and sizeable turnover can avail applicable facilities under convergence plan of this Policy.
- xii. FPO Federation at the District level will collate the surplus of value-added products from its all the Block level FPOs and undertake branding and marketing. An FPO Federation at the district level with minimum 5 Block level Federation and sizeable turnover can avail applicable facilities under convergence plan of this Policy.
- xiii. Primary level FPO should be registered either under Cooperative Societies Act 1962 or under chapter IXA of Companies Act 1956 as amended in 2013. The Block level FPO and District level FPO, as per the procedural convenient, can also be registered either under Cooperative Societies Act or under chapter IXA of Companies Act 1956 as amended in 2013 . However, it is advisable that both Primary level FPO and Block level FPO may be registered under Co-operative Societies Act. The District level FPO can be registered either under Cooperative Societies Act 1962 or under chapter IXA of Companies Act 1956 as amended in 2013.
- xiv. Implementing Agencies in coordination will undertake baseline survey to assess and identify the appropriate higher order federation of FPOs at the Block and District level.
- xv. Additional Budgetary Provision has been proposed to facilitate formation of about 30 Block level and District level FPO Federations. In the subsequent phase of the project, as more GP level FPOs are formed and stabilized, appropriate provisions shall be made for more Block level and District level Federations of the FPOs.

BUDGET BREAK-UP FOR FEDERATION OF FPOS- ONE FEDERATION

Cost Items	Unit Cost	Unit	Cost in INR
Mobilization of FPOs 5 No.s	200,000	1	200,000
Registration	200,000	1	200,000
Value addition Facilities - Sorting, Grading, Processing, Packaging, branding	3,000,000	1	3,000,000
Storage provisions - Warehouses	1,500,000	1	1,500,000
Logistic Facilities - Transport vehicle	1,000,000	1	1,000,000
Administrative cost			1,660,000
Manager Salary 12 Months	50,000	1	600,000
Accountant Salary	15,000	1	180,000
Marketing Officer Salary	40,000	1	480,000
Management Cost for One year	200,000	2	400,000
Miscellaneous	Lumpsum		20,000
Total			7,980,000
Round Off Total			8,000,000

COMPONENT 7: MANAGEMENT & GOVERNANCE GRANT

Rationale

- i. It has been observed that the major cause for the failure of FPOs is lack of professional leadership and management practices in the operations.
- ii. This is due to inability to hire or attrition of high skilled professionals from the organization due to higher cost.
- iii. Thus, financial support for salaries of Chief Executive Officer (CEO)/managing Director and accountant is required for attracting and retaining skilled professionals in the FPO, which will in turn be the guide to improve its business operations and build a sustainable organization.

SPECIFIC OBJECTIVES

- i. To attract barefoot professionals and ensure FPOs are run and managed by skilled professionals.
- ii. To build a vision and business acumen of the organization through skilled management.

7.1 TOP-UP SUPPORT FOR SALARY OF CHIEF EXECUTIVE OFFICER (CEO)/MANAGING DIRECTOR

- i. For FPOs formed under the Central Sector scheme “Formation and Promotion of 10,000 FPOs” - this will be provided over and above the assistance for salary of CEO (INR 25,000 per month) under the FPO management cost of the central sector scheme.
- ii. For FPOs formed under any other scheme or independent actors, assistance will be provided upto INR 12,000 (per month) for salary of the CEO.
- iii. The support will be provided for three years as a top-up to the FPOs.

7.2: TOP-UP SUPPORT FOR SALARY OF ACCOUNTANT

- i. For FPOs formed under the Central Sector scheme “Formation and Promotion of 10,000 FPOs” - this will be provided over and above the assistance for salary of Accountant (INR 10,000 per month) under the FPO management cost of the central sector scheme.
- ii. For FPOs formed under any other scheme or independent actors, assistance will be provided as INR 7,000 (per month) for salary of the accountant.

The support will be provided for three years as a top-up to the FPOs.

OPERATIONAL MODALITIES

Selection Process for FPOs:

- i. FPOs can apply for the Management and Governance Grant to the DPMU through the portal with recommendations from CBBOs or through AHOs (for existing FPOs).
- ii. DPMU will assess the applicant FPO's score as per the FPO rating tool.
- iii. The Management and Governance grant will be provided to the FPOs which score 50% or above.

Grade	Marks obtained	Remarks	Proposed CEO Salary top-up in INR	Proposed Accountant Salary top-up in INR
A	>75%	Eligible for Management Support	INR 12,000	INR 7,000
B	60-75%	Eligible for Management Support	INR 10,000	INR 6,000
C	50-60%	Eligible for Management Support	INR 8,000	INR 5,000
D	<50%	Not eligible, needs further capacity building		

- i. DPMU will consolidate the FPO rating results at the district level and send for DLC approval,
- ii. After DLC approval, the same will be shared with the SPMU for sanction and release of the salary.
- iii. SPMU after approval from SLC will facilitate release of salary to the FPOs on yearly basis.
- iv. FPOs need to produce the utilization certificate to the DPMU through the portal.

COMPONENT 8: ESTABLISH CENTRE OF EXCELLENCE (COE) FOR FPOS

Centre of excellence for FPOs

- i. The scheme proposes to develop One Centers of excellence for FPOs .
- ii. COE will Function as an expert knowledge partner for FPO's and co-ordinate policies and programmes for sustainable FPO management

SPECIFIC OBJECTIVES

- i. To coordinate with Development Departments, Farm Universities, Public and Private Institutes in strengthening activities pertaining to FPO's and enhance impacts
- ii. To collaborate with different institutions of repute for bringing in new learning's to the state and partner for implementing best practices of FPOs
- iii. To demonstrate an effective institutional model that promotes economic sustainability and self-reliance while serving the cause of disadvantaged entities such as Producer Enterprises and small holders.
- iv. To enhance professional capabilities of FPO stakeholders through training, consultancy and research

- v. To promote partnerships between the Government and civil society inclusive of various stakeholders of horticulture and allied sectors

OPERATIONAL MODALITIES

- i. Academics and Research Institutions like OUAT, KIIT, XIMB, SOA and Utkal University can be considered to develop a Centre of excellence in their premises.
- ii. SPMU will recommend the allocation of CoE and its facilities at the academic institution level to SLC for approval based on expertise.
- iii. Academic institutions can select the CoE set up plan for FPOs and submit a plan of action with budget and timeline to the SPMU.
- iv. The CoE must have provision to organize training sessions, exposure visits of the participants.
- v. The training and research programs will be conducted in consultation with SPMU.
- vi. The CoE will be developed in the first two years during the implementation of the scheme.
- vii. CoE will have designated staffs from the academic institutions.
- viii. The scheme will support the management, administrative and operational cost of the CoE.
- ix. The CoE can take reference of CoE, Karnatak State and develop accordingly.
- x. The CoE will present its updates during the SLC review.
- xi. Each Centre of Excellence will have the following facilities but not limited to.
 - a. Undertake all training and capacity building for the other FPOs and CEOs of FPOs and Directors.
 - b. Organize series of workshops and training programs for the various stakeholders of FPO promotion and implementation through the experts in SPMU.
 - c. Function as an information and support center for FPOs by developing website & maintaining data base of FPOs and their key activities.
 - d. Integrate Market driven production systems and GAP
 - e. Use of Agri-techs, Integration of modern technology in the operating value chain(s)
 - f. Branding and retailing: Own brand of products with retail outlets, certified products.
 - g. Knowledge and resources for training and learning.

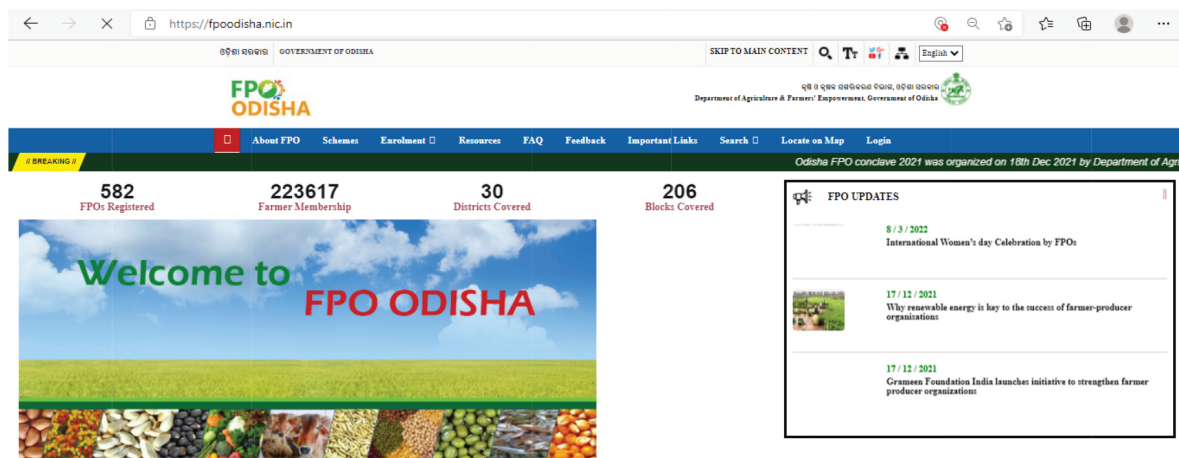
COMPONENT 9: FACILITATION OF EDUCATION AND RESEARCH ON FPOS

- i. The scheme proposes to facilitate education of Farmer Producer Organization Management through academic courses curriculum to the agriculture students.
- ii. The participating students can also be facilitated to take part in FPO development activities during their RAWE program and field visits.

- iii. A course on FPO management will be introduced as part of the agribusiness management course. Students can avail stipend of INR 10000 for the course for 70 students per year.
- iv. Academics and Research Institutions like OUAT, KIIT, XIMB, SOA and Utkal University can be awarded with Research grants to conduct action and policy research on the FPO management and development.
- v. Maximum 20 such research grants of INR 2,50,000/- each can be awarded to the academic institutions.
- vi. SPMU will review and provide recommendations on the research studies and draw the actionable items for policy update.

COMPONENT10: ONE STOP SOLUTION SYSTEM FOR FPOS

The One stop solution System for FPOs is a dedicated web portal (www.fpooodisha.nic.in) which caters to the government, FPOs and Ecosystem partners. The web portal will operate to provide information and extend services to all FPOs in the state.



- » **Single Stop Solution for all FPO needs:** FPOs will be able to avail services like input licenses for fertilizers, seeds and information regarding available post-harvest management structure, link to register under e-NAM, application for GST license, food certification license and other requirements through this dedicated portal.
- » **Knowledge Bank:** The Portal aims to be a knowledge bank for FPOs. The FPOs can identify and benefit from different schemes under implementation by different departments through this dedicated portal. Training modules on various aspects of FPO governance and management, preparing a business plan, etc., will also be available on the portal.
- » **Market Platform:** A portal for FPO Markets will be developed and will be managed by the MFA to link FPOs to the buyers. The portal will be integrated on the state SWS portal. Other than MFA, other institutional buyers can also register on the portal and offer suitable marketing deals to the FPOs.

- » **Search Platform:** The web platform will help FPOs in finding and linking with buyers for their produce.
- » Government will use this SWS to monitor the progress of FPOs.
- » **Any FPO based in Odisha can register on the SWS portal. FPOs need to regularly input and update their data on the SWS to avail benefits under the scheme.**
- » **The SPMU will analyses and assess the performance of the FPOs through the portal. The SWS will enable better decision making for the government while formulating DFDPs under the scheme and/or other policy support.**
- » **The eligibility criteria of FPOs can also be verified as per the data of FPO available on the FPOs.**

SERVICES OFFERED ON PORTAL FOR FPOS

FPO	Government	Market Players	Other Interest groups
<ul style="list-style-type: none"> • Market Linkage – Input /Output market linkages/ Hiring / Farm implements • Licenses & certification- Online Application for additional areas • Access to Schemes- Information on schemes, Navigation to online application & status update • Market Information – information on dealer network for seed, fertilizer, insecticide and farm implements • Administrative and operational management- FPO profile creation, updates and inventory management • Query & Grievance resolution • Market Information & Advisory • FPO dashboard and other features 	<ul style="list-style-type: none"> • Scheme performance- Including number of schemes applied by and utilized by FPO. • Tracking scheme application- including schemes and licenses • Advisories & Announcements- Inbound and outbound crop and related advisories to be facilitated to the FPO based on the provisioning and fresh announcements to be disbursed to the FPO • Integration and convergences- with other department and systems for benefit of FPOs and Farmers • Grievance redressal- track and resolve grievances, appraisal management • Know Status of FPO- Categorization & Ranking based on maturity index) 	<ul style="list-style-type: none"> • Trade Opportunity – Linkage with FPO for trade opportunity (seed fertilizer, insecticide, Farm implements, Custom Hiring) • Integrated marketing Portal • Government subsidies and other scheme benefits applicable • Access and accept sales order directly • Connect to other business facilitators/ stakeholders: Link to logistics, quality assaying, warehousing etc. • Administrative management- Keep a stalk for organizational sales and administration through dashboard and reports 	<ul style="list-style-type: none"> • Government Policies and benefits for FPOs • FPO Database • Knowledge Products- research and studies for Public consumption • D2C linkages- Consumer groups directly connecting to FPOs

OPERATIONAL MODALITIES

- i. SPMU will be administrate and manage the FPO portal with support from NIC.
- ii. The dedicated web-portal will be maintained at the NIC server. NIC will be responsible for time-to-time update and design of the portal with technical inputs and approval from SPMU.
- iii. SPMU will coordinate with concerned line departments to integrate their portals on to the FPO portal to enable services at one spot.
- iv. SPMU will use the USER manual to train the DPMU and concerned officials at DoH to train the use of the portal.
- v. SPMU will organize webinars, training sessions for the FPOs, CBBOs to facilitate the date entry and use of portal.
- vi. DPMU will ensure FPOs apply through the portal only to avail the scheme benefits including the grievances.
- vii. Individual login IDs to be issued to at each level of authorizations like FPOs, AHOS, DPMU, SPMU etc.
- viii. FPOs should keep their profiles and business details updated on the portal to become eligible for availing scheme benefits.
- ix. Implementing Agencies should encourage CBBOs to support newly formed FPOs update the data regular basis.
- x. AHOs will be mapped to the FPOs operating in the respective blocks.
- xi. DDHs and DPMU will be authorized to see the updates/ recommendations from the AHOs for the FPO applications.
- xii. In case of any technical issues, DPMU should immediately bring to the notice of SPMU and SPMU will further raise the issue with NIC. NIC should resolve the issue at the earliest.
- xiii. Data privacy, protection and security will be ensured with the portal by NIC.

COMPONENT 11: PERFORMANCE LINKED INCENTIVES TO CBBOS/POPIS

RATIONALE:

To improve business performance of FPOs, well performing CBBOs may be incentivized to continue providing guidance and handholding support which may materialize into long term support to FPOs.

SPECIFIC OBJECTIVES

- i. To foster healthy competition among CBBOs/POPIs towards the aim of improving business performance of FPOs
- ii. To ease adoption of technology and digitization by the FPOs with continued support from CBBO/POPI.
- iii. To encourage long term relationship between the FPO and CBBO/POPI.

FPO RESOURCE AGENCY: SCOPE OF WORK

CBBO/POPI which have guided FPOs, of which at least 1 FPO achieves an annual turnover of more than Rs 1 Crore will be empaneled as an FPO Resource Agency (FRA) with the State Government.

- FRAs will act as learning and knowledge dissemination centers
- Provide training and capacity building support to FPOs in areas of best practices for cultivation, organic farming, ZBNF, aggregation, value addition, value chain strengthening, institutional strengthening of FPOs, market linkage.
- Integration of Ag-tech and digitization of FPO value chains.

OPERATIONAL MODALITIES

- i. Well performing and active CBBOs/POPIs will be empaneled as FRA and provided financial assistance in the form of a grant under this component.
- ii. The CBBO/POPI must submit the Letter of Interest (LoI) for FRA empanelment to the DLC through DPMU.
- iii. The LoI must have proof of last 3 years audited financial statements of the FPOs, Letter of CBBO/POPI's support to FPOs (to be signed and approved by Board of Directors).
- iv. Upon DLC approval, SPMU in consultation with SLC will facilitate the empanelment process for FRA.
- v. Post empanelment, CBBO needs to submit a proposal to avail grant assistance to the DLC.
- vi. Post approval from the DLC, the SPMU will carry out due diligence, examine the proposal and take it forward to the SLC, which may approve the grant as per the recommendation of the SPMU.
- vii. The Grant will be disbursed two equal installments- the second instalment will be released post the utilization check. A CBBO/POPI will be eligible to avail the grant assistance only once.
- viii. The details of the grant are given below:

S.No.	Type of Grant Assistance	Eligibility Criteria	Proposed Grant Amount
1	Empanelment as FPO Resource Agency (FRA)	• At least 1 FPO promoted by the CBBO/POPI must have achieved an annual business turnover of Rs. 1 Crore – Rs. 2 Crore within 3 years of its inception.	Up to INR 5 Lakhs
		• At least 1 FPO promoted by the CBBO/POPI must have achieved an annual turnover of more than Rs. 2 Crore within 5 years of its registration.	Up to INR 10 Lakhs

FINANCIAL OUTLAY AND BUDGET

BUDGET		2022-23	2023-24	2024-25	2025-26	2026-27	Total
No of FPOs		500	625	750	875	1,000	1,000
Average No of members/FPO	100	100	150	200	250	300	300,000
No. of FPOs to be formed per year	125						
Support Head							
1	FPO promotion Campaign Drive						
	Road shows, Leaflets, Wall paintings at block level (FPO) and district level (DPMU)	15,000,000	3,750,000	3,750,000	3,750,000	3,750,000	30,000,000
	Support Item						
	Campaigning by DPMU	30,000					
	Campaigning by FPOs	70,000	8,750,000	8,750,000	8,750,000	8,750,000	70,000,000
	Sub-Total	100,000	12,500,000	12,500,000	12,500,000	12,500,000	100,000,000
2	Capacity building and exposure visits						
	Training to Farmers: 200 farmers/FPO for 7 days						
	Training management: to 4 persons/FPO, 1 CEO, 3 BoDs, residential training for 5 days	210,000	26,250,000	26,250,000	26,250,000	26,250,000	210,000,000
	Training to 50 officials at District/block level: 3 days/ year residential training	35,000	4,375,000	4,375,000	4,375,000	4,375,000	35,000,000
	Exposure visit 1 to 3 Members of FPO(CEO, Director and Farmer) to Outside State through train	12,000		1,500,000			3,000,000
	One Industry exposure visit	66,000	8,250,000	8,250,000	8,250,000	8,250,000	66,000,000
	Sub-Total	157,000,000	38,875,000	40,375,000	38,875,000	38,875,000	314,000,000

BUDGET			Per FPO cost in INR	2022-23	2023-24	2024-25	2025-26	2026-27	Total
3	Seminars and Meets	Odisha FPO Conclave		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	7,500,000
		3 members/FPO (CEO, One Director and One member) for 2 days	Bankers' meet, CEO meet and Buyers meet	15,000	7,500,000	1,875,000	1,875,000	1,875,000	1,875,000
				9,000,000	3,375,000	3,375,000	3,375,000	3,375,000	22,500,000
4	Capital Grant support and Risk fund	80% Fixed Capital, 20% Working Capital ratio in a scheme	capital grant support	800,000	100,000,000	100,000,000	100,000,000	100,000,000	800,000,000
			Working capital grant upto 40%	400,000	200,000,000	100,000,000	100,000,000	100,000,000	600,000,000
			Business Risk fund	120,000,000	40,000,000	40,000,000	40,000,000	40,000,000	280,000,000
			Sub-Total	1,200,000	720,000,000	240,000,000	240,000,000	240,000,000	1,680,000,000
5	Operational handholding support (Technical, Legal and Accounts)	Technical consultant Fee up to 2% of the business turnover minimum of INR 1crore turnover.	Technical (Expert consultations)	50,000	6,250,000	6,250,000	6,250,000	6,250,000	50,000,000
		Professional fees reimbursement on secretarial compliance	Legal and Corporate Secretarial Support	20,000	2,500,000	2,500,000	2,500,000	2,500,000	12,500,000
			Accounts Support	20,000	2,500,000	2,500,000	2,500,000	2,500,000	12,500,000
			Sub-Total	30,000,000	11,250,000	11,250,000	11,250,000	11,250,000	75,000,000
6	Management and Government Support	Add-on salary of CEO and Accountant for 3 years	Top-Up CEO Salary up to INR 10,000 Accountant Salary up to INR 5,000	15,000	7,500,000	11,250,000	5,625,000	5,625,000	39,375,000

BUDGET		2022-23	2023-24	2024-25	2025-26	2026-27	Total
7	Marketing Support to FPOs	Per FPO cost in INR					
	Marketing platform development	2,500	312,500	312,500	312,500	312,500	2,500,000
	Branding and promotion	30,000	3,750,000	3,750,000	3,750,000	3,750,000	30,000,000
	Aggregation System Strengthening	10,000	1,250,000	1,250,000	1,250,000	1,250,000	10,000,000
	Federations -5 No.s @ INR 80 lakhs / Federation	8,000,000	10,000,000	20,000,000	-	-	40,000,000
	Sub-Total	31,250,000	15,312,500	25,312,500	5,312,500	5,312,500	82,500,000
8	Establish Centres of Excellence for FPOs		20,000,000	5,000,000	5,000,000	5,000,000	50,000,000
9	Incentive to CBBOs	1,000,000	10,000,000	10,000,000	10,000,000	10,000,000	50,000,000
10	Facilitation of Education and research on FPOs (Agriculture and Agri-management Institutes)		1,250,000	1,250,000	1,250,000		5,000,000
11	One Stop Digital Solution for FPOs		1,200,000	1,200,000	1,200,000	1,200,000	6,000,000
12	SPMU cost		29,100,000	29,100,000	29,100,000	29,100,000	145,500,000
13	DPMU Cost		113,250,000	113,250,000	113,250,000	113,250,000	566,250,000
	Grand Total		1,179,550,000	500,487,500	476,737,500	475,487,500	3,136,125,000

SUPPORT TO FPO BUDGET IN INR

Team Positions	No. of Resources	Cost/ Man Month	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Total
SPMU COST ITEMS								
Personnel Cost								
Team Lead	1	250,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	15,000,000
Agribusiness Expert	2	100,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	12,000,000
Institution Development Expert	1	150,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	9,000,000
Bank & Credit Linkage Expert	1	150,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	9,000,000
Marketing & Export Linkage Expert	2	150,000	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000	18,000,000
Value Chain Expert	1	150,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	9,000,000
Finance & Accounts Officer	1	125,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	7,500,000
Monitoring & Evaluation Expert	1	150,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	9,000,000
Monitoring Research Associates	2	80,000	1,920,000	1,920,000	1,920,000	1,920,000	1,920,000	9,600,000
IT Expert	1	100,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	6,000,000
Communication Expert	1	125,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	7,500,000
MIS Manager	1	80,000	960,000	960,000	960,000	960,000	960,000	4,800,000
FPO Relationship Officer	1	80,000	960,000	960,000	960,000	960,000	960,000	4,800,000
SPMU salary Total		1,690,000	23,280,000	23,280,000	23,280,000	23,280,000	23,280,000	121,200,000
SPMU-Administrative Cost								
Administrative Cost @ 25% of Salary Cost			5,820,000	5,820,000	5,820,000	5,820,000	5,820,000	29,100,000
SPMU Cost Total			29,100,000	29,100,000	29,100,000	29,100,000	29,100,000	145,500,000

Team Positions	No. of Resources	Cost/ Man Month	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	Total
DPMU COST ITEMS								
Personnel Cost								
District FPO Manager	30	100000	36,000,000	36,000,000	36,000,000	36,000,000	36,000,000	180,000,000
FPO Training Officer	30	75000	27,000,000	27,000,000	27,000,000	27,000,000	27,000,000	135,000,000
FPO Marketing Officer (3 districts/ Officer)	10	80000	9,600,000	9,600,000	9,600,000	9,600,000	9,600,000	48,000,000
MIS-Accounts officer	30	50000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	90,000,000
DPMU Salary Total		305,000	90,600,000	90,600,000	90,600,000	90,600,000	90,600,000	453,000,000
DPMU-Administrative Cost								
Administrative Cost @ 25% of Salary Cost			22,650,000	22,650,000	22,650,000	22,650,000	22,650,000	113,250,000
DPMU Cost Total			113,250,000	113,250,000	113,250,000	113,250,000	113,250,000	566,250,000
Grand Total			142,350,000	142,350,000	142,350,000	142,350,000	142,350,000	711,750,000

CHAPTER 3

IMPLEMENTATION STRUCTURE

Highlights

Summary

Overall Implementation Framework

Implementation Structure

Financial Management and Budget

SUMMARY

HIGHLIGHTS OF THE PROPOSED STRUCTURE:

1. Directorate of Horticulture will appoint a Project Management Unit (PMU) for rolling out the operational guidelines under the purview of Odisha FPO policy, 2018
2. The Project Management Unit will operate at two levels – State level (by State Project Management Unit – SPMU) & District Level (by District Project Management Unit – DPMU)
3. For overall monitoring, policy level decisions, advocacy a State Level Committee (SLC) will be constituted under the chairmanship of Agriculture Production Commissioner (APC) convened by Director of Horticulture. SPMU will work under the guidance of SLC with direct reporting to Director of Horticulture.
4. Similarly, for overall monitoring, review and budget approval for some components a District Level Committee (DLC) will be constituted under the chairmanship of District Collector, convened by Deputy Director of Horticulture in the respective districts. DPMU will work under the guidance of DLC with direct reporting to SPMU.
5. SLC will meet once in every quarter, DLC will meet once in every quarter.
6. SPMU will work in coordination with the state Implementing agencies (IAs) under the Central Sector Scheme of 'Formation & Promotion of 10,000 FPOs' for reaching out to the FPOs in the state through IAs appointed Cluster Based Business Organizations (CBBOs) in the state.
7. FPO can only become eligible for benefitting under the state policy after getting registered in the state portal and getting mapped with a CBBO irrespective of any current benefits they are availing from any other schemes/guidelines.
8. CBBOs will be responsible for maintenance of MIS, strengthening FPOs through their available resources and tracking the performance.
9. FPOs will undergo need assessment by the DPMU for deciding the level of support required for the FPOs to strengthen and become viable.
10. Based on FPO ranking tool, credit requirement of the FPO will be finalized.
11. Any State Directorates who have a provision of providing support to FPOs will establish a PMU and appoint a nodal officer for communicating with the SPMU on various aspects.

BACKGROUND & UNDERLYING ASSUMPTIONS

- a. The implementation framework will coordinate with the existing proposed structure under the central sector scheme of 'Formation & Promotion of 10,000 FPOs' for information flow, need assessment and planning of inputs.
- b. Budget provisioned under Central sector scheme and state scheme is at the discretion of center and state respectively.
- c. As mentioned in the scheme guidelines of 'Formation & Promotion of 10,000 FPOs' at least 10,000 FPOs will be promoted across the states. Hence, it is assumed that the policy can support FPOs over and above the target allotted to any particular IAs for the state.

OVERALL IMPLEMENTATION FRAMEWORK

Overall implementation framework can be structured through two-tier structure –

- a. **At State level**, by a State Level Committee assisted by State project Management Unit for day to day roll out of the programme, monitoring and reviews of the project.
- b. **At District Level**, 30 District Level Committee assisted by District Project Management Unit for day to day roll out of the programme, monitoring and review at district level of the project.

The Implementing Agencies and Cluster Based Business Organisations (CBBOs) will be synergized with the above structure for exchange of information, planning of inputs and coordination across both central and state scheme.

The proposed structure has been presented below:

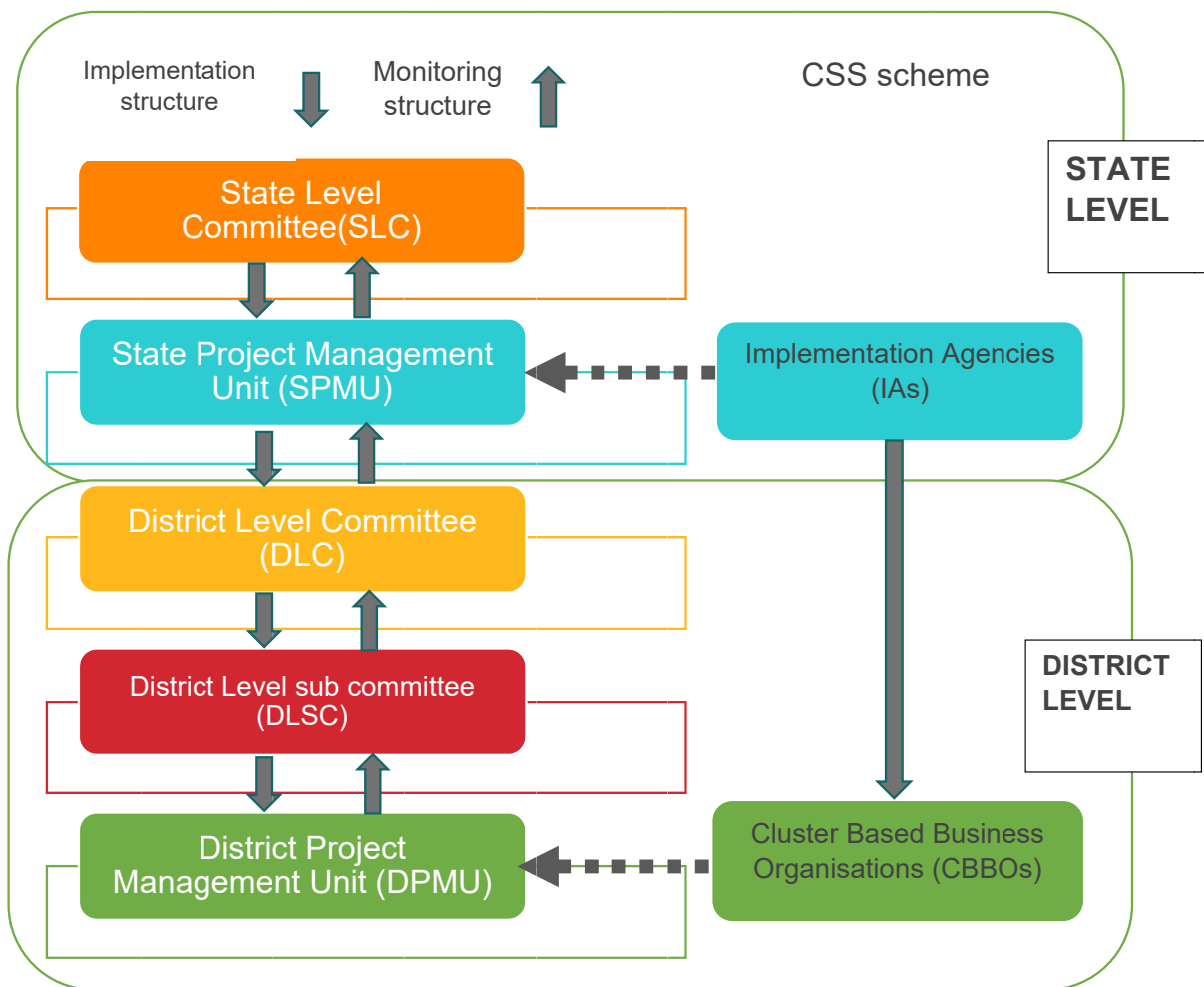


Figure X: Overall structural framework for implementation

PMU AT OTHER DIRECTORATES/DEPARTMENTS

Along with the above established structure, all the directorates under Department of Agriculture & Farmers' Empowerment will set up their own PMU structure with appointment of one nodal officer to look after all the schemes related to FPOs. The nodal officer in the respective directorate/department will be coordinating with SPMU for information flow, planning and progress updates on their schemes. Any other department/ directorate with schemes provisioned for FPOs are also instructed to appoint a nodal person who will coordinate with SPMU on their work progress.

KEY FUNCTIONS OF THE OVERALL IMPLEMENTATION STRUCTURE

- a. **Planning** – Evaluating situation in the field through need assessment of existing FPOs, DPMU will plan at district level in coordination with CBBOs existing in the district. DPMU will finalize the action plan to be taken up in the district and the consolidation of action plan from all the districts will be presented to SPMU for final state level planning and approval.
- b. **Execution** –SPMU will be responsible for overall execution of the plan for all the districts. DPMU will be responsible for execution of the activities as per the plan at field level under the guidance and handholding of SPMU at state level.
- c. **Monitoring & Review** – SLC, at state level will monitor and review the overall project implementation with support from SPMU. DLC, at district level will monitor and review the work done at field level with the guidance of SLC.

COORDINATION & CONVERGENCE

It is proposed for convergence of Central and State sector scheme without any structural changes for both the structure to complement each other. The Implementing Agencies at State level and CBBOs at district level will be synergized with the above structure on the following areas:

- a. **Information exchange:** IAs through SPMU and CBBOs through DPMU will exchange information about their action plans, supports provisioned for the FPOs, any gaps, assessment of FPOs at their level. This will be helpful for identification of FPOs and their need assessment.
- b. **Coordination:** The cohesive approach between central structure and state structure are intended to ensure the benefits of a maximum outcome. Coordination will support reaching out to maximum FPOs and hence maximum beneficiaries in the state without overlapping of the effort.
- c. **Planning Inputs:** Planning will be done in convergence between central and state structure. CBBOs can support in information flow to the DPMU in devising action plan based on their interaction with the FPOs in the state.

All FPOs in the state will be mapped to a CBBO through the Implementing Agencies. This will promote FPOs which are formed in a structured way to be converged with central Sector Scheme. This will

encourage maximum flow of benefits to the FPOs available with both Central Sector Scheme and State scheme. It will also act as a checking point for formation of FPOs without right intent and will provide a supportive environment for the farmers to come forward for formation of an FPO.

OVERALL ROLES & RESPONSIBILITIES OF THE ENTITIES IN THE STRUCTURE

Various roles and responsibilities of different entities has been depicted in the below table:

ENTITY	ROLES & RESPONSIBILITIES	REPORTING TO
State Level Committee (SLC) <ul style="list-style-type: none"> Convene every quarter Chairman: Agriculture Production Commissioner (APC) Convenor: Director of Horticulture 	Policy decisions & advisory for the project	Agriculture Production Commissioner (APC), Department of Agriculture & farmers' Empowerment, Government of Odisha
	Any structural & financial changes/decisions for the project	
	Financial decisions and approval	
	Monitoring & review of the project	
	Empanelment of external agencies for the project	
State Project Management Unit (SPMU) <ul style="list-style-type: none"> Empanelment of an external agency Headed by a team lead Commissioner (APC) Office set up by Directorate of Horticulture 	Overall implementation of the project	Reporting to SLC for approval and review
	Providing expertise on various fields to DPMU, FPOs	
	Establishing DPMU and monitoring the responsibilities given to the DPMU	Director of Horticulture for day -to day implementation activities
	Maintenance of IT structure developed for the project	
District Level Committee DLC <ul style="list-style-type: none"> Convene every quarter Chairman: Collector cum District Magistrate Convenor: Deputy Director of Horticulture (DDH) of the respective districts 	Approval on various support items provisioned under the FPO support component	Reporting to SPMU for guidance and reporting
	Monitoring implementation of the project on field level	Reporting to SLC for any policy related/ structural changes
	Reporting progress in the district to SPMU	
District Level sub-committee (DLSC) <ul style="list-style-type: none"> Convene every month Chairman: Deputy Director of Horticulture (DDH) Convenor: Additional Director of Horticulture 	Planning activities for the month	Reporting to DLC
	Reporting progress and consolidating it for placing it in the DLC	
	Finalising agenda for DLC	

ENTITY	ROLES & RESPONSIBILITIES	REPORTING TO
District Project Management Unit (DPMU) <ul style="list-style-type: none"> Two personnel in the district; District FPO officer, District training officer Headed by District FPO officer who is responsible for implementation of the project in the district District training officer will facilitate training and capacity building programme of the FPOs 	Map FPOs to CBBOs and put it for final approval before DLC	Reporting to DPMU for overall implementation of the project at field level
	Need assessment and provisioning of support component for FPOs in the district	
	Coordinating for channelizing of all support components under the guidelines to be rolled out for FPOs	Reporting to DLC/DLSC for advisory and progress reporting
	Coordinating with CBBOs for consolidation of MIS	
Implementing Agencies (IAs) <ul style="list-style-type: none"> As per the guidelines under Central Sector Scheme of 'Formation & Promotion of 10000 FPOs' 	Supporting SPMU in mapping of FPOs for CBBOs	Coordinating with SPMU
	Provisioning support for FPOs in the scheme	
Cluster Based Business Organisations (CBBOs)	Sharing information to the DPMU on their project activities in the district	Coordinating with DPMU
	Supporting in planning of inputs for state support component	

DECISION MAKING STRUCTURE

For overall policy advisory and policy level support for the implementation of FPO policy, a state level committee at the state level and a district level committee at the district level will be constituted.

STATE LEVEL COMMITTEE (SLC)

The State Level Committee will be constituted at the state level under the convening of Directorate of Horticulture. SLC will meet every quarter for planning, advisory, finalizing structure of project implementation, monitoring & review of the project.

CONSTITUTION OF SLC

SLC will be constituted with the following members:

- | | |
|---|-------------|
| a. Agriculture Production Commissioner (APC) | Chairman |
| b. Secretary to Govt. of Odisha, Agriculture & FE Dept. | Co-Chairman |
| c. Secretary to Govt. of Odisha, F & ARD Deptt | Member |
| d. Secretary to Govt. of Odisha, Finance Deptt | Member |
| e. Director of Agriculture & Food Production, Odisha | Member |

f. Director of Horticulture, Odisha	Convenor
g. Director of Soil Conservation & WD, Odisha	Member
h. Director of AH & VS, Odisha	Member
i. Director of Fisheries, Odisha	Member
j. Managing Director, APICOL	Member
k. Representative OSAM Board/OLM	Member

KEY RESPONSIBILITIES OF SLC

1. SLC will be responsible for overall planning, policy advisory and policy level support for proper implementation of the project.
2. SLC will review the plan submitted by SPMU, achievement and quality outcomes/results every quarter.
3. SLC will be responsible for approval of various components under the FPO scheme on need basis.
4. SLC will also be responsible for any structural changes in the guidelines or mode of delivery.
5. SLC will be responsible for district wise review of the implementation at district level.

DISTRICT LEVEL COMMITTEE (DLC)

District Level Committee will be constituted at each of the district under the chairmanship of Collector cum District Magistrate. The frequency of meet will be every quarter.

CONSTITUTION OF DLC

a. Collector cum District Magistrate	Chairman
b. Project Director, Respective district	Co-chairman
c. Deputy Director of Horticulture	Convenor
d. Chief District Agriculture Officer	Member
e. Chief District Veterinary Officer	Member
f. District Forest Officer	Member
g. Executive engineer (Agril.)	Member
h. Lead Bank Manager	Member
i. DDM, NABARD	Member

FUNCTIONS OF DLC

1. DLC will meet every month to discuss monthly progress in the field along with the target to be set for the next month.
2. DLC will be responsible to consolidate the progress at field level and will present the same to SPMU.
3. DLC will be responsible to monitor the progress of DPMU in the field and any issues and challenges faced by DPMU need to be discussed and sorted out at DLC.

DISTRICT LEVEL SUB COMMITTEE (DLSC)

District Level Sub Committee will be constituted at each of the districts for supporting DLC. DLSC will be chaired by Deputy Director of Horticulture (DDH) in the district. He is responsible for constituting the committee and deciding various members for the committee in the district. DLSC will coordinate between CBBOs, FPOs and DPMU in the district, supported by DPMU.

FUNCTIONS OF DLSC

1. DLSC will meet every month to discuss monthly progress in the field along with the target to be set for the next month.
2. DLSC will be responsible to consolidate the progress at field level and will present the same to DLC/SPMU.
3. DLSC will be responsible to monitor the progress of DPMU in the field and any issues and challenges faced by DPMU need to be discussed and sorted out at DLC.

IMPLEMENTATION STRUCTURE

The project will be implemented by establishing a Project Management Unit (PMU) within Department of Agriculture & Farmers' Empowerment with Directorate of Horticulture as convening Directorate.

The project management unit will be established at two levels:

- a. State Level, referred as State Project Management Unit (SPMU)
- b. District Level, referred as District Project Management Unit (DPMU)

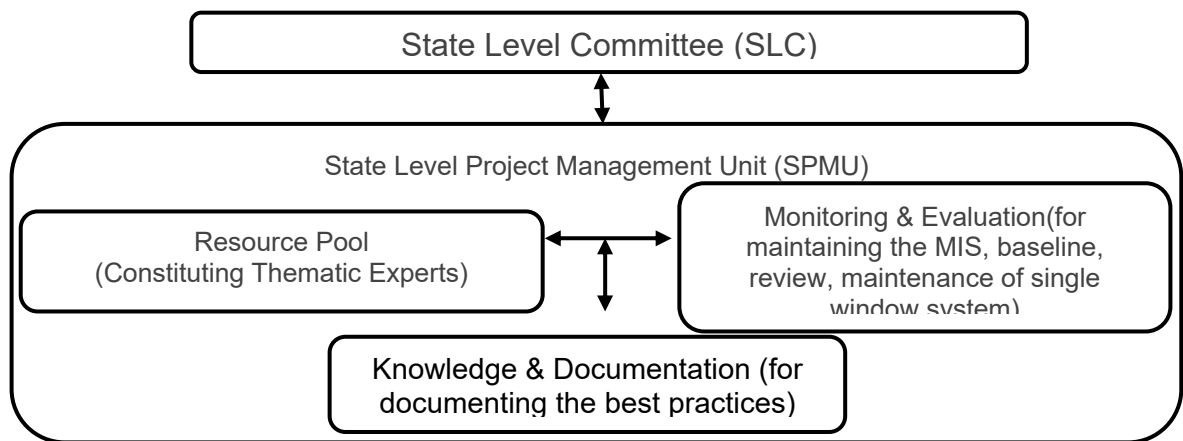
STATE PROJECT MANAGEMENT UNIT (SPMU)

A State Level Project Management Unit will be established within the Department of Agriculture & Farmers' Empowerment with the approval of SLC.

There will be three major divisions in the SPMU for project management at State level.

1. There will be a pool of thematic experts which will provide technical support and look after the overall aspects of community mobilization, training needs assessment, training & capacity building, institutional development, marketing and business development activities, and provide experts services as and when required.
2. The second function is the Monitoring & Evaluation (M&E) team which will be exclusively engaged in MIS, progress and process monitoring as well as evaluation on different interventions and the progress and also provide feedback for better implementation of different activities.
3. The third function shall coordinate the documentation and knowledge structure. The division will be responsible for documenting the case stories and best practices and circulate it among the FPOs other stakeholders.

COMPONENTS OF SPMU



ROLE AND RESPONSIBILITIES OF SPMU

Overall role and responsibilities of the SPMU team would be providing technical support and expertise for better management of the project in each and every aspect. SPMU members would provide periodic update of FPOs progress to SLCC which would be shared with respective line departments on regular basis. Besides, the SPMU will look after the following aspects,

1. To provide guidance, monitor project implementation, track timelines and deliverables.
2. Provide necessary framework, operational modalities and professional inputs for FPOs on – managerial capacity building, governance capability of BoD of respective FPOs, production technology/ extension services, post-harvest management, marketing, accounting, business plan development, and organizational development, stability and long term sustainability.
3. Finalize all Annexure to the operational guidelines including reporting structure of different reports (monthly report, quarterly report, annual report, baseline report, project completion report etc.) within the first three months of constitution of SPMU.

4. SPMU shall create a Logical Results Framework for performance measurement of FPOs & CBBOs and other agencies involved in the FPO mission in the state. It is important that FPO policy progress review is conducted based on quantifiable inputs from the ground. SPMU should also ensure that the same performance framework is followed across all verticals i.e. Districts & Blocks.
5. Develop necessary ICT products for FPOs including web-based monitoring systems; Dash Boards (for public view).
6. Ensure the MIS dashboards are up to date with information on FPOs & CBBOs operating and registered from different GPs/Blocks/Districts in the state in the Single Window System.
7. Prepare guideline for inter-departmental convergence and channelizing of funds from Govt. /financial institutions and other agencies.
8. Extend support to channelize and integrate available funds/ programs/ schemes of the departments towards strengthening/ supporting of FPOs (e.g., capacity building; provision of infrastructure facilities; demonstration of new technologies, risk coverage, and mechanization, etc.). Oversee funding and convergence among Directorates, National Partners and Schemes for holistic development of FPOs.
9. Facilitate and conduct regular and timely performance audit, physical progress and financial transactions.
10. Collaborate with other partner institutions (Research organizations, Development agencies, companies, corporations, etc.) in promoting FPOs

DISTRICT PROJECT MANAGEMENT UNIT

At the district level, a DPMU cell will be established in the office of District Head of Horticulture Directorate. District Level Project Management Units for FPOs will be set to monitor and supervise the functioning of FPOs in the district. The DPMU will facilitate DLC meeting which would be convened by Deputy Director of Horticulture & chaired by District Collector once every month.

ROLE AND RESPONSIBILITIES OF DPMU

DPMU will be responsible for tracking the number of FPOs in the districts, need assessment of the FPOs, monitoring their performance and channelising any scheme towards the FPOs in the district through CBBOs.

The key responsibilities of DPMU are –

1. DPMU will identify FPOs in the district and map it to CBBOs. The mapping of FPOs getting linked to the CBBOs will be placed in DLC for approval.
2. DPMU will train CBBOs on need assessment of FPOs, after which CBBOs will do need assessment and action plan for each of the FPOs will be prepared.

3. DPMU will facilitate training & capacity building of FPOs along with other support component that has been provisioned in the scheme.
4. DPMU will be responsible for reporting field progress and will place it in DLC for consolidation.

STRUCTURE OF SPMU AND DPMU

The expert resource pool in the State Project Management Unit (SPMU) shall support the overall project implementation and management including specific tasks like training needs assessment, training and capacity building, technical guidance to DPMUs and FPOs as well as undertake Monitoring and Review of the project and provide necessary and required updates and reports to Director Horticulture, Principal Secretary Agriculture & FE and SLC.

The Experts team will be engaged for 5 years during implementation of the project (2023– 2028). However, the tenure of engagement of each of the experts may vary based on need and progress of the project during implementation. Recruitment will be undertaken in accordance with Govt. of Odisha Guidelines on the Use of Consultants (as amended from time to time).

The experts' team will comprise of a Team Lead with 10 Technical Experts and 2 Support Staff. At district level, a DPMU will be established which will be headed by District FPO manager and 01 staff engaged for training and capacity building as in **Table 1**.

State Project Management Unit (SPMU)	
Team Position	No. of positions
Team Lead	01
Agribusiness Expert	02
Institution Development Expert	01
Finance Expert	01
Marketing Expert	01
Community Mobilisation Expert	01
Monitoring & Evaluation Expert	01
Legal Expert	01
IT Expert	01
Communication Expert	01
MIS Executive	01
Relationship Manager	01
District Project Management Unit (DPMU)	
District FPO Manager	30
District FPO Training Officer	30

Roles and responsibilities of different experts of SPMU & DPMU as well as the eligibility requirement for the position has been annexed.

SANCTIONING AUTHORITY FOR VARIOUS SUPPORT COMPONENTS

Promotional Campaign for Farmer Producer Organizations			Delegation to SLC	Delegation to DLC
Promotional Campaign for Farmer Producer Organizations	DPMU level	Audio content finalization	✓	
		Video Content finalization	✓	
		Audio/ Video content development agency finalization	✓	
		Leaflet content finalization	✓	
		Promotion agency finalization - Road show, Rath Drive	✓	
		Road show area selection	✓	
		Leaflet distribution	✓	
	FPO level	Finalization of Farmer campaigners	✓	
		Rath drive	✓	
		Street play area finalization	✓	
		leaflet distribution	✓	
	Capacity building and Exposure			
Training to Member farmers	SPMU level	Training content finalization- Module development	✓	
		Module finalization	✓	
		Hiring of Agency for digitization/ video modules	✓	
		Training of trainers	✓	
	DPMU level	Finalize the list of trainers from KVK, RRTTES		✓
		Training schedule development		✓
		List of FPOs and List of farmers to be trained		✓
		Conducting training		✓
		Payment for Training Expenses		✓
Training to BoD and CEO	SPMU level	Training content finalization- Module finalization, approval	✓	✓
		Hiring of Agency for digitization/ video modules	✓	✓
		Training of trainers	✓	✓
		Hiring/ empanelment of Experts for FPO Business plan development	✓	✓
	DPMU level	Training schedule development	✓	✓
		List of FPOs and List of farmers to be trained	✓	✓
		Training Venue selection	✓	✓
		Conducting training	✓	✓
		Payment for Training Expenses	✓	✓

Promotional Campaign for Farmer Producer Organizations			Delegation to SLC	Delegation to DLC
Exposure visit	SPMU level	Selection of FPOs to be visited	✓	✓
		Selection of Industries to be visited	✓	✓
		Coordination with the Industries	✓	✓
	DPMU level	List of FPOs and List of participants	✓	✓
		scheduling the exposure visits	✓	✓
		Conducting exposure visits- ticket booking, stay, food arrangements and local travel	✓	✓
		Payment for Exposure visit Expenses	✓	✓
Seminar and meet	SPMU level	Plan and schedule Odisha Conclave	✓	✓
		Selection of Venue and participants	✓	✓
		Organizing the conclave	✓	✓
	DPMU level	Plan and schedule District FPO meet	✓	✓
		Mobilization of buyers	✓	✓
		Invitation to Bankers	✓	✓
		List of FPOs and List of participants	✓	✓
		Meeting Venue selection	✓	✓
		Conducting meets - stay, food arrangements	✓	✓
		Conducting training	✓	✓
Payment for meeting Expenses	✓	✓		
Industry Immersion program	SPMU level	Selection and Invite Industries	✓	✓
		Connect Industries with DPMU and FPOs	✓	✓
	DPMU level	List of FPOs and List of participants	✓	✓
		Venue selection	✓	✓
		Conducting Programs- arrangements by FPO	✓	✓
Credit Linkage			✓	✓
Credit Linkage	DPMU level	List of FPOs for application for credit linkage	✓	✓
		Coordination with line departments for scheme convergence, applications	✓	✓
		Follow up with Banks, FIs at the district level	✓	✓
Capital Grant			✓	✓
Capital grant	SPMU level	Finanlization of FPO rating sheet	✓	✓
		Training to DPMU on the FPO rating	✓	✓
		Coordiantion with SNA	✓	✓
		Review of the applications	✓	✓
		Recommendation on the capital grant	✓	✓

Promotional Campaign for Farmer Producer Organizations			Delegation to SLC	Delegation to DLC
	DPMU level	Conduct FPO rating	✓	✓
		Conduct due diligence visits	✓	✓
		DLC approval of the FPO applications	✓	✓
		Utilization of grant	✓	✓
Allocation of lands on need basis			✓	✓
Allocation of lands on need basis	SPMU level	Conduct a detailed study on Land allocation framework for FPOs	✓	✓
	DPMU level	Due diligence of FPO application	✓	✓
		Present the application to the DLC for approval	✓	✓
Operation and Handholding Support			✓	✓
Technical Support	SPMU level	Hiring/ empanelment of Experts for FPOs	✓	✓
		Assigning of Expert to FPOs	✓	✓
	DPMU level	Conduct FPO rating	✓	✓
		Service agreement MoU between FPO, TE and DPMU	✓	✓
		Monitring	✓	✓
		Payment to Experts	✓	✓
Legal and account support	SPMU level	Hiring/ empanelment of CA at the district level	✓	✓
		allocation of districts to the CA	✓	✓
	DPMU level	List of FPOs	✓	✓
		Scheduling of Legal support activities	✓	✓
		Service agreement MoU between FPO, CA and DPMU	✓	✓
		Monitring	✓	✓
		Payment to CA	✓	✓
Marketing Support			✓	✓
Strengthening Existing Marketing system	SPMU level	Conduct Study on Mapping of local market, mandi, haats with FPOs	✓	✓
		Coordinate with OSAM board of e-NAM strenghtening	✓	✓
		Knowledge sharing workshop for the DPMU	✓	✓

Promotional Campaign for Farmer Producer Organizations			Delegation to SLC	Delegation to DLC
	DPMU level	Invite application from FPOs to use the local markets, haats	✓	✓
		Present the cases to DLC	✓	✓
		Monitoring	✓	✓
		Support RMC to conduct e-NAM awareness campaign	✓	✓
Facilitating Aggregation of Produces	SPMU level	Develop the Price Discovery Tool	✓	✓
		Conduct webinar/ online training session for CBBOs, DPMU on use of PD tool	✓	✓
PD tool	DPMU level	Create District FPO groups including buyers for price announcements	✓	✓
		Coorinate with extension workers to fetch local market prices	✓	✓
		MoU with Mobile msg service providers for sharing of price details of nearby 3-4 markets, traders to FPO farmers	✓	✓
Standard Operating Process for Procurement and marketing	SPMU level	Develop Model SoPs and train DPMU, CBBOs	✓	✓
	DPMU level	track the SoP implementation benefits at FPO level	✓	✓
Access to Infrastructure support for Post-Harvest Management	SPMU level		✓	✓
	DPMU level	asses the Infra available at District level	✓	✓
		Review FPO applications to avail the infra strucutres	✓	✓
		present the application to DLC	✓	✓
		Faciliate the convergence	✓	✓
		Monitoring and utilization check	✓	✓
Integrated market portal for FPO Procurement and marketing	SPMU level	develop RFP to on-board the MFA	✓	✓
		On-board the MFA	✓	✓
		Monitor the performance of MFA	✓	✓
Export promotion for FPOs	SPMU level	Formal association with SFAC	✓	✓
		Formal association with APEDA	✓	✓
		Formal association with APICOL	✓	✓
		Facilitate Revival/ installation of necessary infrastrucuture support at the Airports, Ship ports	✓	✓
		Export promotion activities	✓	✓

Promotional Campaign for Farmer Producer Organizations			Delegation to SLC	Delegation to DLC
	DPMU level	Prepare potential List of FPOs for export, mobilize applications	✓	✓
		Due diligence of FPOs for availing export support	✓	✓
Branding and Promotion	SPMU level	Prepare a branding and promotion plan for FPOs	✓	✓
		Conduct Branding and promotional Campaign for FPOs	✓	✓
		Payment of expenses	✓	✓
	DPMU level	Conduct Branding and promotional Campaign for FPOs	✓	✓
		Payment of expenses	✓	✓
Centre of excellence			✓	✓
Centre of excellence	SPMU level	Prepare a detail COE selection, implementation plan	✓	✓
		Selection of CoE	✓	✓
		Development of CoE	✓	✓
		Payment towards CoE function	✓	✓
		Monitoring CoE performance	✓	✓
	DPMU	List of FPOs to visit CoE	✓	✓
		Mobilize the FPOs	✓	✓
Facilitation of Education and research on FPOs			✓	✓
Facilitation of Education and research on FPOs	SPMU level	Course module development	✓	✓
		approval of Course module	✓	✓
		refine RAWE programme with inclusion of FPO component	✓	✓
		review of Research grants topics	✓	✓
		recommendation on the research grant	✓	✓
		payment towards research grant	✓	✓
One Stop solution			✓	✓
One Stop solution	SPMU level	Administer the Web portal	✓	✓
		Coordinate with NIC	✓	✓
		payment to NIC	✓	✓
		Upgradation of Portal	✓	✓
		Grievance redressal through NIC	✓	✓

Promotional Campaign for Farmer Producer Organizations			Delegation to SLC	Delegation to DLC
SPMU and DPMU			✓	✓
Empanelment of SPMU	SPMU level		✓	✓
SPMU Salary payments			✓	✓
Administrative payments			✓	✓
Payment towards action research studies			✓	✓
Incentives/ Penalties			✓	✓
DPMU Salary payment	DPMU level		✓	✓
Administrative cost			✓	✓
Performance linked Incentives to CBBOs/POPIs			✓	✓
Carry out due diligence post approval of empanelment from DLC	SPMU level		✓	✓
Recommendation for grant disbursement to concerned CBBO/POPI			✓	✓
Submission of Letter of Interest (LoI) for FRA empanelment to the DLC	DPMU level			✓

FINANCIAL MANAGEMENT

Fund Flow Mechanism

The fund for execution of the project activities will be released by A&FE dept. to the Directorate of Horticulture. The SLC should ensure that financial support will be extended in a phased manner to prevent mis-utilization of funds & also incentivize good performing FPOs.

There will be two parts to the fund –

- a. Programme Funds: These are funds to be utilised for implementation of the programme.

- b. Facilitation Funds: These are meant for programme facilitation and are received/spent by the facilitating agency.

The fund flow mechanism has been described below:

- » Department of Agriculture & Farmers' Empowerment will release the fund for execution to the Director of Horticulture after the approval of EFC.
- » Director of Horticulture will release the funds for the purpose of monitoring, capacity building, training & exposure visits components to SPMU with the recommendation of SLC.
- » Director of Horticulture will release funds to APICOL for DPR preparation, front end subsidy as capital grant support to FPOs over and above available schemes like MKUY, PMFME with the recommendation of SPMU.
- » Director of Horticulture will release funds to empanelled organisations/individual consultants for providing technical, legal and operational support to FPOs with the recommendation of SPMU.
- » For development of web portal which will act as one stop information center and single window clearance system for FPO ecosystem, Director of Horticulture will release funds to NIC with the recommendation of SPMU.
- » Director of Horticulture will release funds to research institutions for development of FPOs as Center of Excellence and to grant for supporting research scholars.
- » Director of Horticulture will release fund for development of a dedicated market portal for FPO to an empanelled market facilitating agency. The fund will be released on phase manner after development of work plan and delivery of the activities with the recommendation of SPMU.
- » The basis for fund release will be accordance to half year plans submitted by SPMU. Funds will be released to the respective agencies against approved action plans and only after 85 per cent of the expenditure on the earlier releases is made. Funds will be released to any agencies after due recommendation from SPMU after the approval of the progress report at SLC.
- » All funds will be transferred to the necessary entity only through NEFT/RTGS/PFMS mode.

Incase the programme needs more investments and financial budgeting, this can be used as a symbolic intervention in 1st year which will be followed by dovetailing of other schematic programme from 2nd year onwards.

CHAPTER 4

HANDBOOK ON FPOs

Highlights

Farmer Producer Organizations (FPO) – Process & Guidelines

- Concept of Farmer Producer Organizations (FPO)
- Process of FPO formation
- Compliances for FPCs
- FPO Licenses and Permits
- Governance of FPOs
- FPO Business and Operations

Government Initiatives for Promotion and Strengthening of FPOs

- Odisha FPO Policy, 2018
- NABARD and NABKISAN sponsored Schemes
- Schemes under Small Farmers' Agri-Business Consortium (SFAC)
- Central Sector and Centrally Sponsored Schemes for FPOs
- State Sector Schemes for FPOs

FARMER PRODUCER ORGANIZATIONS (FPO) – PROCESS & GUIDELINES

CONCEPT OF FARMER PRODUCER ORGANIZATIONS (FPO)

Farmer Producer Organization is a generic name, which means and includes farmer- producers' organization incorporated/registered either under Part IXA of Companies Act or under Co-operative Societies Act of the concerned States and formed for the purpose of leveraging collectives through economies of scale in production and marketing of agricultural and allied sector.

Source: NABARD

Producer Companies and Cooperative Societies are the most prevalent types of FPOs in the country, however, a Farmer Producer Organization (FPO) can be registered under any of the following legal provisions:

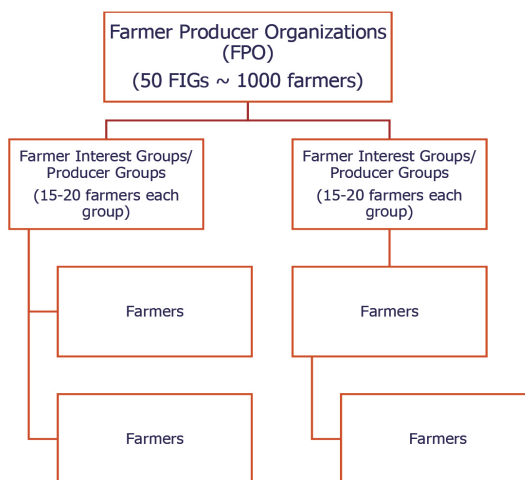
- i. Cooperative Societies Act/ Autonomous or Mutually Aided Cooperative Societies Act of the respective State – **Odisha Cooperative Societies Act, 1962**
- ii. Multi-State Cooperative Society Act, 2002
- iii. **Producer Company under Section 581(C) of Indian Companies Act, 1956, as amended in 2013**
- iv. **Section 25 Company of Indian Companies Act, 1956, as amended as Section 8 in 2013**
- v. **Societies registered under Society Registration Act, 1860**
- vi. Public Trusts registered under Indian Trusts Act, 1882

The objective of FPO is to promote aggregation, value addition and direct marketing of produce by taking benefits of the economy of scale and leveraging farmers' collective strength to create local level commodity-specific agri-value chains to enable small/ marginal farmers realize optimal value of their produce.

FPO STRUCTURE

FPOs are organizations formed by collectivization of farmers. The fundamental collective unit an FPO is a group of 15-20 farmers, which may be known as Producer group, or Farmer interest group (FIG), or a joint liability group (JLG), or a Self-help group (SHG). The producer group is formed at the village level.

Producer groups federate to form an FPO, as prescribed by NABARD, an FPO should comprise of around 50 Producer groups, with average membership of around 700 to 1000 farmers. The number of minimum



membership depends on the legal form of the PO, (for instance, a minimum of 10 primary producers are required to register a Producer company under the 2013 Companies Act).

There is an optimum prescribed benchmark by NABARD¹ for an FPO to obtain operational scale to break-even level (Table 1 below).

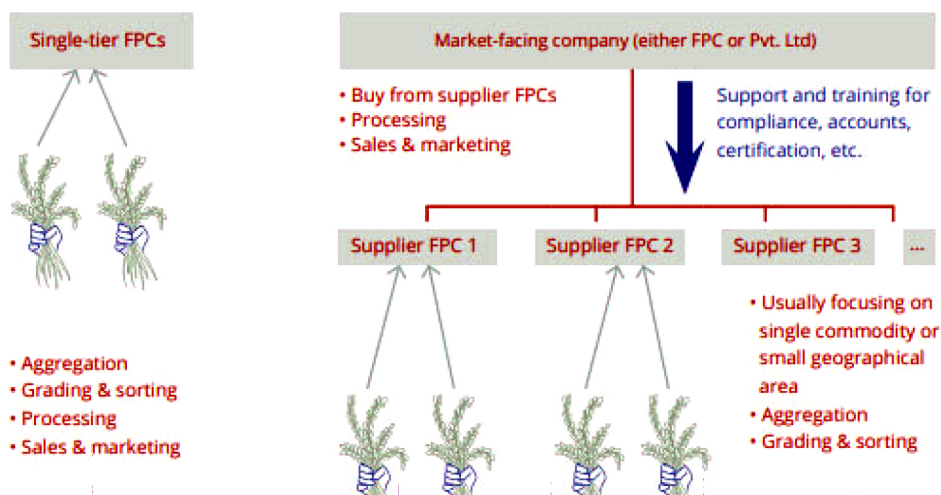
Table 1

Specifics	Value
Number of contiguous micro-watershed	1-2 contiguous micro-watershed
Approximate productive land	4000 Ha
Approximate contiguous Gram Panchayat	1-2 contiguous Gram panchayats
Approximate Number of farmers to be covered	700-1000
Average Cost of managing such FPOs	2 lakh per month to 24 Lakh/ year
Total value of the produce of the farmers/non-farmers handled by the Producer Organization	INR 2.5 crores
Maximum marketing activity range for such FPO	200 KM

SINGLE TIER FPO MODEL

In a single-tier model, one FPC handles the entire range of business activities from procurement to marketing. This model is particularly common in the dairy sector, where dairy FPCs do everything from procurement of raw milk to chilling, pasteurization and production of value-added products and marketing of these products.

Figure 5.1 Illustrative diagram comparing the distribution of business activities in single-tier and two-tier operating models



1 <https://www.nabard.org/demo/auth/writereaddata/File/FARMER%20PRODUCER%20ORGANISATIONS.pdf>

Convincing many small producers to join an FPC takes multiple procurement cycles which happens faster in dairy as the procurement happens daily, but much slower in cultivation because typically procurement happens once a year. Therefore, it is possible to find more than 10,000 shareholders in dairy PCs but only about 1000 shareholders even in many large cultivator FPCs.

TWO TIERED FPO MODEL - MARKET FACING COMPANY (MFC)

While most PCs work as stand-alone entities, some operate as part of a tiered structure comprising multiple PCs with differentiated activities and responsibilities. Multiple producer companies are organized in a two-tier structure at the block or district level. This federation of FPCs, is also called a market facing company. The market-facing company can be registered as a private limited company.

Most FPCs have an average of 200-500 producers as shareholders. It should be ensured that, supplier PCs and individual farmers own significant shares and have strong representation on the board of MFC to ensure alignment with producers' interests.

FUNCTIONS OF FPO: KEY SERVICES

An FPO can provide end-to-end services to its members, covering all aspects of cultivation, from inputs and technical services to processing and marketing.

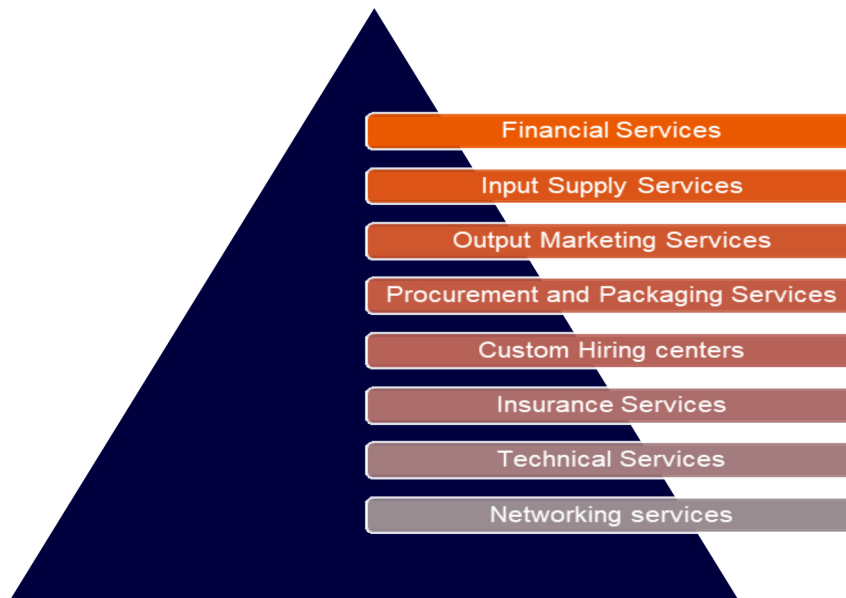
FPO can facilitate linkages between farmers, processors, traders, and retailers to coordinate supply and demand and to access key business development services such as market information, input supplies, and transport services. Based on the emerging needs, an FPO can keep on adding new services from time to time.

In order to increase incomes of member-shareholders or reduce costs or risks, many PCs undertake additional activities. FPOs can also become licensed agents of agricultural input manufacturers or crop insurance companies; a few have acquired licenses for setting up diesel/ petrol bunks to supply fuel for farm machinery for members and non-members.

A few FPCs and their promoters are going beyond business activities and engaging in advocacy, education and knowledge creation. For example, one FPC in Odisha is procuring medicinal herbs from adivasi members and is working with government bodies for obtaining intellectual property protection for indigenous herbs.

[Farmer Producer Companies.pdf \(azimpremjifoundation.org\)](#)

The set of services offered by an FPO can include Financial, Business and Welfare services. An indicative list of services that can be provided by an FPO includes:



- » **Financial Services:** An FPO can provide loans for crops, purchase of tractors, pump sets, construction of wells, laying of pipelines.
- » **Input Supply Services:** An FPO can provide low cost and quality inputsfertilizers, pesticides, seeds, sprayers, pump sets, accessories, pipelines to member farmers. FPOs buy essential inputs such as seed, fertilizer, pesticide in bulk and sells through its retail outlet. To its member farmers, the FPC sells at a price below than the market price to reduce their cost of inputs.
- » **Procurement and Packaging Services:** FPO can procure produce from its member farmers. It can also offer services such as, storage, value addition and packaging of produce.
- » **Output Marketing Services:** FPOscan do direct marketing after procurement of the produce. Procurement of the produce from farmers and selling it to big traders and companies for realizing better prices has its own set of challenges and opportunities. Many FPOs have succeeded in creating market linkages for their produce, by tying up with major retailers for selling their produce and have succeeded in getting remunerative prices. Many of the FPOs in Odisha, with assistance from State Government, have established retail outlets for marketing their produce. Some of the FPOs have expanded their range of services by taking up value addition, processing and branding of their produce to save in terms of time, transaction costs, weighment losses, distress sales, price fluctuations, transportation, quality maintenance etc.
- » **Custom Hiring Centers (CHC):** Custom Hiring Centre (CHC) is a unit comprising a set of farm machinery, implements and equipment meant for custom hiring by farmers. The main objective of CHC is to supply of farm implements to small, marginal and poor farmers at

subsidized rates on hire. To address the ever-increasing cost of farming by small and marginal farmers, FPOs can establish CHCs, many FPOs in the state have done so with assistance from Central/ State Schemes.

- » **Insurance Services:** An FPO can also offer insurance services to its farmer members, such as Crop Insurance, Electric Motors Insurance and Life Insurance.
- » **Technical Services:** FPOs can promote best practices of farming, maintain marketing information system, diversifying and raising levels of knowledge and skills in agricultural production and post-harvest processing that adds value to products. FPOs can act as a source of dissemination of information for its members.
- » **Networking Services:** FPOs can make channels of information (e.g. about product specifications, market prices) and other business services accessible to rural producers; facilitating linkages with financial institutions, building linkages of producers, processors, traders and consumers, facilitating linkages with government programmes.

Tax Benefits to FPOs:

The Indian Income Tax Act, 1961 (“the IT Act”) specifically exempts tax on agricultural income under section 10(1).

However, the exemption for such agricultural income shall sometimes vary depending upon the kind of agricultural activity carried on.

For instance, if green tea leaves are grown and sold directly without any further processing, the income derived from the activity is considered as agricultural income under the IT Act and such income is 100% tax free, but if the green tea leaves are processed to manufacture tea powder, only 60% of the income derived from the activity is considered as agricultural income and the tax exemption can be availed only on the said 60% of such income.

FARMER PRODUCER COMPANY VS COOPERATIVE SOCIETY

Key differences between a Producer Cooperative and a Producer Company

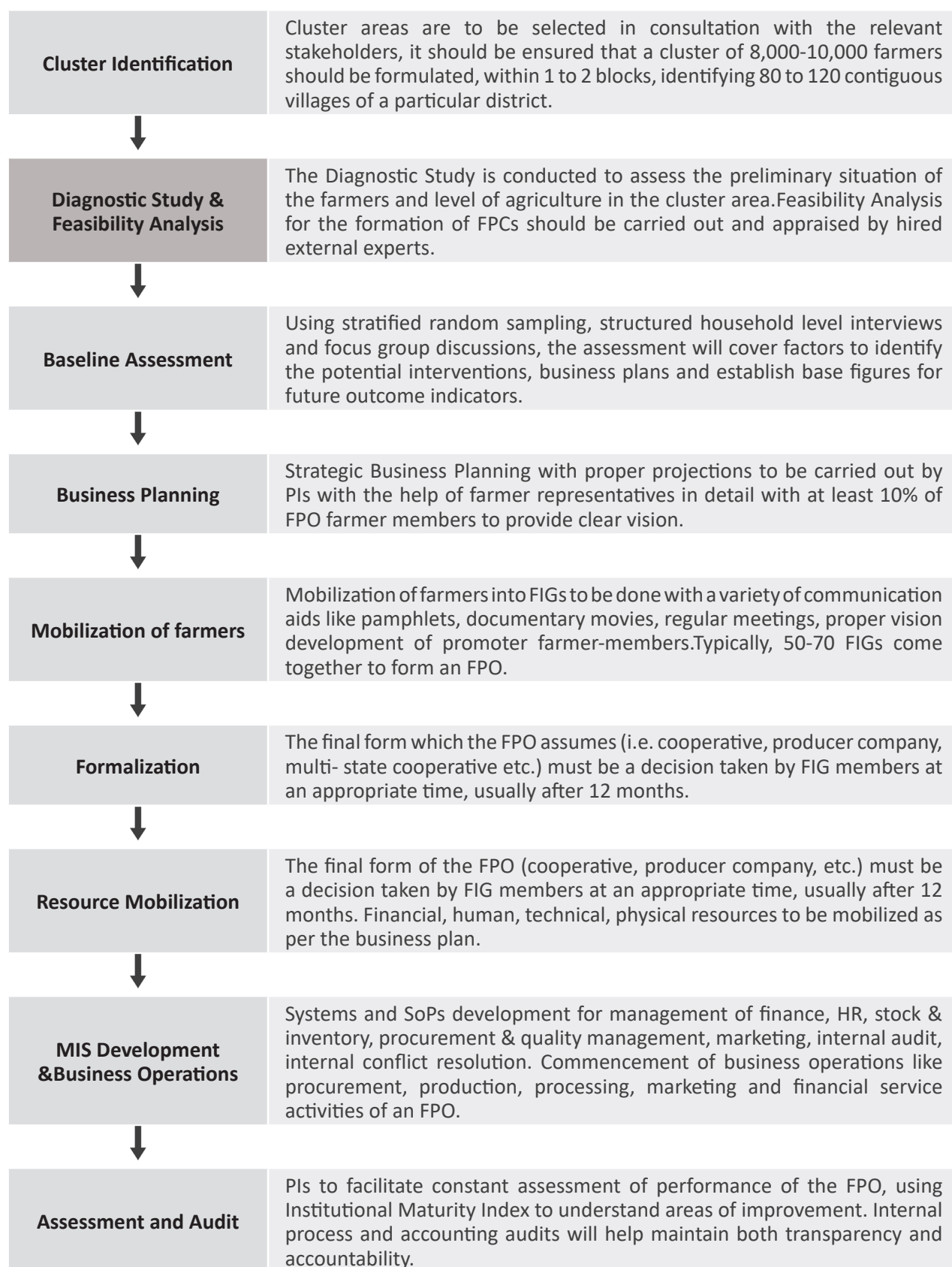
Features	Producer Cooperatives	Producer Companies
Registration	Cooperative Societies Act of 1959	Companies Act 1956
Area of operation	Restricted, discretionary such as one hobli, taluk, district etc. within the state	Entire union of India
Membership	Open only to individuals and other cooperatives and societies can become members	Any individual producer, groups, association related to producer of goods or services can become members
Relationship with other corporate / business houses / NGOs	Transaction based	Producers and corporate entity can together float a producer company

[Custom Hiring Centre \(2017-18\)_KVK_Senapati_Manipur \(English\).pdf \(nicra-icar.in\)](#)

Features	Producer Cooperatives	Producer Companies
Shares	Not tradable and transferable	Not tradable but transferable limited to members at par value
Voting Rights	One person, one vote, but Government and RCS holds veto powers	One person one vote. Those not having transactions with company can't vote
Reserves	Created if there are profits	Mandatory to create every year
Role of Registering authority	Significant	Minimal
Administrative control	Overbearing control by the cooperative department, highly patronized to the extent of interference	Controlled by the Board themselves Minimal control by the registrar of companies limited to statutory requirements
Borrowing Power	Restricted as per bye-laws	Borrowing power fixed by special resolution in the general meeting. companies have more freedom to raise borrowing power
Dispute Settlement	Through Cooperative mechanism	By Arbitration

- » A Farmer Producer Company is a hybrid between a Private Limited Company and a Cooperative Society, thus enjoys the benefits of professional management of a Private Limited Company as well as mutual benefits derived from a Cooperative Society.
- » Ownership and membership of a Producer Company is held only by “primary producers” or “Producer Institution/s” and member’s equity cannot be traded. Hence, nobody can take over the company or deprive the primary producers of their organisation.
- » The clauses of Private Limited Company shall be applicable to the producer companies except the clauses specified in Producer Company Act from 581-A to 581-ZL which make it different from a normal private or limited company, enabling a professional framework for a Producer Company.
- » The liability of the members is limited to the unpaid amount of the shares held by them. Hence, the private assets of the members are safe from company losses.
- » The minimum paid-up Capital being Rs. 1 Lakh and minimum authorized capital being Rs.5 lakh for a FPC, it easy to mobilize the small amount.
- » Minimum number of producers required to form a FPC is 10 while there is no limit for maximum number of members and the membership can be increased as per feasibility and need. This helps even 10 individuals start a Producer Company which is easy.
- » There cannot be any government or private equity stake in the Producer Companies, which implies that FPC cannot become a public or deemed public limited company. Hence, any Government or other corporate threat is non-existent in professional functioning of the company.
- » The area of operation for a FPC is the entire country giving flexibility to expand and do business in a free and professional manner.

PROCESS OF FPO FORMATION



SELECTION OF CLUSTERS

Selection of produce cluster area, where the FPO will be formed is a very critical step in FPO formation. A baseline survey of the area must be conducted capturing essential details to determine the feasibility of formation FPO in the selected cluster.

The baseline survey must study the following parameters:

- » **Demography:** number of villages, Gram Panchayats, number of educated people, average age group, average landholding size, number of Small & Marginal farmers, number of Medium & large farmers and per capita income of males and female.
- » **Farming:** Total sown area of the selected area, total fallow area, total irrigated area, sources of irrigation in Kharif and Rabi, total number of agri-input shops (wholesale and retail).
- » **Cropping Pattern:** Major crops grown in Kharif and Rabi, percentage area under these crops, crop varieties, production level, yield, cost of production, maximum selling price and average selling price of the crops.
- » **Marketable Surplus Estimation:** It must also be noted that having an idea of the produce available for selling in the area is an important parameter for selection of crops of the FPO. Marketable surplus refers to the quantity of produce available for selling after factoring in the requirement of the producer and crop wastage from the total harvest.

$$\text{Marketable Surplus (MT)} = \text{Total Production (MT)} - (\text{Own consumption (MT)} + \text{Produce reserved as seed (MT)} + \text{Produce reserved as feed (MT)} + \text{Wages in kind (MT)}) - \text{Crop Wastage (MT)}$$
- » **Infrastructure:** Accessible roads, availability of electricity in rural area, internet in rural area, mode of transportation, availability of storage structures in the block, capacity and rate of storage structure, availability of nearby cluster, distance from nearby APMC and markets.
- » **Demand Estimation:** Sufficient demand in the existing market to absorb the additional production without significantly affecting the prices

A template for baseline study for selection of clusters is attached as Annexure 1.1

Aggregating producers into collectives is one of the best mechanisms to improve access of small producers to investment, technology and market. The agency facilitating formation of FPO, should however keep the following factors in view :

- » Types of small-scale producers in the target area, volume of production, socio-economic status, marketing arrangement.
- » **Willingness of producers to invest and adopt new technology,** if identified, to increase productivity or quality of produce

[FARMER PRODUCER ORGANISATIONS.pdf \(nabard.org\)](http://nabard.org)

- » **Challenges in the market chain and market environment**
- » **Vulnerability of the market** to shocks, trends and seasonality
- » **Previous experience of collective action** (of any kind) in the community
- » **Key commodities**, processed products or semi-finished goods demanded by major retailers or processing companies in the surrounding areas/districts
- » **Support from Government Departments, NGOs**, specialist support agencies and private companies for enterprise development
- » **Incentives for members** (also disincentives) for joining the Farmer Producer Organization (FPO)

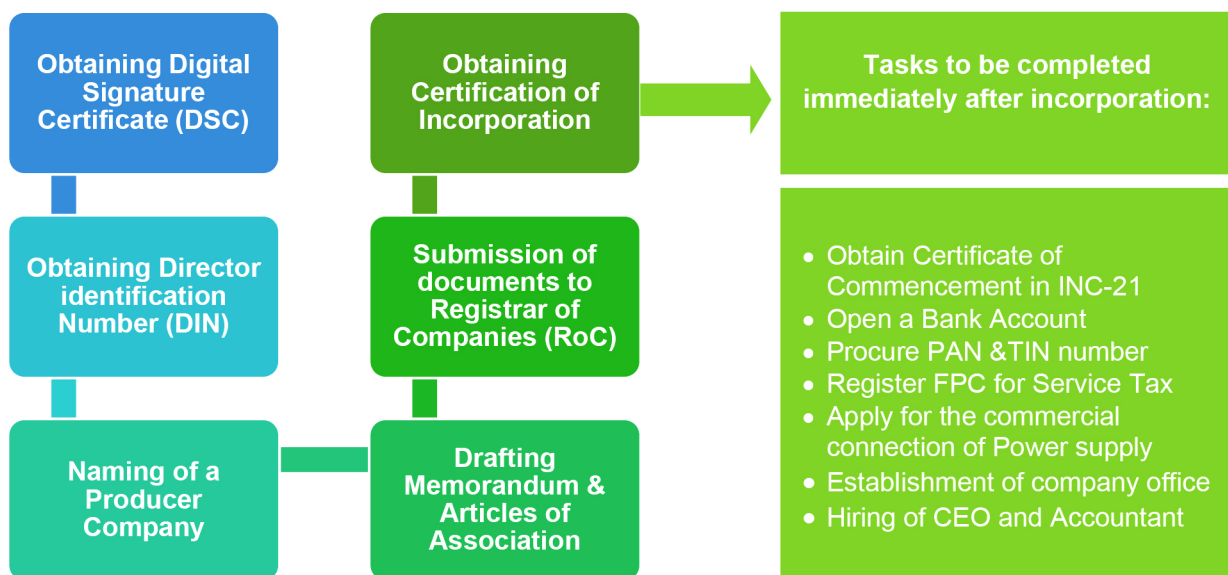
REGISTRATION OF FPO

Registration of Farmer Producer Company

Mandatory Requirements for registration

- » **Membership:** A minimum of 10 members are required for registration. There is no restriction on the maximum number of members.
- » **Authorized Capital:** A minimum of INR 5 lakhs
- » **Paid Up Capital:** A minimum of INR 1 lakh

PROCESS FLOW



STEP 1: DIGITAL SIGNATURE CERTIFICATE (DSC):

- » The Information Technology Act, 2000 has the provision of use of Digital Signatures on the documents in order to ensure the security and authenticity of the documents filed electronically.
- » **It is now mandatory to have Digital Signature of minimum one Director or Chairman** prior to enter the formal registration process.
- » The prescribed application form for DSC is available at the website of Ministry of Corporate Affairs (www.mca.gov.in).
- » List of documents required for obtaining a DSC are:
 - Self-attested PAN card of Director
 - Self-attested proof of address of Director
 - Self-attested color photo of Director
- » The DSCs are typically issued with 1–2 year validity.
- » These are renewable on expiry of the period of initial issue. The official fee for issuance of DSC is Rs 1800/-. In addition, the Certification Agency charges a service fee which vary from agency to agency.

STEP 2: DIRECTOR IDENTIFICATION NUMBER (DIN):

- » The DIN number can be obtained online only from the company affairs cell at Noida, UP without any fees by providing identification proof number (Only PAN Card, Voter Identity card, passport or driving license number is accepted).
- » The prescribed form is available on the website of Ministry of Corporate Affairs and the application can be done online.
- » The list of documents required for obtaining the DIN are:
 - Self-attested PAN card of Director
 - Self-attested proof of address of Director
 - Affidavit
 - Self-attested color photo of Director
 - E-mail ID of Director
 - Mobile No. of Director
 - Educational Qualification of Director
 - Current Occupation of Director

STEP 3: NAMING OF A PRODUCER COMPANY:

- » A Producer Company should be named using the following suffix “.....**Producer Company Limited**” appropriately indicating its status of producer company.
- » The word “private” is not used in the name and the absence of which does not indicate that the company is a “public”.
- » At least one suitable name up to a maximum of five names must be selected in order of preference indicative of the main objects of the company.
- » It must be ensured that the name does not resemble the name of any other already registered company and also does not violate the provisions of emblems and names (Prevention of Improper Use Act, 1950) by availing the services of checking name availability on the portal(<http://www.mca.gov.in>).
- » Apply to the concerned Registrar of Companies (RoC) to ascertain the availability of name in e-Form 1(A)7 by logging in to the portal (<http://www.mca.gov.in>).
- » A fee of INR 500/- has to be paid alongside and the digital signature of the applicant proposing the company has to be attached in the form.
- » If all the proposed five names are not available, the applicant will be intimated by RoC and subsequently the applicant has to apply for a Fresh name on the same application.
- » Moreover, there is further scope of changing the PC’s name, if required. However it is not easy to do it frequently. As per the company Act 1956 section 21, an application to RoC with a supporting of a resolutions passed by 2/3 majority of BoD and 1/3 of General Body and fees of INR 500 is required to be submitted along with new proposed name and 4 other alternatives in order of preference.

STEP 4: MEMORANDUM & ARTICLES OF ASSOCIATION (MOA & AOA):

- » After ascertaining the name of the producer company, a memorandum and articles of association have to be prepared.
- » MoA & AoA should be printed and duly stamped.
- » MoA should be subscribed/signed by the requisite number of subscribers/ promoters, in his/her own hand, his/her father’s name, occupation, address and the number of shares subscribed for.
- » It must be ensured that the MoA is dated on a date after the date of stamping.

STEP 5: DOCUMENTS TO BE SUBMITTED TO THE ROC FOR THE INCORPORATION OF PRODUCER COMPANY:

- » File the following documents along with the fees payable with the RoC of the state, where the Registered Office of the company is to be situated
 - Copy of the letter of Registrar of Companies confirming the availability of name for formation of the company should be made
 - Memorandum and Articles of Association duly stamped and signed
 - Form 18 regarding situation (full address) of Registered Office
 - Form 32 (in duplicate) regarding particulars of directors
 - Form 1 (on a stamp paper) declaring compliance of all and incidental matters regarding formation of companies
 - Form 29 – consent of the director
 - An affidavit has to be submitted by subscribers, if the Memorandum of Association is submitted in Hindi by subscribers claiming the understanding of same.
 - Power of Attorney.

Please note that all the information and forms are available on the website of MCA (<http://www.mca.gov.in>) and that the forms can be directly accessed and filled in on-line.

STEP 6: CERTIFICATE OF INCORPORATION (COI):

- » The RoC, on being satisfied that all the documents for the incorporation of a company is submitted, is obliged to register the MOA, AoA, and other documents, if any, and issue a 'certificate of incorporation' within 30 days, which is a conclusive proof of its formation in terms of Part IX A. [Section 581C (2)].
- » The incorporation of Producer Company is effective from the date mentioned in the certificate of registration granted by the Registrar of Company.
- » On incorporation, a company becomes a juristic person, i.e. a person in the eyes of law. It has perpetual succession i.e. its members may come and go but the company goes on till it is wound up by following the process of law.
- » It has a common seal, which is affixed on all the documents executed on behalf of the company in the presence of a director and be signed by the authorized signatory or signatories.
- » It is empowered to hold all properties in its own name and has its own right. It can sue others and can be sued by other and enter into contracts in its own name.

POWER OF ATTORNEY:

- » All the work required to incorporate the Producer Company can be done either by the BoD or alternatively, the General Body can authorize anyone of them or any other person to follow the matter with the RoC (in most cases the service of a Chartered Accounting firm or Company Secretary is acquired for the purpose).
- » In the latter case, they have to execute a power of attorney in favor of the person, who is authorized to act on their behalf.
- » A power of attorney form duly stamped and executed by all the subscribers of directors have to be submitted to the RoC. A power of attorney holder is, specifically, authorized to make corrections, as may be necessary in the MOA, AoA and all other documents filed with the RoC and to attest the same on their behalf and to receive the Certificate of Incorporation

STEP 7: TASKS TO BE COMPLETED IMMEDIATELY AFTER INCORPORATION OF THE PC

- » Obtain Certificate of Commencement in INC-21
- » Open a Bank Account with minimum two officially nominated signatories in the name of the Company.
- » Procure PAN number from the Income Tax and TIN number from the Commercial Tax Department to carry out business.
- » The company has to register itself for Service Tax from Commercial Tax Department and VAT from Excise department.
- » Apply for the commercial connection of Power supply to related agency/board for the office of the PC.
- » Establishment of company office means arrangement of furniture and fixture along with a visible signage board.
- » Hiring of Chief Executive Officer (CEO)/Managing Director (MD), Accountant, other staff as required.

Timeline of registration

The entire process of registration of the company can take up to XX days.

Cost of Registration of Producer Company

TABLE 2: ESTIMATED COST FOR INCORPORATION OF A PRODUCER COMPANY		
Particular	Heads	Amount (₹)
Application for name of PC	Fees	500.00
Digital Signature	Fees	2,600.00
Stamp duty	Memorandum of Association (MoA)	500.00
	Article of Association(AoA)	1,000.00
Registration/filing fees	MoA	16,000.00
	AoA	300.00
	Form-1	300.00
	Form-18	300.00
	Form-32	300.00
Fees of CA/CS17 firm*	Consultancy fees	10,000.00
Stamps cancellation	Charge	300.00
Affidavit expenses	Fees of Notary	450.00
Share transfer fees & processing charge		5,000.00
Total		37,550.00

Source: ASA

* Note: Fees for CA and CS is driven by market rates.

Table 2 below provides an estimated cost required for the incorporation of a producer company with minimum mandatory authorized capital of INR 5 lacs.

Applicant Registration
on Sakhyam Portal



Filling and submitting
mandatory details



Application approval
and Payment process

REGISTRATION OF COOPERATIVE SOCIETIES - SOCIETY REGISTRATION (igrodisha.gov.in)

An FPO can be registered as a cooperative society under the following acts:

- » Odisha Cooperative Societies Act, 1962
- » Multi-State Cooperative Society Act, 2002 (Central Act)

Registration of Cooperative Society:

Registration of Cooperative Society under Odisha Cooperative Society Act, 1962

Mandatory requirements for registration under Odisha Cooperative Society Act, 1962

- » The application for registration of a Primary Society shall be made consisting of not less than 51 individuals except in case of a society the object of which is housing where such minimum number shall be 15, so however that, in either case, such minimum no. of individuals shall include 3 members from SC including one Woman, 3 from S.T. including one Woman, 4 from OBC including one Woman and 5 from other categories of members including 2 Women.

- » In the application for registration of a Central Society, the number of societies joining in the application shall not be less than 5.
- » In the application for registration of an Apex Society, the number of societies joining in the application shall not be less than 10.
- » Persons joining in the application for registration shall belong to the area of operation of the proposed society as defined in its Bye-laws.
- » The application shall be signed by the applicants and shall be attested by at least two witnesses of whom one shall be the Organizer of the proposed society. The Bye-laws of the proposed society shall be signed by the applicants in as signed in the application.

Process flow

Detailed Society Registration Manual can be found on the Sakhyam portal: (<https://sakhyam.odisha.gov.in/ORCS/assets/documents/Society.pdf>)

The application shall be accompanied by:

- » Undertaking by the applicants that they are not disqualified/ ineligible under the provisions of OCS Act and Rules to become / continue as member.
- » Certificate by the Organizer that no individual joining in the application is a near relative

of another (Proviso to Section 6 (2) read with Section 2 (f-1) belongs to different families [Section 2(d-3)].

- » Certificate by the Organizer that the applicants are residing in the area of operation of the proposed society.
- » A list of people who have contributed to the share capital together with amount contributed by them and the entrance fee paid by them supported by a certificate of the Banker.
- » A scheme showing in detail explaining how the working of the society will be economically sound.
- » Resolution of the society to the effect of selecting organizer.
- » Adopting Bye-laws.
- » Selecting Members (Directors) and President of the Preliminary Committee required to the constituted U/s. 28 (1-c).
- » Copy of Identity Proof and address proof of the applicants (Aadhaar Card/ Voter Identity Card/ Pan Card / Driving License/ Xerox copy of Bank Passbook / Electric bill / rent agreement copy).
- » Any other document/ information as may be required.

The registration of Society can be done online via the Sakhyam Portal

Step 1: Applicant registration on Sakhyam portal

The Application for registration of Cooperative Society can be initiated by making an account online on Sakhyam portal of Registrar of Cooperative Societies. (<https://sakhyam.odisha.gov.in/ORCS/index.html#/society/info>).

Step 2: Filling and Submitting mandatory details

- » After successfully making an account on the portal, the applicant must provide the mandatory details, such as area of operation, membership details, Infrastructure details, Share Capital Details and other details.
- » After saving the details, the applicant must submit the same, post which an **acknowledgment number** will generated.

Acknowledgment number can be used to track the status of application for registration.

Step 3: Application approval and Payment process

- » After registration the application will pass on to Respective Approval Authority as per area of operation.
- » Then the Respective approval Authority will take the action that mean the office will approve/Reject the application.

- » The applicant will receive communication for approval or rejection of the application.
- » If the Application is rejected, then the user can apply again.
- » If the application is approved, the applicant will complete the payment process.

Cost of Registration of Cooperative Society

The cost of registration depends on the authorized share capital of the Cooperative Society, the tentative cost of registration lies between INR 10,000 to INR 15,000.

Timeline of Registration

If the application is fully compliant, the registration process is completed between 1 to 3 months.

COMPLIANCES FOR FPCS

Reserves

Every producer company has to maintain a general reserve in every financial year and in case there are not sufficient funds in any year for such transfer, the shortfall has to be made up by members' contribution in proportion to their patronage in the business.

***Patronage** is defined as the use of services offered by producer companies to their members by participation in their business activities.*

Annual Filing

Electronic filing has been made mandatory to all type of companies and physical documents are not permissible for filing. As a part of Annual Filing companies incorporated under the Companies Act, 1956 are required to file the following documents along with e-Forms to the Registrar of Companies.

S.No.	Document	e-Form
1	Balance Sheet	Form 23AC to be filled by all companies
2	Profit & Loss Account	Form 23AC to be filled by all companies
3	Annual Return	Form 20B to be filled by all companies having share capital
4	Annual return	Form 21A to be filled by companies without share capital
5	Compliance Certificate	Form 66 to be filled by companies with paid up capital between Rs. 10 Lakhs to Rs. 2 crores

Appointment of Company Secretary

- » Every Producer Company, having average annual turnover exceeding Rs. 5.00 crores in each of three consecutive financial years shall have a full time Company Secretary.
- » Penalty for not appointing: Company and every officer who is in default, shall be punishable with fine a maximum fine of Rs. 500/- for every day during which the default continues

List of Registers to be maintained

FPO needs to maintain certain statutory registers which are critical for maintaining compliance records. The list of documents as prescribed under companies Act 2013 areas below:

- i. Register of charges
- ii. Register of members
- iii. Register of Directors and their shareholding
- iv. Copies of annual returns
- v. Minute books of Board Meetings & meetings of committee of the Board
- vi. Minute books of general body meetings
- vii. Register of dividend declared and remaining unpaid
- viii. Proper books of accounts
- ix. Register of Loans and investments made by the Company

FPO LICENSES AND PERMITS

A FPO can be involved in various type of agriculture, allied and production/ produce related businesses. Apart from the compliance requirement FPO needs various type of licenses and permits to run businesses. The type of license required totally depends on the nature of business. Major business type with required licenses and source/issuing authority is summarized as below:

- i. **Input Business for seeds:** Input business for seeds requires seed production and seed selling license other than this seed certification licenses is also required. These licenses are issued by Agriculture department and state seed certification agency
- ii. **Input shop:** fertilizer, pesticide dealership license, shop and establishments. Issuing agencies are Agriculture Department, Shops and Establishments Act, Labour Department.
- iii. **Procurement, storage and selling:** Agricultural Produce Market Committee (APMC) license is required which is issued by APMC, Department of Agricultural Marketing
- iv. **Quality certification:** Agricultural Marketing (AGMARK) certification is needed, it is issued by Directorate of Marketing and Inspection, Ministry of Agriculture and Farmers Welfare, GoI.
- v. **Storage and warehousing:** Warehouse compliances; Food Grain License issued by Warehousing Development and Regulatory Authority, State Warehousing Corporation; Civil Supplies Corporation
- vi. **Selling/ Trading; Weights& Measures license** is needed, it is issued by Civil Supplies Corporation
- vii. **Processing:** Food Safety and Standards Authority of India (FSSAI) certification is needed which is issued by, Ministry of Health & Family Welfare, GoI. The FSSAI has enacted

regulations in 2011 covering licensing, food product standards, packaging, and labelling and food additives. The details of these regulations may be accessed from their website www.fssai.gov.in. Some of these regulations are listed below:

- a. FSS (Licensing and Registration of Food Business) Regulation, 2011
 - b. FSS (Packaging and Labelling) Regulation, 2011
 - c. FSS (Food Product Standards and Food Additives) Regulation, 2011
 - d. FSS (Contaminants, Toxins and Residues) Regulation, 2011
 - e. FSS (Prohibition and Restriction on Sales) Regulation, 2011
- viii. Polluting industry, Factory, Micro Small Medium Enterprises (MSME): Pollution Control; Factory license; MSME certificate issued by Industries Department (District Manager, District Industrial Centre). Other than this Water permit issued by Gram Panchayat, Electricity permit issued by Electricity department, Fire station permit issued by Fire station
- ix. Tax on goods/ services transacted: Goods & Services Tax (GST) as issued by Central Board of Indirect Taxes and Customs, Ministry of Finance, GoI
- x. Income Tax: Permanent Account Number (PAN); Tax Deduction and Collection Account Number (TAN) as issued by Income Tax Department
- xi. Production of Organic products: Participatory Guarantee System (PGS); Third party certification is needed. This is issued by Authorized agencies under Ministry of Agriculture and Farmers Welfare, GoI.

STATUTORY COMPLIANCE MATRIX

Compliances	Particulars	Timelines															
		APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR				
Board meeting	Minimum 4 in a year (one in a quarter)																
Statutory audit	For every financial year																
Special audit	When registrar approach																
Annual General Meeting (AGM)	Once in a year before six months after the close of the financial year																
Election of Board members	One third every year																
Annual returns with RoC	Within 30 days of AGM																
General reserve	Once in a year																
Auditor appointment	By the AGM																
GST returns filing	12 (Once in a month)																
Extraordinary General Meeting (EGM)	As and when required																
Maintenance of statutory registers	All the times																

FPO PENALTIES

- » FPO as an organization and individual member/ board person are directed by law for following some processes in a prescribed lawful order, failing which the FPO, FPO member.
- » Board of director is deemed to face penalties. These failures are offences in the act of the company law and are liable to various level of penalties. List of offences and corresponding penalties are as below:

S. No.	Offence and its nature	Liabe penalties
1	Any member acquires business interest in conflict with the business of the producer company	Ceases to be a member and shall be removed as per Articles
2	Any director votes, approves or acts in contravention of the provisions of this Act or any other Law	Director/s should make good the loss, damage or profit to the company, on account of such voting or action
3	Failure by a director to furnish information relating to the affairs of the Company to a member or authorized person	Fine up to 5% of the turnover of the company in the preceding year
4	Failure to hand over the custody of books of account, documents or property to the producer company	Punishable with fine up to Rs.1 lakh and additional Rs. 10,000/- for each day of continuing default
5	Failure to convene AGM or General meetings	Punishable with fine up to Rs.1 lakh and additional Rs. 10,000/- for each day of continuing default
6	Producer Company's Failure to commence business within one year of its incorporation	Striking off of the name of the company by the ROC after making inquiry into the facts and giving directors a reasonable opportunity of being heard
7	Producer Company ceases to transact business with the members	Striking off of the name of the company by the ROC after making inquiry into the facts and giving directors a reasonable opportunity of being heard
8	Producer Company is not carrying on the objects specified under the act	Striking off of the name of the company by the ROC after making inquiry into the facts and giving directors a reasonable opportunity of being heard
9	Producer Company is not maintaining any of the MutualAssistance Principles	Striking off of the name of the company by the ROC after making inquiry into the facts and giving directors a reasonable opportunity of being heard

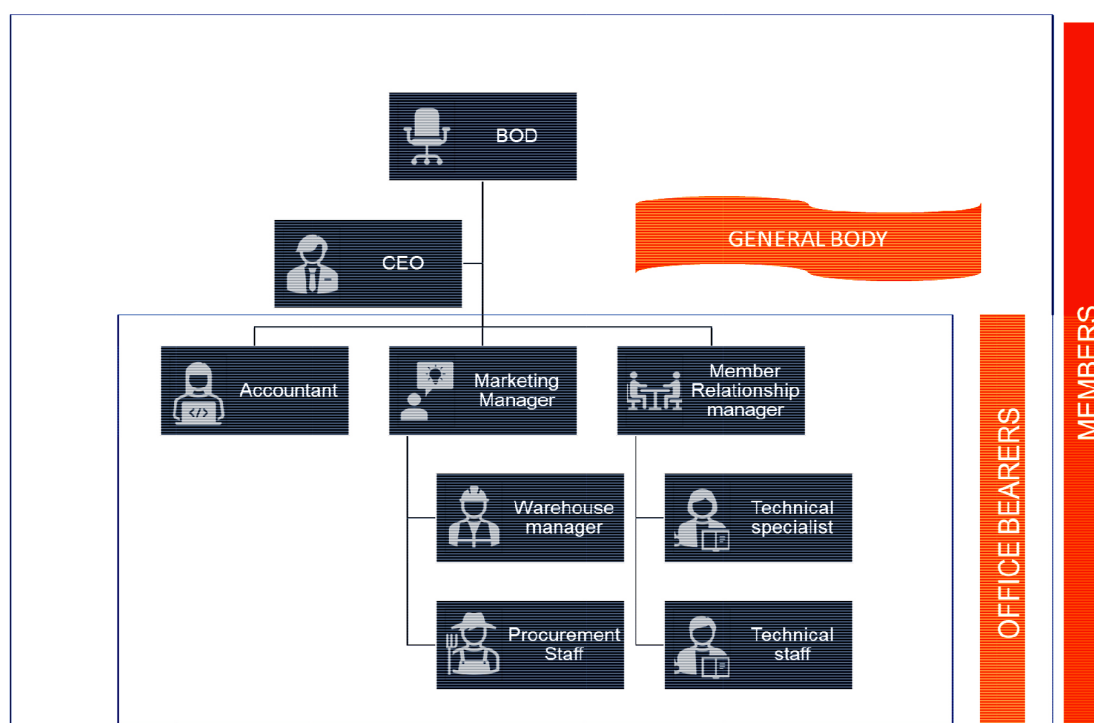
- » The details of compliances and penalties may change from time to time based on Companies Act Rules. Thus, it is the responsibility of the BoD members to take services of a registered Company Secretary to ensure all compliances from time to time.

GOVERNANCE OF FPOs

The administration or governance of a FPO forms the most important aspect in successful management of an FPO. Governance is done by various actors in the company such as the shareholders or the members, board of directors and the executive staff of the company or the office bearers.



Organogram of FPO



Members

- » A member of the FPO is defined as a person or producer institution, whether incorporated or not, admitted as a member of an FPO and who retains qualifications necessary for continuance.
- » Membership is voluntary and is available to all eligible members (criteria of membership is defined in the Articles of Association of a company) who can avail the services and facilities of the FPO.
- » When the shares in a Company can be held in more than one name such membership is called as 'Joint Membership'.

- » Under the Companies Act, there is no ceiling on the number of persons holding shares jointly.
- » A producer can obtain membership in more than one FPO, provided the FPOs deal in different commodities/ businesses and the producer family is involved in production of the respective commodities

Ways of acquiring membership

- i. **Subscription to the Memorandum of Association (MoA):** A person who subscribes to the MoA of the proposed FPO becomes the member ipso facto on the incorporation of the company, in respect of the shares subscribed by him/her and remains a member until he/she accepts a surrender of the shares for valid reasons to do so by the AoA or the subscriber himself transfers shares to somebody else.
- ii. **Agreeing in writing:** Two essential conditions to become a member of a Company other than by subscribing to its MoA, they are an agreement in writing to become a member.
- iii. **Transfer of shares:** The membership of the FPO maybe acquired from an existing member by the purchase of all or any of the shares of the company. A transfer deed shall be duly executed by both transferor and the transferee together with the share certificate has to be submitted to the company. However, the membership will be granted to the transferee only after the transferor gives in writing a prescribed form, and when the transfers registered in the books of the company.
- iv. **Transmission of shares:** A person can become a shareholder of the company in consequence or by reason of the death or bankruptcy of a member or any other event constituting transmission. However, the membership will be granted to the person only when he/she applies in writing, requesting the company to make him/her a member and the company puts his/her name on the register of the members.

Rights of members

- i. To transfer his/her shares
- ii. To vote on resolutions at meetings of the FPO. Each active member to have a minimum of one vote and newly admitted members shall have no voting rights for at least 6 months (or as long as specified by the Board of the FPO)
- iii. To propose a requisition for an extraordinary general meeting of the company
- iv. To receive notice of, attend and participate in the general body meeting
- v. To request the company to circulate its resolutions*
- vi. To elect Directors and to participate in the management of the Company through them*
- vii. To apply to the Company Law Board for relief in case of oppression*

- viii. To apply to the Company Law Board for relief in case of mismanagement or to apply to the court for winding up of Company
- ix. To enjoy profits of the company, share in the surplus on winding up and have a share certificate issued to him/her in respect of his/her shares.
- x. (*It can be exercised by members who possess the requisite minimum number of shares holding. Otherwise, they can be exercised jointly with the number of stakeholders)

General Body

The General Body is the supreme authority and has important powers vested in it by the law. The powers of the general body include:

- i. Approving the annual budget of the company
- ii. Adopting the annual accounts of the company
- iii. Approving the quantum of withheld price
- iv. Approving the patronage bonus
- v. Authorizing the issue of bonus shares to the members
- vi. Appointing an auditor for auditing of the annual accounts of the company
- vii. Declaring the dividend and deciding on the distribution of patronage
- viii. Effecting the amendments to the Memorandum of Association and Articles
- ix. Specifying the conditions and limits of loans that may be given by the Board to any Director
- x. Approving any other matters that are specifically reserved in the Articles for decision by the Members

Board of Directors (BoD)

The board of Directors is an important executive body of the company. Every company should have a Board of Directors. ***The number of directors should not be less than five and more than fifteen in number.***

The members who sign the MoA and AoA may designate therein the first ‘Board of Directors’ who shall govern all affairs of the FPC until the directors are formally elected by the members in the general body meeting. Each director is elected by the members in the general meeting for a period of not less than one year and not more than 5 years. The Board of Directors, except CEO and Expert Directors are subject to retirement by rotation.

Election of the Directors

- » The election of directors shall be conducted within a period of ninety days of the registration of the Producer Company.
- » “Inter-State co-operative society incorporated as Producer Company can avail privileges of 365 days had been substituted instead of 90 days as provided to other companies”

<p>Expert Director:</p> <ul style="list-style-type: none"> • Any person who is having expert knowledge in running the Producer Company can be co-opted by the Board as an expert director. • Expert directors will not have right to vote in the election of Chairman. • Expert directors should not exceed one fifth of the total number of directors. • Expert director can become a Chairman. 	<p>Alternate Director:</p> <ul style="list-style-type: none"> • If a regular director is out of the State in which the meetings are held, for a period of 3 months or more, a person can be appointed as director in his place as an alternate director. • The tenure of the alternate director must be not less than 3 months. • The moment the original director returns, the alternate Director ceases to be the Director
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Roles and Responsibilities of BoD

The Board of Directors has the authority and is responsible for formulating, supervising and monitoring of the performance of the FPO in respect of the following matters

- i. Determination of the quantum of dividend payable to the members
- ii. Determination of the quantum of withheld price and recommended patronage to be approved at the general body meeting.
- iii. Admission of new members to the FPO
- iv. Pursue and formulate the organizational policy, objectives, establish long-term and annual objectives
- v. Approve corporate strategies and financial plans of the company
- vi. Appointment of CEO and other officers
- vii. Exercise supervision, direction and control over the CEO and other officers
- viii. Sanction any loan or advance, in connection with business activities of the FPO to any member, not being a director or a relative.
- ix. Investment of the funds of the company
- x. Acquisition or disposal of property of the company
- xi. Exercise supervision over the bookkeeping especially 'books of account' of the company
- xii. Ensure the annual auditing of the company
- xiii. Presenting the annual accounts in the annual general meeting with the auditor's report.

Contributions of Board of Directors

An FPO may take contributions or donations in some special occasions or situations such as, Contributions to the National Defense Fund, etc.

FPO shall make donations or subscriptions to any institution or individual for the purpose of promoting the social and economic welfare of the members of the FPO or other producers or public or promoting the mutual assistance principles through a **special resolution**.

Office bearers

Office bearers are formally appointed by the company to look after the day-to-day affairs of the company, like Chief executive Officer (CEO), Managing Director, Accountant, Storekeeper, etc.

Chief Executive Officer (CEO)

The Chief Executive Officer (CEO) of a Producer Company shall be a full-time employee of the company. The CEO shall be appointed by the Board of Directors of the company amongst persons other than members. CEO shall be the ex-officio Director of the board and shall not retire by rotation.

Selection of CEO

The qualifications of a CEO as per the Central Sector Scheme for “Formation and Promotion of 10,000 FPOs” guidelines are:

- i. The CEO/Manager is to be appointed by the executive body of the FPO who should be either graduate in agriculture / agriculture marketing / agri-business management or BBA or equivalent.
- ii. Locally available professionals with 10+2 and preferably diploma in agriculture / agriculture marketing / agri-business management or in such other related areas may be preferable.

Roles and responsibilities of CEO

The CEO shall undertake all administrative functions of the routine nature including managing the day-to-day affairs of the company

- i. Operate bank accounts or authorize any person on behalf of the company (this is subject to the general or special approval of the board)
- ii. Make suitable arrangements for safe custody of cash and other assets of the company
- iii. Sign all business-related documents as may be authorized by the Board for and on behalf of the company
- iv. Maintain proper books of accounts, prepare annual accounts; place the audited accounts before the board in the annual general meeting of the members
- v. Furnish the members with periodic information to appraise them of the operation and functions of the company
- vi. Make appointments to positions based on the requirements of the company
- vii. Help the Board in the formation of goals, objectives, strategies, plans and policies of the company.

Accountant

An Accountant looks after the day-to-day accounting work of the FPO.

Roles and responsibilities of Accountant

The Accountant shall undertake the following tasks:

- i. Maintenance of books of account
- ii. Take up general administration, logistics, reporting etc
- iii. Responsible for all data/ information management
- iv. Responsible for Compliances

Selection of Accountant

The qualifications of an Accountant as per the Central Sector Scheme for “Formation and Promotion of 10,000 FPOs” guidelines are:

- i. The accountant should have educational qualification of 10+2 with Mathematics as a compulsory subject or alternatively with Commerce or Accountancy background.

Other Specialized Staff

As per the business requirement and focus, specialized staff can be appointed by the CEO in consultation with the Board. The Board should be competent to create new posts/new designations, new levels and abolish the existing ones or rename them.

Specialized staff includes:

- i. Marketing Manager
- ii. Warehouse Manager
- iii. Membership Relationship Manager
- iv. Procurement Staff
- v. Technical specialist

Meetings in FPO

Annual General Meeting (AGM):

The general body of the FPO should meet at least once a year, with a quorum of 1/4th of the farmer total members to:

1. Primarily discuss and review the progress of the company, proposed plans for the succeeding year
- ii. Election of new directors or re-election of the existing director

- iii. Decision to change or re-appointing of auditors for succeeding year
- iv. Review of the annual report of the company and take decision on distribution of dividend.

SoP for Annual General Meeting (AGM)

- » ***The FPO has to conduct its first general body meeting within 90 days from the date of its incorporation.***
- » The time interval between two AGMs should not be more than 15 months.
- » The notice for organizing an AGM has to be issued in writing at least 14 days in advance to the members.
- » The Registrar of Company may, for any special reason, permit extension of the time for holding any annual general meeting (not being the first annual general meeting) by a period not exceeding three months.
- » The members shall adopt the AoA of the company and appoint directors for the board in the AGM

<i>Any general meeting, other than the AGM is called as an extraordinary general meeting.</i>	Sitting Fee: <i>The AoA may authorize the payment of a sitting fee and allowance to the Directors, including the co-opted directors for attending the Board meetings. The quantum of fee and allowance shall be determined by the members in a general meeting.</i>
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Board meetings

- » Board shall meet at least once in every three months and at least four such meetings shall be convened in every year
- » The Chief Executive shall give notice for the board meeting at least 7 days in advance of the meeting.
- » Meeting can be called with shorter notice, but the reasons thereof shall be recorded by the Board.
- » Quorum of 1/3rd of the total strength of Directors subject to a minimum of 3 directors.

Standard Operating Procedures

Procurement

- » A sample SoP for procurement of Maize by an FPO is annexed as Annexure 1.2.
- » Dispute Resolution
- » Dispute relating to producers’ companies are to be settled by conciliation or arbitration under the Arbitration and Conciliation Act, 1996 as if the parties to the dispute have consented in writing to such procedure.

Internal Audit

- » Producer Companies shall carry out an internal audit of its accounts, at regular intervals in accordance with its articles of association and such an audit shall be carried on by a Chartered Accountant.
- » In addition to the internal audit, the auditor shall make an annual audit report to the members of the company on the accounts examined by him, and on every balance sheet and profit and loss account and on every other document declared by the Act to be part of or annexed to the balancesheet or profit and loss account, which are laid before the company in general meeting and the report shall state whether, in his opinion and to the best of his information and according to the explanations given to him, the said accounts give the information required by the Act in the manner so required and give a true and fair view.

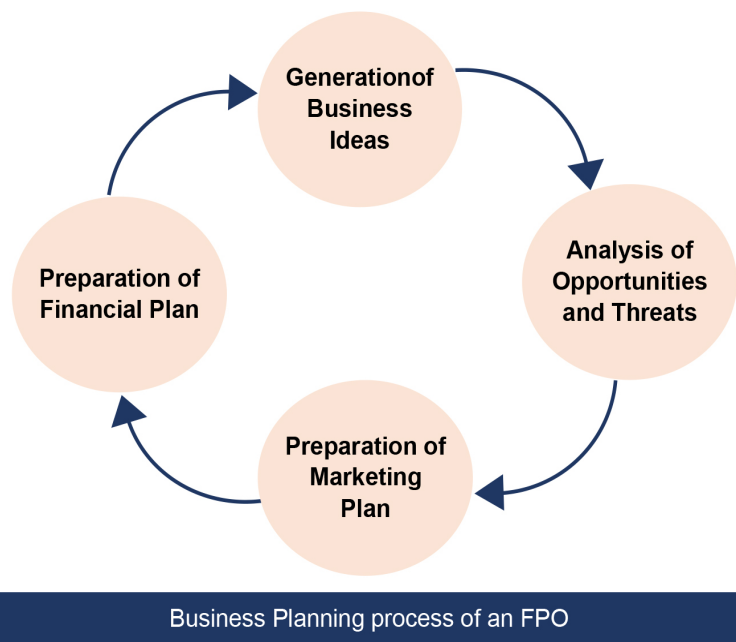
FPO BUSINESS AND OPERATIONS

Business planning

Successful operation of an FPO is one of the most critical factors in its sustainability. Every business irrespective of size needs planning, it helps in recognizing the scope for income and areas of expenditure in a precise way. Business planning is essential as it gives bankability to the FPO as bankers look forward to finance doable and achievable business plans and eligibility for the FPO to get government sponsored programs.

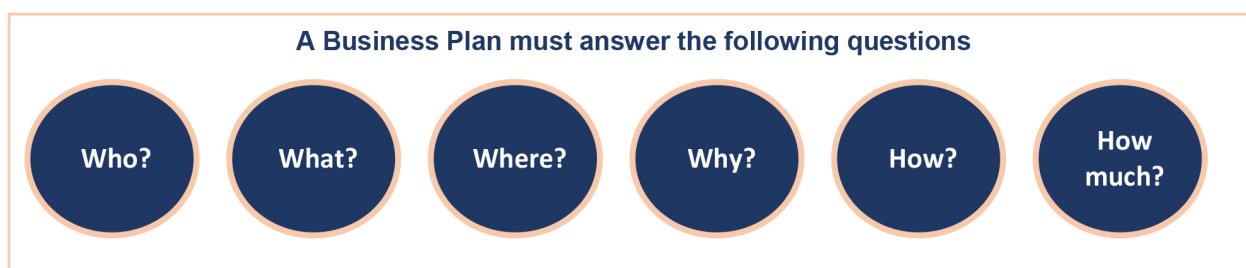
In case of a PO, it is all the more essential since most of the members will be acting as businessmen for the first time. A business plan helps the PO in the following ways:

- i. It helps in examining viability of the venture in a particular market.
- ii. It provides guidance to the PO for organizing and planning activities.
- iii. It serves as an important tool in accessing finance/funding. If the financier is comfortable with the business plan, the PO will be asked to prepare a Detailed Project Report (DPR).



¹¹ [Farmer Producer Organisation \(fpjunction.com\)](http://Farmer Producer Organisation (fpjunction.com))

- It is statutorily required to prepare a businessplan and place before the AGM for the approval of shareholders. A business plan is not written each time, rather a modification to a strategy is made.
- It should be written when a new venture is developed, or a major new initiative is launched. Sincere contemplation is needed about the business concept, the business opportunity, the competitive landscape, the essential elements for success, and the people who will be involved.
- The exercise will often lead to more questions, and these new questions must be properly researched to gain deep insight into the issues and challenges that lie ahead.



Normally, the FPOs which have strong root in the community, prepare a 5-year Business Plans taking into consideration ground level brass tracks in a precise way. Some FPOs prepare 3-year plans but ideally it is advised to prepare a 5-year plan with structural adjustments and customization as per the progress and needs of the FPO, on a year-on-year basis.

The Businesses the FPO can undertake are classified into three main categories :

- » Trading – “buying and then selling” businesses such as a procurement of crops
- » Production – FPO in the business of primary processing of the goods of their farmer members
- » Services– FPO in the business of providing services such as technology and doorstep delivery of input services

The Key Components of a Business Plan are as follows :

- » Executive Summary:Executive summary reflects the entire business plan of an FPO in a concise form as a quick read. It is the first chapter of the business plan but ideally it should be written after the completion of entire business plan report. It should be a quick read with one or two pages covering all the important highlights of the business plan document. It functions as an initial funding pitch to grasp the attention of the funding agency to proceed further

¹²- [Practitioners Guide for Business Development Planning in FPOs.pdf \(nirdpr.org.in\)](http://nirdpr.org.in)

¹³- [Practitioners Guide for Business Development Planning in FPOs.pdf \(nirdpr.org.in\)](http://nirdpr.org.in)

- » **Overview and Background of the Company:** This segment of the Business Plan gives a thumbnail sketch of the FPO, its promoters, constituents, and the business it is operating in. It should begin explaining the context of the Business Plan. It should not be forgotten that the Business Plan is strategic and will be contextualized and customized from time to time based on emerging needs of the farmers and the FPOs
- » **Customer Value Proposition or Value Chain analysis:** A successful Business Plan is one that has found a way to create value for customers – i.e., a way to address a need of customers. The customers in an FPO can be farmer members or retailers or wholesalers depending on the type of product or service the FPO chooses to operate with. The “need” here is a fundamental problem in a situation, that needs a solution. As the need is understood with all its dimensions included – its environment, nature of operation, possible areas of improvement et al., the offering can be designed accordingly.

Value Chain: *The full range of activities that is required to bring a product or service from conception, through the different phases of production to the final customers. It involves combination of physical transformation and the input of various producer services.*
- » **Marketing Plan and Risk Analysis:** Once the Business Opportunities are identified, analysis should be made on markets. i.e., market for selling the inputs to its members and non-members and market for selling its products. Identification of risks and setting possible safeguards to manage them is an integral part of the risk analysis.
- » **Financial Plan:** The financial plan translates all the other parts of the business - the value chain proposition, opportunity, the operating plan, the marketing plan into anticipated financial results. It contains the status and the future projection of financial performance of the business with the selection, evaluation, and interpretation of financial data along with other relevant information in financial decision making. It represents the best estimates of the risks involved and the return on investment.
- » Annexures

Input business planning

The input business requires strategic planning at the FPO level. The seasonality of input purchases affects the capital cycle of businesses adversely. FPOs play a crucial role as the farmer members themselves are the owners as well as managers of the business entity which shall enable the FPOs to build long term trust with the farmers for procuring inputs as well as advisories.

Most of the FPOs have started with sale of inputs as a business activity which is in turn followed by aggregation of produce from members and selling the produce to the market. As they gain financial

capacity and technical skills, they tend to diversify towards processing, branding and even exports of commodities.

The FPOs have huge benefits in operating input business :

- » The FPO can make bulk purchases from manufacturers and with the absence of middlemen, it is likely to achieve better input price efficiency,
- » It can act as a last mile entity to provide farmers advisory services on the recommended input use and various government schemes, practices and technologies for better input use,
- » The FPO facilitated by the government agencies has the priority to sell high quality certified inputs as well as create awareness about them,
- » The FPO with their large customer base can directly purchase from the manufacture and avail discounts from them which will promote timely delivery of products, better quality and fair price to the farmers.

Process of Input Business Planning can is as follows:

- » **Step 1: Demand Assessment:** Effective input planning at FPO requires demand assessment, i.e. collecting data and integrating the details about the farmer members on input requirements. The assessment needs to be carried out and monitored by FPO governance team. Thus, before assessing the demand, it is necessary to form an input committee.
- » **Step 2: Inventory management:** The flow of goods from manufacturer to warehouse and from these facilities to point of sale are supervised. The main function is to keep a detailed record of new or returned product as it enters or leaves a warehouse or point of sale.
- » **Step 3: Category management:** It is a strategic approach for procurement, where FPO segments its products into groups depending on certain factors. It will help the FPO to ensure maximum savings. In the input business, the FPO can apply the category management approach to simplify the demand, procurement process etc.
- » **Step 4: Inventory Audit:** The section focuses on tools for regularly conducting inventory audit. The above information collected through various tools are utilized for inserting the data in specific category in inventory audit tools.

¹⁴ [Farmer Producer Organisation \(fpojunction.com\)](http://fpojunction.com)

Output Business planning

The first step in Output Business planning is identifying the crops/commodities the FPO will be engaged in, this can be done by conducting an Opportunities & Threats analysis, as given below.

TABLE 4: O/T ANALYSIS OF MARKETING OF COLLECTIVE PRODUCE OF SMALL FARMERS		
FACTORS	OPPORTUNITIES	THREATS
Size of the market.	Fairly large. The district APMC procures about 10% of the State's requirement of food grains.	
Its stability, i.e., is the demand for the product/service long term or purely temporary?	With increasing population and growing change in food habits this is unlikely to be affected in the next 20 years.	
The extent to which the market is dissatisfied with the existing service/ solution.	Due to unavailability of options, farmers are dependent on the middlemen and unhappy about their unscrupulous practices. The market is sensitive in favour of procuring directly from the farmers.	
Level of competition (high, medium or low)		Low, however, likely to be Medium with the competition from the middlemen as the business grows for the PC
Market sensitivity towards price and quality		Not very quality conscious, but price sensitive to a certain extent
Degree of profitability and Barriers to entry/exit		Medium in the short term. Barriers to entry and exit are very low.
Changes in government's policies such as subsidy, availability of low cost funds, etc.	Favourable policy towards small 'farmers' PC, likely to get subsidy and sympathy of the government.	Banks do not provide any relaxations for loans to PCs, it is hard to get loans from them. This can seriously affect the operations.

Based on the Opportunities & Threats analysis, one can identify an appropriate Business Opportunity which could be considered for developing a business plan.

Customer Value Proposition or Value Chain analysis

A successful Business Plan is one that has found a way to create value for customers – i.e., a way to address a need of customers. The customers in an FPO can be farmer members or retailers or

wholesalers depending on the type of product or service the FPO chooses to operate with. Customer Value Proposition is nothing but identifying Business Opportunity for an FPO.

Identification of potential customers is key to understanding and addressing their needs. Retention of an active member is one of the biggest challenges of an FPO. The farmer members who are the main customers or active members of an FPO also tend to switch to an offering that is more attractive, in the next season.

¹⁵ [FPO Policy & Process Guidelines 1 April 2013.pdf \(sfacindia.com\)](#)

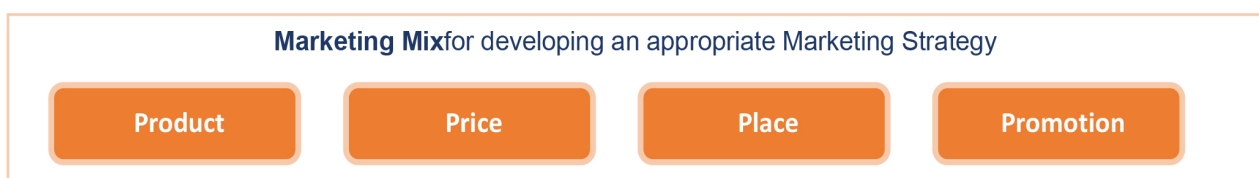
Micro Plan is the foundation block of value chain development plan. It should be bottom up from shareholder household to their FPG/JLG and eventually to the FPO. In preparing micro plan of each farmer household, information about area under cultivation, requirement of seeds, fertilizers, chemicals and other input services like tractor or sprayer etc. are captured. The information regarding expected crop wise yield, amount of yield set aside for domestic consumption and the amount the household can supply to the FPO pool for marketing collectively will be collected for the micro plan. This way, each household's critical data in terms of input requirements and output to be marketed are aggregated at group or village level and eventually at the FPO level. A format for capturing details for Micro Plan is annexed as Annexure 1.3. FPOs can then prioritize crops for taking up Value Chain Analysis.

MARKETING PLAN

The marketing plan is the first step in developing any new strategy. It should be based on a realistic assessment of the external environment. Marketing strategy largely determine resource needs in other areas. For example, the strategy to seek a large share of a market will require a significant commitment of resources of various kinds. How the business chooses to promote and distribute the product will have huge implications on organizational, production, human resource and financial plans.

After choosing the market segment that the PO wishes to target and having carried out the Strength Weakness Opportunities Threat (SWOT) analysis, a suitable marketing strategy should be chosen. This can be done by understanding the markets, profiling customers for each of its products, understanding quality of the product, the competitors, pricing of the product and understanding the features of the FPO's products.

The FPO may choose one or more combinations of strategy, it needs to strategically plan a right mix of the 4 Ps (Product, Price, Place & Promotion: called the Marketing Mix) to develop an appropriate marketing strategy.



An FPO handle the products that are seasonal in nature. Planning for marketing requires logistics such as a warehouse, cold storage etc. In the absence of strong initial capital, it can sometimes be difficult for an FPO to survive without a down payment by the customers. However, this may not always be possible keeping in view the market standards and sales policy of the competitors. In such cases, setting a credit policy is also plays a major role. However, the credit policy should clearly state:

¹⁶ [FARMER PRODUCER ORGANISATIONS.pdf \(nabard.org\)](https://www.nabard.org/FARMER_PRODUCER_ORGANISATIONS.pdf)

- » The customers for whom the credit will be extended
- » Credit amount limits for each customer type
- » Duration of the credit
- » Penalties and consequences of default or delayed payment
- » Maximum quantity of sales that should be allowed in credit

The FPO can offer post sales services such as terms of replacement of goods, compensation for damaged goods, insurance in transit, risk free transport without damage.

While an FPO can do the business with both members and non-members, to sustain its business, preferential treatment can be given to the members as a privilege feature for being associated with the FPO.

Identification of risks and setting possible safeguards to manage them is an integral part of the risk analysis. Risk management must involve the process of identifying risks and assessing whether they can be eliminated entirely or mitigated to manageable proportion through operational resilience.

The corporates need continuous supply of desired quality produce for processing and value addition. Therefore, they prefer to enter into contract with few producer organisations who will meet their requirement. Usually the following mechanisms are adopted:

- » Retail chains tie up with POs for procurement.
- » Corporates extend dealership for farm machinery and inputs to POs.
- » Corporates provide primary processing machinery to PO with buy-back arrangement for the produce

Templates for carrying out market analysis are given below¹:

a. Products & Target Customers

SL. NO.	PRODUCT LINE	TARGET CUSTOMER
1		
2		
3		

¹ [FPO Policy & Process Guidelines 1 April 2013.pdf \(sfacindia.com\)](#)

Expected sales in the coming year

SL. NO.	MONTHS	PRODUCT LINE 1	PRODUCT LINE 2	PRODUCT LINE 3
1	April			
2	May			
3	June			
4	July			
5	Aug			
6	Sep			
7	Oct			
8	Nov			
9	Dec			
10	Jan			
11	Feb			
12	March			
	Total			

2. Competition

Who are our competitors?

NAME: _____

ADDRESS: _____

Years in business: _____

Market share: _____

Price/Strategy _____

PRODUCT/SERVICE

Features: _____

(Note: write two more competitors using same template)

How competitive is the market?

HIGH: _____

MEDIUM: _____

LOW: _____

3. List below your strengths and weaknesses compared to your competitor's (consider such areas as location, size of resources, reputation, services, personnel, etc.):

STRENGTHS	WEAKNESSES
1.	1.
2.	2.
3.	3.

OPERATIONS PLAN

Operations is the work activity of the business. It is transforming of the raw materials into products to be sold to the customer. The operations plan gives an overview of the flow of the daily activities of the business and the strategies that support them.

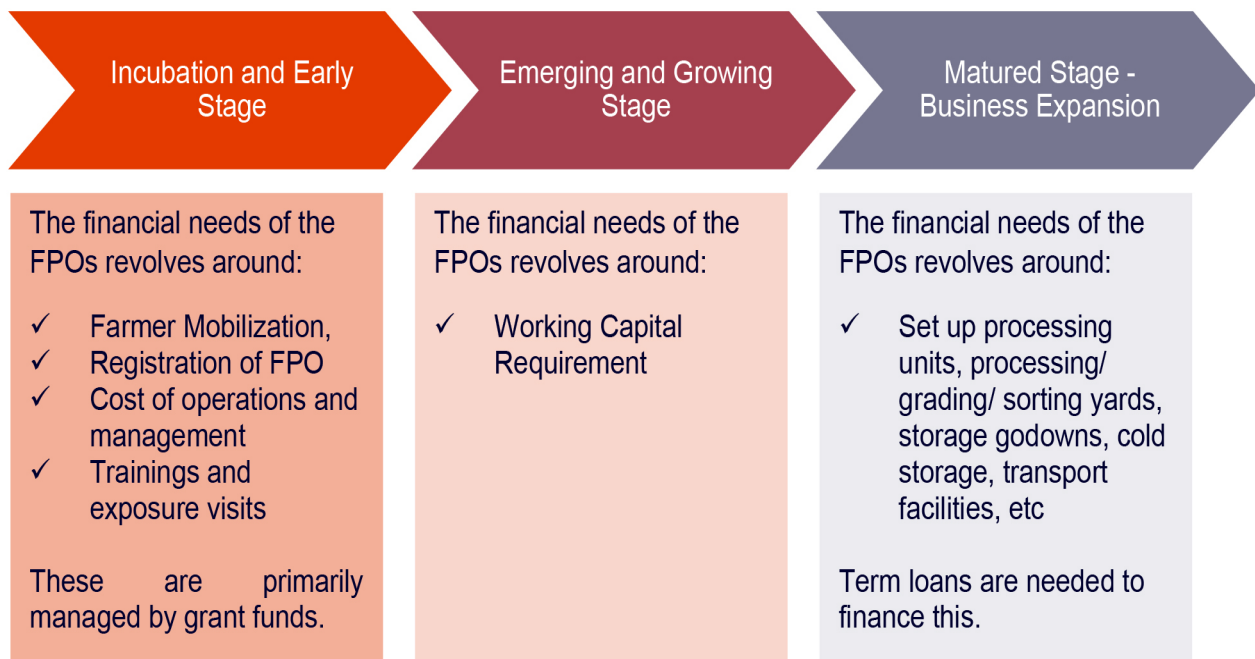
The main purpose of the operations plan section is to show that the business is focused on the critical operating factors that will make it successful. It should contain the critical success factors affecting how the business creates value for the stakeholders of the business, and the breakeven point

Break-even Point:
It is that volume of operation of the business at which unit sales equals operating costs

FINANCIAL PLAN

The financial plan translates all the other parts of the business - the opportunity, the operating plan, the marketing plan, the management team—into anticipated financial results. It contains the current status and the future projection of financial performance of the business. The financial plan represents the best estimates of the risks involved, and the return on investment.

Fund requirement of an FPC changes as per the stage of its lifecycle.



¹⁸ [FARMER PRODUCER ORGANISATIONS.pdf \(nabard.org\)](#)

¹⁹ [FARMER PRODUCER ORGANISATIONS.pdf \(nabard.org\)](#)

Three financial areas are generally discussed in the financial plan :

i. Capital requirement and financing pattern:

Measuring costs and margins enables the FPO to determine the priority with which the activities are to be taken up among the core processes identified. It compares profit potential of one value chain with that of another, to assess whether it may be worthwhile to switch from one chain to another. Margins for FPO may not always be the top priority. If farmer members’ margins are increased because of the FPO activities, they remain loyal to the organization. Loyalty pays off in terms of patronage-based business and equity payment.

Types of Costs of an FPO	
Variable Costs: » Procurement of raw material, storage cost, processing, transportation, insurance » Management & administration cost: Salary of staff, travel, electricity, water, meeting expenses of BoD/GB, insurance & other statutory fee and other expenses » Training and Capacity Building of BoDs and PC functionaries on provisions in the act, regulations, statutory compliances, roles, responsibilities of BoD/General Body, banking operations » Exposure visits to successful FPOs	Fixed Costs: » Office expenses » Rent » Depreciation » Utilities, Telephone » Property tax etc.
	Direct Costs: » Raw material cost » Labor cost, etc.
	Indirect Costs: » Interest on loans

ii. Financial projections including cash flow statement

The CEO of an FPO along with key office bearers and board members should collect the basic financial data regarding the FPO. Profiling on basic business aspects of FPO including its present position in terms of members, share capital collected, asset position and costs will help in working out the financial statements. The assumptions regarding the yield, procurement cost, transportation cost, storage costs etc., should also be considered based on the current year’s data by discussing with experts.

Financial Statements Include:

- » Trading and Profit & Loss Account (Expenses & Losses and Incomes & Gains)
- » Cash Flow Statements (How cash flows through operations, investing and financial activities)
- » Balance Sheet (Assets, Liabilities and Capital)

A typical cash flow statement starts with the amount of cash the business has on hand then adds new cash received through cash sales, paid invoices and then subtracts cash that has been paid out

as bills, loans, taxes etc. are paid off. The Cash flow statement is utilized to evaluate the current position, know the future cash flow, take financial loans, know short term financial position and to know why cash is low.

Income tax is to be deducted for turn over (sales revenue). Income **tax up to Rs.100 Crores is exempted to FPOs from 2018-19 to 2022-23 (for five years) on sales revenue. The Income Tax Act, 1961 under section 10(1) exempts the agricultural income.** However, the exemption provided under section 10(1) for the agricultural incomesometimes varies based on the agricultural activity.

iii. Financial returns (Return on Investment, Internal Rate of Return, Net Present Value)

Maximum Borrowing Limit to an FPO as per bankers is normally 20 times the paid-up capital. However, it is to be decided in the AGM and mentioned in AoA. Some of the important indicators for an FPO are discussed below.

- » **Net Sales:** Turnover of the FPO
- » **Gross Profit Ratio:** The Gross Profit indicates the profit the company makes after paying its cost of goods sold. A higher gross profit ratio indicates higher efficiency of the organization.
- » **Gross Profit Ratio** = $\text{Gross Profit/Net Sales} \times 100$
- » **Net Profit Ratio:** The net profit indicates how much profit the company makes after deducting the administration/operational expenses etc.
- » **Net Profit Ratio** = $\text{Net Profit/Net Sales} \times 100$
- » **Current Ratio:** It measures the ability of the organization to meet its short-term obligations
Current Ratio = $\text{Current assets/Current liabilities}$
- » **Working Capital** = $\text{Current Assets} - \text{Current Liabilities}$

Working Capital: In simple terms it is the amount of money required by a business to cover its short-term liabilities, such as:

- Cash
- Marketable securities
- Accounts receivables
- Inventories
- Accounts payable, and
- Wages/salaries and taxes

SOURCES OF FINANCE

Ways and means to raise the capital or money required to be invested in a business is called 'financing'. There are four basic but different ways to raise capital or funds for investing in any business:

- » **Personal financing:** This is the money that PC has ready access to and on which the PC does not have to pay any interest. It may be sourced from the reserve and surpluses of previous years. This is the easiest (but not the best) way to finance the business. However, in case of a new PC this opportunity will not be there.
- » **Credit capital:** Credit capital can be obtained from credit companies or from potential buyers who give a grace period before the amount is due or interest is charged. The producers

who sell their products to the PC would not hesitate in giving credit period to the PC if convinced about the soundness of the business idea. On the other hand, the PC can get part payment in advance from prospective buyers of certain agriculture produce that PC has made a deal to supply. It can get agriculture inputs from the Agro dealers on the conditions of payment after sales. But mostly this type of finance is not available for start-up businesses or a new venture. Equity financing: Equity financing does not require the business to directly repay the money lent or invested by the investors. In case of PC the equity comes from the members and no external financier can participate in the equity investment. Being a smallholder producers' company, the equity contribution is generally less and therefore it cannot contribute significantly to the total fund required for establishing a PC.

- » **Debt financing:** This is the most preferred way of financing a new business. Here it is a direct obligation to pay the interest on the money lent by the financier. The biggest advantage is that the financier does not have control over the business as opposed to equity financing. The important point to be noted in this is the rate of interest charged. However, it is not easy to raise debt financing for a producer's company without collateral.
- » **Grant support:** The PC being a smallholder farmers' organization may seek working capital support from the Government under certain government schemes (viz. Government of Odisha, under the state sector scheme for FPOs has a facility for providing capital support to PCs) and from other development agencies.

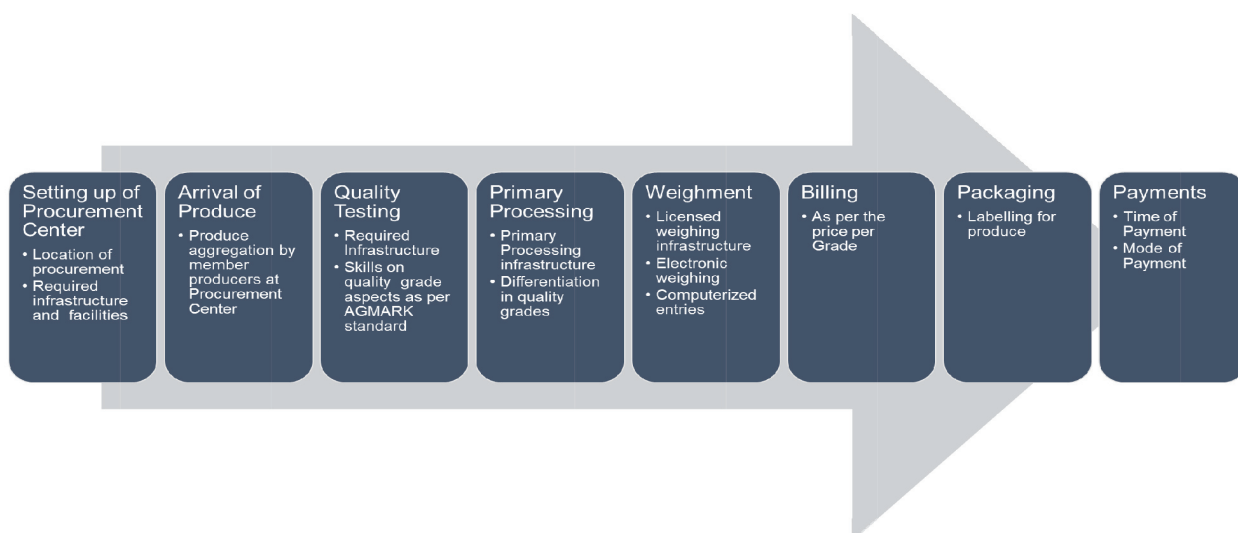
SAMPLE BUSINESS PLAN

A sample Business Plan for an FPO has been attached as Annexure 1.4

SoP for procurement

A sample of Standard Operating Procedure for Maize has been attached as Annexure 1.2

Process flow of Procurement operation is depicted below:



Value addition and Processing

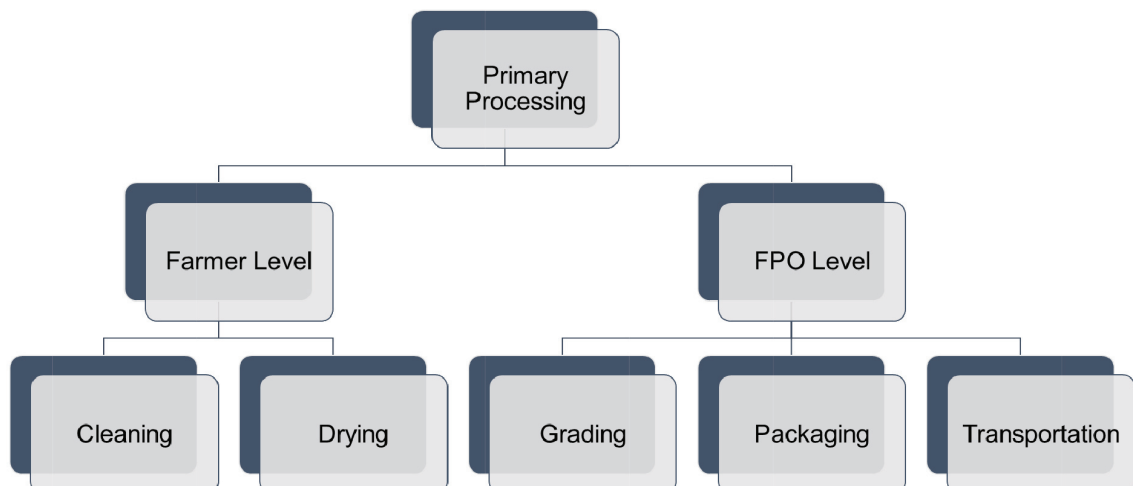
An FPO can improve per unit price realization from its produce by adopting processing and value addition activities. For instance, if an FPO goes for drying of chilies (primary processing), it can get up to Rs. 180-220 per kg for dried red chilies in comparison to only Rs. 100 per kg for green chilies in the state.

Benefits of undertaking value addition activities for the FPO are:

- » Enhanced remuneration to producer members
- » Reduction in Post- Harvest losses
- » Employment generation at local level
- » Capturing opportunity of growing consumer demand for safe and quality food
- » Brand building for FPO as competitive and recognized business enterprise

Primary Processing at various levels

- » Farmer level: processing activities, particularly cleaning and drying happens at the farmer level. It is the role of marketing committee to take up time to time education and training of farmer members on this aspect
- » FPO level: Due to larger volumes at FPO level, FPO preferably takes up grading and packaging activities. Procurement centre, infrastructure and procurement staff is the prerequisite for carrying out the activity.



Prerequisites for a primary processing center and required investments

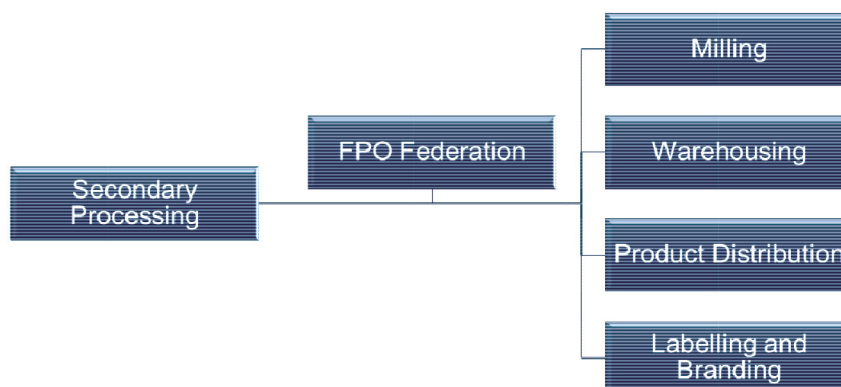
S.No	Particulars	Estimated cost in INR
1	Shed and platform	11,00,000
2	Plastic Crates	1,25,000
3	Grading Table	55,000
4	Wooden Pallets (New Hard Wood Pallet 48" X 40" X 4-1/2")	35,000
5	Hand pallet truck (Minimum 2 Ton capacity)	25,000
6	Silpaulin Sheet (Washing Sheets –HDPE)	35,000
7	Weighing Platform Scale (300 Kg Capacity)	25,000
8	Other assets (office infra)	1,50,000
9	Electrical Supply & Transformer	50,000

Secondary processing

- » The secondary processing involves activities of converting the commodities into more useful products (like dal, atta, oil etc.) for consumption and also more value getting by activities of storage (for better price realization) and transportation (to areas of more demand).
- » Depending on the type, value addition can be to Form, Time, Place and information. The same can be understood through case as depicted below:

Form Value addition	Time Value addition	Place Value addition	Information value addition
<ul style="list-style-type: none"> • Value addition by change in form • Case:-Processing Redgram to dal. Change in value from Rs 4,000/quintal to Rs 10,000/ quintal 	<ul style="list-style-type: none"> • Time Value addition by storing commodity and selling when price goes up. • Case:- Redgram stored while harvest, Dec to January and sold pre monsoon. Change in price Rs 4,000/quintal to Rs 6000/quintal 	<ul style="list-style-type: none"> • Adding value by differential placement • Case: Price of tomato at Farmgate increased from Rs 5/ Kg to Rs 20/ Kg at consumer level. Change in price is 4 times 	<ul style="list-style-type: none"> • By Adding product information for the consumers perusal and information • Adding level to "Organic" product, "Residue Product" varier price to greater extent

Secondary processing is mostly done at FPO federation level. The major processing activities taken up are as depicted below:



Targeting markets

An FPO can sell its produce at farm gate or take the produce to the market. The FPO can sell at physical markets or trade through electronic platforms like NCDEX, eNAM.

Physical markets

An FPO can sell its produce through physical markets or via e-trading. The first point of local physical market for the FPO is rural haat, satellite markets, followed by district level mandis.

E-National Agriculture Market (eNAM)

- » National Agriculture Market (eNAM) is a pan-India electronic trading portal which networks the existing APMC mandis to create a unified national market for agricultural commodities.
- » Agriculture Market Working Model
 - i. FPOs/FPCs can register on eNAM Portal via website (www.enam.gov.in) or mobile app or providing following details at nearest eNAM mandi:
 - a. Name of FPOs/FPCs
 - b. Name, address, email Id and contact of authorised person (MD/CEO/Manager)
 - c. Bank account details (name of bank, branch, account no. IFSC Code)
 - ii. FPOs/FPCs can act as an aggregator for its member and sell through e-trading as one/multiple lot depending upon requirement.
 - iii. Payment will be done directly to the FPO/FPCs bank account. In turn FPO/FPCs can distribute among members.
 - iv. Union budget 2017-18 made provision to install collection/sorting/grading/packing facilities at their premises.
 - v. Provision for personalized dashboard and real time information on arrival, quality and price of commodities.
 - vi. Currently 400+ FPO's have been onboarded on eNAM platform.
 - a. The entire payment will be credited to one bank account of FPO/FPC.
 - b. Post credit of payment disbursement of amount to individual members farmers has to be done by FPO/FPC.
 - c. FPOs/FPCs will be provided access to e-NAM Dashboard to see MIS and Reports related to the trade executed by FPOs/FPCs

National Commodities and Derivatives Exchange (NCDEX)

- » National Commodity & Derivatives Exchange Limited (NCDEX/the Exchange) is a professionally [Farmer Producer Organisation \(fpjunction.com\)](http://fpjunction.com)

managed on-line, multi commodity exchange focusing on revolutionizing India's agricultural sector. NCDEX is India's largest agricultural derivatives exchange with a market share of 75% in agricultural derivative contracts for the Financial Year ending March 2021.

» **Early pay-in facility for FPOs:**

- Early pay in is provided to market participants permitting them to deposit certified goods (according to prescribed specifications) in the Exchange approved warehouse against relevant sell position in futures contracts and deliver those goods before relevant expiry date to avail benefits of early pay-in.
- For normal participants exchange allows this facility from the 1st day of the contract expiry month in which the sell position is made. But, in the case of FPO this facility is provided any time after the sell position is created in a contract on the Exchange platform.
- For example: Chana near month futures price is Rs. 4000/quintal. The minimum trading lot size of Chana at NCDEX is 10 MT, so the value of one lot (10 MT) is Rs. 4,00,000. FPO takes a sell position of 10 MT Chana in near month futures (FPO marks early pay-in against the sell quantity on the same day). From the next day the calculation of margin and mark to market is given below:

Day	Chana Close price	Initial Margin	Extreme Loss Margin	Additional Margin	Pre-Expiry Margin	Total Margin	Total Margin Amount	Mark to Market Amount	Funds Pay-in/ Pay-out
1	3,940	4.00%	1%	20%	1.50%	26.50%	104,410	-6,000	0
2	4,019	4.25%	1%	20%	3.00%	28.25%	113,537	7,880	1,880
3	3,938	4.25%	1%	20%	4.50%	29.75%	117,156	-8,038	0
4	4,094	4.50%	1%	20%	6.00%	31.50%	128,961	15,557	7,519
5	4,258	4.75%	1%	20%	7.50%	33.25%	141,579	16,376	16,376
6	4,215	4.75%	1%	20%	9.00%	34.75%	146,471	-4,258	0
7	4,257	5.25%	1%	20%	10.50%	36.75%	156,445	4,215	0

(Disclaimer: the figures mentioned above are hypothetical and for illustrative purposes only)

- » NCDEX has defined the commodity wise validity structure for all the commodities. It varies between 4-9 months from commodity to commodity.

For example: The below table shows the validity structure of Chana in NCDEX. FPO deposits Chana between 20-March to 19-April into NCDEX approved warehouse. If the material gets Quality approved through assaying, the validity according to the NCDEX rules will be 6 months and the Exchange Deliverable Date (EDD) will be 05-October.

Months of Deposit /Date of entry by warehouse in system	Validity period at the time of fresh deposit (no of months)	Exchange deliverable date (EDD)
20-Dec to 19-Jan	1	05-Feb
20-Jan to 19-Feb	0	NA
20-Feb to 19-Mar	6	05-Sep
20-Mar to 19-Apr	6	05-Oct
20-Apr to 19-May	6	05-Nov
20-May to 19-Jun	6	05-Dec
20-Jun to 19-Jul	6	05-Jan
20-Jul to 19-Aug	6	05-Feb
20-Aug to 19-Sep	5	05-Feb
20-Sep to 19-Oct	4	05-Feb
20-Oct to 19-Nov	3	05-Feb
20-Nov to 19-Dec	2	05-Feb

Critical factors in sustainability of FPOs

- i. **Membership base:**FPO should reach out to a membership of lot less than 500 within first 2-3 years of their registration.
- ii. **Share Capital Mobilization:** FPOs should aim to collect share capital of INR 1000-INR 2000 from each of the shareholder to have a sound net worth based on which they can mobilize matching equity grant and credit from banks and formal financial institutions.
- iii. **Connection with members:** FPOs should look forward to having a strong FIG/JLG connection at the village level.
- iv. **Marketing Plan:** FPOs should have a realistic baseline data on marketable surplus crops, no. of farmers, avg. landholdings, post-harvest management infrastructures available in the area, potential buyers, input arrangements, seasonality of production, risk and challenges related to production and marketing.
- v. **Office set up:**FPOs should have a dedicated office in the operational geography with a qualified Chief Executive Officer (CEO) and accountant. The office should have a laptop/desktop and internet connection.
- vi. **Women participation in FPOs:** Board of Directors should be comprised of minimum 3 women as directors.

- vii. **Defining Standard Operating Procedures (SoP):** A well-defined SoP capturing the Roles and Responsibilities for the functioning of Board should be prepared and Board members should be trained on the SoP. FPOs should have a SoP for procurement and marketing
- viii. **Regular interaction among Board of Directors (BoD):** BoDs should meet at least quarterly once and discuss the FPO performance and planning for next quarter with each meeting minutized.
- ix. **Regular audits:** Books of accounts of the FPOs should be audited as per the requirement of MCA guidelines.
- x. **Aready Business Plan:** FPOs should always have an implementable 18-month business plan.
- xi. **Active participation of BoD and CEO:** Board of Directors, CEO and FIG leaders should actively take part in procurement and marketing planning and execution.
- xii. **Robust MIS:** FPO should have a standard MIS system for capturing the business performance.
- xiii. **Starting business operations at appropriate time:** FPO should look forward to starting the business process by 2nd year of incorporation. FPOs should set yearly business targets and work accordingly to achieve those targets.
- xiv. **Achieving an ideal business turnover:** Ideally, FPOs should look for minimum of INR 50 lakhs to INR 1 Crore Annual turnover by 3rd year of registration.
- xv. **Retention of members as suppliers:** A minimum of 30% of member farmers should supply their produce to the FPOs for sale.
- xvi. **Digitization of Transactions:** FPOs should focus on digitization of value chain and transaction through bank payments including payment to member farmers.
- xvii. **Establishing internal mechanisms:** FPOs should have a grievance redress mechanism, standard policies on HR, Accounts and Finance.
- xviii. **Diversifying business activities:** FPOs should look for suitable input business, partnership with Common Service Centers (CSC), insurance service providers, agri-implements, custom hiring centers to keep the cash flow running.
- xix. **Awareness about government assistance:** FPOs should look for convergence with Govt. schemes and programs for increased outreach and sustainability

STAKEHOLDERS IN FPO ECOSYSTEM

At District level

- » **Krishi Vigyan Kendra (KVKs)**—Demonstration, Training and Capacity Building of farmers, FIGs, FPO members on procurement, marketing and overall crop advisory is provided by KVK.
- » **Agricultural Technology Management Agency (ATMA)** –Technology transfer, cultivation methods and technical advisory to FPOs can be provided by ATMA at the district level
- » **Technical & Research Institutes (such as OUAT, IRRI)**—Research extension, technical support, information of agricultural practices can also be implemented through institutes such as OUAT.
- » **Directorate of Horticulture** –Horticulture Extension Worker (HEW) at Gram Panchayat Level, Horticulture Overseer (HO), Assistant Horticulture Officer (AHO) at block level, Additional Director of Horticulture (ADH) at division level, and Deputy Director of Horticulture (DDH) at the district level can provide guidance to FPOs and provide necessary information for FPOs engaged in horticultural crops and relevant schemes available.
- » **Directorate of Agriculture & Food Production** – Village Agriculture Worker (VAW), Agriculture Overseer (AO), Assistant Agriculture Officer (AAO) at block level, Chief District Agriculture Officer (CDAO) at district level can provide guidance to FPOs and provide necessary information for FPOs engaged in agricultural crops and relevant schemes available.
- » **Directorate of Soil Conservation & Watershed Development** – Assistant Soil Conservation Officer (ASCO) and Project Director (PD) can provide guidance to FPOs and provide necessary information for FPOs engaged in plantation crops and relevant schemes available.
- » **Department of Panchayati Raj & Drinking Water**—Capacity building through training and exposure visits for FPOs can be facilitated by the Department. It can also allocate land to the FPO for use as a common facility centre (CFC) or common hiring centre (CHC).
- » **Cluster Based Business Organizations (CBBOs) / Producer Organization Promoting Institution (POPIs) / Non-Government Organizations (NGOs)**—These organizations have ground level presence and they provide support to FPOs in mobilizing of farmers, training and capacity building and business planning.

At State level

- » **National Bank for Agriculture and Rural Development (NABARD)**: NABARD has promoted more than 50% of the FPOs in the state, under its initiatives like Producer Organization Development Fund (PODF), PRODUCE Fund and under Central Sector Scheme “Formation and Promotion of 10,000 FPOs”. The PODF fund is being leveraged for promotion & nurturing of new FPOs over a period of 3-5 years and also for extending credit-linked promotional support to the existing FPOs for capacity building, market linkage facilitation and other ecosystem services.

- » **Small Farmer Agriculture Consortium (SFAC):** SFAC has been designated by the Department of Agriculture, Cooperation & Farmers' Welfare, and Ministry of Agriculture & Farmers' Welfare as the nodal agency for promoting FPOs across the country. FPOs are being promoted in the country under various schemes and programmes of the Central government, State government, and other agencies since 2011.
- » **Department of Agriculture and Farmers' Empowerment (DA&FE), Odisha:** The Department of Agriculture and Farmers' Empowerment has been spearheading the FPO movement in the state through its policy and schemes. It has and continues to assist FPOs in aspects of capacity building, support in pre and post-production, access to infrastructure and machinery for post-harvest management, marketing and branding. The key roles of the department are:
 - i. To promote and boost the FPO movement in the state
 - ii. To provide assistance to FPOs in becoming functional and self-sustaining
 - iii. To provide policy measures towards building a conducive FPO ecosystem
- » **Directorate of Horticulture (DA&FE):** It is the Nodal Agency for the implementation of Central Sector Scheme "Formation and Promotion of 10,000 FPOs" in the state.
 - i. The Directorate has promoted FPOs with SFAC under the Vegetable Imitative Urban Cluster (VIUC) under the Rashtriya Krishi Vikas Yojana (RKVY).
 - ii. The Directorate has assisted FPOs in central schemes like Rashtriya Krishi Vikas Yojana (RKVY), Paramparagat Krishi Vikas Yojan (PKVY), and its state sector schemes.
 - iii. The Directorate is also the Nodal Agency for the Agriculture Production Cluster (APC) Initiative, which is a collaborative effort by Department of Agriculture and Farmers' Empowerment, Department of Panchayatiraj & Drinking Water, Bharat Rural Livelihood Foundation (BRLF) and Professional Assistance for Development Action (PRADAN).
 - iv. The Directorate has also signed an MoU with NABKISAN to provide a Credit Guarantee Fund (CGF) for FPOs.
 - v. The Directorate has developed a web portal with NIC under the Bill & Melinda Gates Foundation funded PSFPO project, FPO Odisha, which will act a single window system for FPOs, an information bank, catering to their licensing requirements, access to post harvest facilities and act as a search platform for potential buyers.
- » **Directorate of Agriculture & Food Production (DA&FE):** The Directorate has been actively promoting and handholding FPOs through state sector schemes and programs like Crop Diversification Programme (CDP) and Odisha Millet Mission in 40 tribal blocks. The Directorate has also promoted FPOs under the National Demonstration Project - NFSM (Pulse Village program).

The Directorate has also assisted FPOs as beneficiaries in central schemes like National Food Security Mission (NFSM), Rashtriya Krishi Vikas Yojana (RKVY), etc.

- » **Directorate of Soil Conservation & Watershed Development (DA&FE):** The Directorate has assisted FPOs under schemes and programs like Rainfed Area Development (RAD), World bank funded REWARD project, Odisha Rainfed Area Mission (ORAM) etc.
- » **Agricultural Promotion and Investment Corporation of Odisha Limited (APICOL):** APICOL is the nodal agency for implementation of the Central Sector Scheme “Pradhan Mantri Formalization of Micro Food Processing Enterprises (PMFME)”, under which FPOs are eligible to avail support for setting up a common infrastructure, facilities for processing of produce, marketing and branding and handholding support in preparation of Detailed Project Reports (DPRs). APICOL also provides Capital investment Subsidy (CIS) to FPOs for setting up of commercial agri-enterprises (CAE).
- » **Department of Water Resources (DoWR):** The Department is the nodal agency for the implementation of World Bank funded Odisha Integrated Irrigation Project for Climate Resilient Agriculture (OIIPCRA) project. FPOs are being provided support for climate resilient agriculture and value chain development under the project.
- » **Odisha State Agriculture Marketing Board (OSAMB):** The OSAM Board has been actively engaged with RMC Mandis and FPOs to onboard FPOs on the e-NAM portal which provides them a wider and more convenient trading platform.
- » **Implementing Agencies (IA):** Under the CSS “Formation & Promotion of 10,000 FPOs”, Implementing agencies are ensuring formation of new FPOs through empaneled agencies – Cluster Based Business Organizations (CBBOs). The IAs are agencies which have vast experience of working and supporting smallholder farmers and their groups. There are 3 IAs at the National level – NABARD, SFAC and NCDC. In Odisha, NAFED and FDRVC are also selected as Implementing Agencies.
- » **Cluster Based Business Organizations (CBBOs) /Promoting Organizations:** Organizations which directly promote and handhold FPOs go by different names, Cluster Based Business Organizations (CBBO) under the CSS “Formation & Promotion of 10,000 FPOs” / Producer Organization Promoting Institutions (POPI) by NABARD/ and generally called Promoting Institution. These are organizations which strong ground presence and provide support in mobilization, business planning and registration process of the FPOs. Many private companies also undertake formation of FPOs and support them directly or through local promoting institutions under Corporate Social Responsibility (CSR).
- » **Banks and Financial Institutions:** Banks like NABARD and Financial Institutions, NBFCs like NABKISAN, Samunnati, Ananya Finance are key agencies which provide credit to FPOs. NABKISAN is also providing Credit Guarantee on loans taken by FPOs to meet their working capital requirements.
- » **Farmers:** Farmers should take the responsibility of embracing the collectivization process, actively seeking information and guidance from the government and FPO Ecosystem Players to build and run successful and sustainable farmer producer organizations.

- » **Buyers & Exporters:** Local buyers, traders, Institutional buyers and Exporters are critical elements of the FPO Ecosystem who purchase from the FPOs.
- » **Corporates & Private Sector:** Private companies can assist FPOs from end-to-end or a specific sector of their operations or value chain through their Corporate Social Responsibility (CSR). Some CSR initiatives for FPOs have been taken by companies like Reliance, Jindal Steel, etc. SELCO foundation has provided solar energy powered machines to some FPOs in the state.
- » **Domestic & International Aid Agencies** – Organizations like Bill and Melidna Gates Foundation (BMGF), World Bank, Asian Development Bank, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and KfW have been supporting different state governments to promote FPOs.

At National Level

- » **Department of Agriculture, Co-operation & Farmers' Welfare, Government of India:**at national level the department provides policy support to FPOs.
- » **National Bank for Agriculture and Rural Development (NABARD):**
 - NABARD has taken an initiative for supporting producer organizations (POs), adopting a flexible approach to meet the needs of producers.
 - In order to give a special focus, “Producers Organization Development Fund” (PODF) has been set up w.e.f. 01 April 2011, with an initial corpus of INR 50 Crores.Under the CSS “Formation & Promotion of 10,000 FPOs”, NABARD has been selected as the Implementing Agencies.
 - Loan-linked grant support is available to the FPOs for promotion, capacity building & market interventions.
 - Grant assistance to eligible agencies for organizing / conducting workshops, meetings, round table meetings, special studies, IT-based interventions, etc. is also available without linking to availing institutional loan.
- » **Small Farmer Agriculture Consortium (SFAC):**
 - SFAC has been designated by the Department of Agriculture, Cooperation & Farmers' Welfare, and Ministry of Agriculture & Farmers' Welfare as the nodal agency for promoting FPOs across the country.
 - FPOs are being promoted in the country under various schemes and programmes of the Central government, State government, and other agencies since 2011.It links the agriculturist with the banks which in turn provide the requisite financial assistance.
 - Under the CSS “Formation & Promotion of 10,000 FPOs”, SFAC has been selected as the Implementing Agencies.
 - It provides training to the farmers on the various aspects of their activitiesviz., use of various technologies, selection of the appropriate fertilizers, etc.

- » **National Cooperative Development Corporation (NCDC):** Under the CSS “Formation & Promotion of 10,000 FPOs”, NCDC has been selected as the Implementing Agencies.
- » **Domestic & International Aid Agencies** – BMGF, World Bank, Asian Development Bank, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and KfW have been supporting different state governments to promote FPOs.

GOVERNMENT INITIATIVES FOR PROMOTION AND STRENGTHENING OF FPOS

Under the mandate of Government of India (GoI), promotion and strengthening of FPOs has been one of the key strategies to achieve inclusive agricultural growth. With large scale promotion of FPOs, the GoI has initiated the following policies to create an enabling ecosystem to strengthen the FPOs.¹

- » The Government has issued the ***National Policy and Process Guidelines for FPOs in March 2013***, laying the framework for mobilization of FPOs with a dedicated ***source of funding from the RKVY programmes***.
- » The Union Budget, 2014- 15 proposed to ***supplement NABARD’s PODF*** with a sum of INR 200 crore which will be utilized for building 2,000 FPOs across the country.
- » NABARD launched its INR 2,000 crore ***Food Processing Fund*** in November 2014 where FPOs will be one of the key recipients.
- » SFAC launched the ***Equity Grant and Credit Guarantee Fund Scheme (EGCGFS) for FPOs*** enabling the FPOs to access a grant up to INR 15.00 lakh to double members’ equity and seek collateral-free loan up to INR 1.00 crore from banks, which in turn can seek 85 per cent cover from the Credit Guarantee Fund (CGF).
- » SFAC has been designated as a central procurement agency to undertake price support operations under the ***Minimum Support Price (MSP) programmes for pulses and oilseeds*** and it will operate only through FPOs at the farm gate.
- » ***All major centrally sponsored schemes of the Department of Agriculture and Cooperation (DAC) have incorporated special provisions for promotion and development of FPOs during the 12th Plan.***
- » Many state governments, including Odisha, have come up with their own schemes and policies to support formation and nurturing of FPOs in their state.
- » Many Donor Organisations are focusing on the formation and strengthening of Producer Company (PC) as a key element of their development strategies.
- » Under Union Budget 2019, the government plans to form 10,000 FPOs in the next 5 years, in 2020, the ***Central Sector Scheme for “Formation and Promotion of 10,000 FPOs”*** was launched.

¹ [Farmer Producer Organisation \(fpojunction.com\)](http://fpojunction.com)

ODISHA FPO POLICY, 2018

The Department of Agriculture & Farmers' Welfare, Government of Odisha launched its **Odisha Farmer Producer Organization (FPO) Policy, 2018**. The policy aims to achieve the following objectives:

- i. The FPOs will successfully deal with challenges and constraints that confront farmers by leveraging collective strength and bargaining power to access financial and non-financial inputs, services and appropriate technologies, reduce transaction costs, tap high value markets and enter into partnerships with private entities on more equitable terms.
- ii. The FPOs will offer forms of aggregation and investments in irrigation, storage, processing etc. leaving land titles with individual producers and will use the strength of collective planning and bargaining for production, procurement and marketing, so that considerable value is added to the members' produce.
- iii. The Policy envisages the support and encouragement to the formation of FPOs for the mutual benefit of farmers as well as industry. This will ensure improvement of production, productivity, direct linkages, and higher unit value realization for the farmers and easy and cost-effective access to specific quantum and quality of raw material required by the industry.
- iv. The Policy aims at maximizing direct and indirect employment generation through establishment of marketing outlets, creating necessary supply chain like sorting and grading yards, transportation, warehouses and cold storages.

NABARD AND NABKISAN SPONSORED SCHEMES²

NABARD set up its own corpus of funds through PODF in 2011 with an initial sum of INR 50 crore for formation and financing POs by adopting a flexible approach to meet the needs of producers. Any registered PO viz PC (as defined under Sec 581 A in part IXA of Company's Act 1956), Producers Cooperatives, registered Farmer Federations, MACS (Mutually Aided Cooperative Society), industrial cooperative societies, other registered federations, PACS, etc. set up by producers are eligible under the fund.

Considering the success of financing to POs/PACS in terms of improved access to inputs, affordable credit, better price realisation by members by building scale and enhanced skill development of farmers, NABARD created its own subsidiary NABKISAN Finance Ltd. for meeting the credit requirements of FPOs by adopting a flexible approach based on life cycle needs, while it continues to provide promotional support towards capacity building, market linkages and other incubation services. The scope of this fund has been further enhanced during 2017- 18 to provide need-based grant assistance to those FPOs also which are financed by the Commercial Banks, Cooperative Banks and Regional Rural Banks.

NABARD is providing a **grant support of Rs.500 per FPO** to expedite **on-boarding of FPOs on e-NAM platform** in mission mode³.

² [Farmer Producer Organisation \(fpojunction.com\)](http://fpojunction.com)

³ [2109204616Collectivization of Agricultural Produce for enhancing Farmer's Income.pdf \(nabard.org\)](https://www.nabard.org/2109204616Collectivization%20of%20Agricultural%20Produce%20for%20enhancing%20Farmer%27s%20Income.pdf)

1. Producers Organisation Development Fund (PODF) *(Revised Guidelines 2018)*

- » **Objective:** PODF is used to support POs across three levers, viz. credit and grant support, capacity building & market linkage. The objective of the fund is to meet end to end requirements of POs as well as to ensure their sustainability & economic viability
- » For the purpose of extending credit support to POs, PACS/PCARDBs as MSC, the eligible lending institutions are Commercial banks, Regional Rural Banks, Cooperative Banks, small finance bank, subsidiaries of NABARD and such other institutions as approved by NABARD.
- » **Eligible institutions for Grant Support:**
 - PCs/POs, PACS/Primary Cooperative Agriculture and Rural Development Banks (PCARDB) as MSC, promoting/facilitating/on-lending agencies, agribusiness incubators and other professional organisations providing capacity building/handholding support to POs/ PACS/PCARDBs
 - Subsidiaries of NABARD for supporting specific training/capacity building measures of POs (which are covered under on-lending) organised through a professional/reputed agency
 - ny other institution/organisation, as approved by NABARD, whose objectives/activities are in conformity with the overall objectives of PODF
- » **Eligible activities linked to loan:**
 - **Training & Capacity Building** – skill development, business planning, technological extension, exposure visits, tie-up with agribusiness incubators/professional agencies, etc.
 - **Market Linkage** – setting up of marketing infrastructure facilities, retail unit on the line of rural haat and rural mart, tie-ups or partnerships between buyers of produce/ local or large companies/retail chain and FPOs, and promoting convergence with schemes.
 - **Detailed Project Planning (DPR) preparation**
 - **Administrative cost:** may be given a maximum of 5 per cent of the loan amount within the overall cap of 20 per cent, as grant towards administrative costs
 - **Incentive for the promoting agency:** Need-based incentive can be given to the promoting agency as per guidelines
- » **Grant Support to PACS/PCARDBs as Multi Service Cooperatives (MSC):**
 - **Knowledge dissemination center** – cost of one PC (need based)
 - **Initial administrative cost** to start new business activities
 - Activity specific training to farmers, if required. In case the loan is sanctioned to StCB/CCB, the concerned bank can factor service charges up to 2 per cent from the grant component within overall limit (10 per cent of the loan amount) of the grant.

- **Other need-based training to the farmers** for adopting best management practices, technology transfer, crop diversification, etc. may be supported from the existing funds like Farm Sector Promotion Fund (FSPF) or under other developmental/promotional programs.
- » Quantum Of Grant Support to Existing POs And PACS/PCARDBs As MSC/Support for Promotion of New FPOs/ Business Development Assistance (BDA):
- **Need-based grant support up to a maximum of 20 per cent of loan amount** in the case of **existing POs** is linked to the availability of loan from the lending institutions
 - **Need based grant support not exceeding 10 per cent of the loan amount** subject to the **maximum of INR 25.00 lakh per PACS/PCARDB will be available to Primary Agricultural Credit Society (PACL)/Primary Cooperative Agriculture and Rural Development Banks (PCARDBS)**, which are covered under refinance facility from NABARD/financed by subsidiaries of NABARD. The grant amount will not be utilised towards the capital cost of the project.
 - **Grant support to the extent of INR 21.60 lakh per FPOs over a period of 5 years for promotion of new FPOs including INR 5 lakh for Business Development Assistance**
- » **Activities are eligible for need based grant support:**
- **Mobilisation of farmers:** To cover the initial expenses on such awareness/mobilisation activities, a maximum grant support of INR 30,000/- per PO will be provided.
 - **Establishment and registration:** INR 40,000/- per PO.
 - Minimum shareholder members should be 100 at the time of registration.
 - The shareholder membership will have to be increased to 500 at the end of 3rd year and 1000 by the end of 5th year.
 - However, for POs formed in the NE and hilly states and LWE districts, the shareholder membership will be 100 at the time of registration and it will have to be further increased to 300 at the end of 3rd year and 500 by the end of 5th year.
 - **Training to Board of Directors (BOD):** A grant assistance of INR 2500/- per person per day for a maximum of 3 days duration will be provided to POPI for organising training in a group mode with the help of designated RSA/BIRD or any other reputed agency in consultation with RO of NABARD.
 - **Administrative Expenses of PO:** A grant support to partially cover monthly remuneration during the initial three years period will be provided on a tapering basis, which can be extended for another two years period, based on the performance review/need.
 - **Preparation of Business Plan:** A grant assistance of INR 0.20 lakh per PO, will be provided to cover expenses towards preparation of the business plan.
 - **Training to Chief Executive Officer of POs:** A maximum grant support of INR 2500/- per

person per day for 5 day duration will be provided for organising such training.

- Support to POPIs for handholding/nurturing of Pos:** Performance based grant support will be provided to POPIs for the same with an annual cap of INR 1.0 lakh per PO.
- Business Development Assistance:** Initially, POs generally undertake bulk purchase and distribution of agri inputs like seeds, fertilisers, pesticides, etc., to members followed by farm advisory services to members, produce aggregation, value addition/processing and marketing.

2. NABKISAN'S SUPPORT TO FPOS

- » **Objective:** to provide credit for promotion, expansion and commercialisation of enterprises engaged in agriculture, allied and rural non-farm activities. It is providing support for livelihood/income generating activities by extending credit to panchayat level federations, trusts, societies and section 25 companies/MFIs for on-lending to its member SHGs/JLGs.

Parameter	Particulars		
Eligible Institutions	Loans to POs/FPOs that are eligible for assistance from SFAC towards equity/credit guarantee cover.	Loans to FPOs and other POs that are not eligible for assistance from SFAC towards equity/credit guarantee cover and offering collaterals.	Loans to Promoting Institutions for on lending to POs
Type of Loan	<input type="checkbox"/> Term Loan <input type="checkbox"/> Working Capital <input type="checkbox"/> Both	<input type="checkbox"/> Term Loan <input type="checkbox"/> Working Capital <input type="checkbox"/> Both	<input type="checkbox"/> Term Loan <input type="checkbox"/> Working Capital <input type="checkbox"/> Both
Purpose	<input type="checkbox"/> Working capital, term loan for creation of infrastructure for storage, processing, marketing etc. <input type="checkbox"/> Bulk loan for on-lending, loan against warehouse receipts.	<input type="checkbox"/> Working capital, term loan for creation of infrastructure for storage, processing, marketing etc. <input type="checkbox"/> Bulk loan for on-lending, loan against warehouse receipts	<input type="checkbox"/> For on lending to FPOs/POs for working capital, pledge loans and term loans
Eligible Institutions	FPOs existing for 1-2 years with at least one audited balance sheet for a financial year	FPOs/POs under any legal form and existing for 2-3 years with at least two audited balance sheets	Promoting Institutions, Resource Institutions with good track record and experience
Minimum Share Capital	INR 3 lakh (minimum) for working capital loans and INR 5 (minimum) lakh for term loans	INR 3 lakh (minimum) for working capital loans and INR 5 (minimum) lakh for term loans	
Margin	Minimum 15 per cent for Working Capital and Term Loan	Minimum 15 per cent for Working Capital and Term Loan	15 per cent of the Project Cost

Parameter	Particulars		
Security	Hypothecation of assets created out of loan	Hypothecation of assets created out of loan and also collateral to an extent of 50- 100 per cent of loan amount.	Hypothecation of assets created out of loan and also collateral to an extent of 50-100 per cent of loan amount
Rate of Interest	Based on NABARD's refinance rate	Based on NABARD's refinance rate	Based on NABARD's refinance rate
Repayment	12 months for WC and 3-5 years for term loans	12 months for WC and 3-5 years for term loans	12 months for WC and 3-5 years for term loans
Loan Amount	Up to 6 times of the net worth of the FPO or INR 1 crore whichever is lower	Up to 6 times of the net worth of the FPO or INR 1 crore whichever is lower	Depending on the project cost and merit of the proposal
Processing fee	0.5 per cent of loan amount.	0.5 per cent of loan amount.	0.5 per cent of loan amount.
Insurance	Assets acquired out of the loan will be insured	Assets acquired out of the loan will be insured	Assets acquired out of the loan will be insured
Website	https://www.nabkisan.org/products.php		

Besides the POs which are established and have required infrastructure and other forms of support to be able to provide adequate collateral, there are organisations which are emerging and in nascent stage but with promising prospects but may not be able to provide any collateral.

To encourage such organisations and to demonstrate to various stakeholders about their viability with required support, lending to such organisations is considered essential. Proposals of such organisations depending purely on the merits and prospects of the proposal will also be **supported up to loan amount of INR 50 lakh**.

Such organisations may comply with following minimum norms:

- » PO/FPOs generating surplus through operations.
- » PO/FPOs having professional management team.
- » Active involvement of members.
- » PO/FPOs promoted by promoting institutes of high repute.
- » PO/FPOs with sound business plan based on market linkages.

Schemes under Small Farmers' Agri-Business Consortium (SFAC)⁴

Department of Agriculture and Cooperation and Farmers Welfare (DAC&FW), Government of India launched a pilot programme for promoting member-based FPOs during 2011- 12, in partnership with state governments, which was implemented through the SFAC.

SFAC is supporting FPOs through empaneled Resource Institutions (RIs), which provide various inputs of training and capacity building and linking these bodies to input suppliers, technology providers and market players. SFAC is also monitoring the project on behalf of DAC&FW and the states and reporting on its progress.

- » SFAC is an exclusive society focused on increasing incomes of small and marginal farmers through aggregation and development of agribusiness.
- » SFAC has pioneered the formation and growth of FPOs/FPCs, which is now being implemented across the length and breadth of the country. SFAC is progressing towards establishing an ecosystem for FPOs/FPCs to make them sustainable and viable in the long run.
- » SFAC offers schemes like Equity Grant and Credit Guarantee Fund Scheme to FPCs to improve availability of working capital and development of business activities.
- » SFAC promotes development of small agribusiness through its VCA Scheme for value added processing and marketing linkages.
- » SFAC is also implementing the National Agriculture Market **Electronic Trading (eNam) platform**. The purpose is to provide for a single unified market for agricultural products with much higher price discovery for farmer

1. VENTURE CAPITAL ASSISTANCE (VCA)

(<http://sfacindia.com/UploadFile/Statistics/SFAC%20VCA%20Guideline.pdf>)

- » **Eligible Lending Institutions:** All notified financial institutions notified by the RBI where the ownership of the Central/ State Government is more than 50 per cent such as nationalised banks, SBI & its subsidiaries, IDBI, SIDBI, NABARD, NCDC, NEDFi, RRBs & State Financial Corporations
- » **Beneficiaries:** Assistance under the scheme will be available to individuals; farmers; producer groups; partnership/proprietary firms; SHGs; Companies; agripreneurs; units in agriexport zones, and agriculture graduates Individually or in groups for setting up agribusiness projects. For professional management and accountability, the groups have to preferably form into companies or producer companies under the relevant act.
- » **Qualifying Projects:**
 - Projects should be in agriculture or allied sector or related to agricultural services. Poultry and dairy projects will also be covered under the scheme.
 - Project should provide assured market to farmers/producer groups.
 - Project should encourage farmers to diversify into high value crops, to increase farm incomes.
 - Project should be accepted by notified financial institutions for grant of term loan

» **The quantum of SFAC Venture Capital Assistance** will depend on the project cost and will be the lowest of the following:

- 26 per cent promoter equity
- INR 50.00 lakh

Provided that for projects located in the North Eastern Region (NER), hilly States (Uttarakhand, Himachal Pradesh, Jammu & Kashmir) and in all cases in any part of the country **where the project is promoted by a registered FPO**, the quantum of venture capital will be the lowest of the following:

- 40 per cent promoter equity
- INR 50.00 lakh

The cost of proposed agribusiness project would have to be INR 15 lakh and above, subject to a maximum of INR 500 lakh. However, projects valuing INR 10 lakh and above, proposed to be located in backward districts as notified by the Planning Commission, hilly and the NE states could also be considered for Project Development Facility (PDF) and VCA.

The Executive Committee of SFAC will have the power to consider projects for higher VCA provided:

- Provision for higher VCA has been appraised and approved by sanctioning authority of term loan subject to maximum of INR 3 Crore.
- Total cost of the project not more than INR 10 Crore.
- Projects are located in the NER and other difficult pre-identified districts declared backward by Planning Commission's Backward Regions Grant Fund Scheme (BRGF).

» **Project Development Facility (PDF)**

- SFAC will provide financial support to farmers, Producer Groups, Agripreneurs, Units in Agri-Export Zones, and Agriculture graduates (called beneficiary) in the preparation of bankable Detailed Project Reports (DPR) through empaneled consultants/institutions. SFAC will provide for the cost of preparation of DPR depending upon the financial status of the agripreneur, size, location, activity and coverage on a case-to-case basis.
- The beneficiary desirous of seeking assistance for preparation of DPR can approach the nearest empaneled consultant of the district in consultation with notified financial institution along with the details/pre-feasibility of the proposed project for the recommendation of the notified financial institution or SFAC at the State or Central level.
- The notified financial institution on being satisfied about the feasibility of the intending project will recommend it to SFAC for providing financial assistance for the preparation of DPR. Intending projects must be over INR 15 lakh (INR 10 lakh in projects located in

backward district of States notified by Planning Commission, Northeastern States and other hilly States i.e. H.P., J&K and Uttarakhand) in size.

- Based on the activity and location of the project, SFAC will entrust preparation of DPR to one of the consultants on its panel.
- SFAC will release cost of DPR preparation to the empaneled consultant.

2. EQUITY GRANT AND CREDIT GUARANTEE FUND SCHEME

2.A Equity Grant Scheme

- » **Objective:** The Equity Grant Fund enables eligible FPCs to receive a grant equivalent in amount to the equity contribution of their shareholder members in the FPC, thus enhancing the overall capital base of the FPC.
- » The Scheme shall address nascent and emerging FPCs, which have paid up capital not exceeding INR 30 lakh as on the date of application.
- » Eligibility Criteria:
 - Equity Grant shall be a cash infusion equivalent to the amount of shareholder equity in the FPC subject to a cap of INR 15 lakh per FPC.
 - Equity Grant sanctioned shall be directly transferred to the bank account of the FPC.
 - The FPC shall, within 45 days of the receipt of the Equity Grant, issue additional shares to its shareholder members, equivalent in value to the amount of the grant received by it, provided that the maximum grant per category of shareholder is as follows:
 - Individual Shareholder - INR 1000.00
 - Group of Individual Shareholders (e.g. SHG, FIG, JLG of farmers) – number of members multiplied by INR 1000.00, subject to a maximum of INR 20000.00
 - Institutional shareholders (FPCs)- INR 100000
 - The criteria for calculation of Equity Grant (rounded off to the Share Unit Value (subject to point (iii)) to each shareholder member of the FPC (as per authenticated copy of the Shareholders Register maintained by the Producers Company as per the applicable provisions of the relevant Act) is as follows:
 - Allocation of shares shall be on matching/pro-rata basis of the shareholders' current shareholding, subject to the maximum specified above and ensuring that each shareholder member receives minimum one equity share.
 - If the grant sanctioned to the FPC is not sufficient to ensure a minimum one share to all its shareholder members, allocation of grant shall be based on the shareholders' current landholding, starting with shareholder with the least land holding/the smallest producer in case of allied activities/or by transparent draw of lots where such

identification is not possible.

- The FPC shall be allowed to draw the Equity Grant in a maximum of two tranches (within a period of 2 years of the first application) subject to the cap of INR 10 lakh per FPC, provided and to the extent that it is able to raise additional Member Equity to qualify for an additional matching grant within the overall ceiling of INR 15 lakh. The request for the second tranche shall be treated as a fresh application and the full process of due diligence shall be repeated. In the event that a shareholder, who receives additional shares issued by the FPC against Equity Grant sanctioned by the implementing agency, exits the FPC at any point after receiving the shares, the additional shares received by transparent draw of lots. In such cases, the original shareholder cannot receive the value of the additional shares transferred to other/new members.
 - SFAC shall have the right to recall the Equity Grant amount from the FPC, which shall be legally liable to comply with the same in the case of:
 - Failure to issue additional shares to members against the Equity Grant received by the FPC within 45 days of its receipt, and
 - Closure/Dissolution of FPC within three years of the receipt of the Equity Grant.
 - Instances of misuse/misappropriation of the Equity Grant (viz. use of funds for activity other than mentioned in Memorandum of Association/Articles of Association/Business plan of the FPC) of the Equity Grant.
- » FPC shall be allowed to draw the Equity Grant in a maximum of two tranches within a period of 3 years instead of 2 years of the first application subject to the cap of INR 15.00 lakh per FPC. Third tranche shall as a special case be allowed to only those FPCs who have already availed Second tranche of Equity Grant within a period of three years subject to the cap of INR 15.00 lakh per FPC in order to provide them equal opportunity.

2.B Credit Guarantee Fund Scheme

- » **Objective:** to provide a Credit Guarantee Cover to Eligible Lending Institution (ELI) to enable them to provide collateral free credit to FPCs by minimising their lending risks in respect of loans not exceeding INR 100.00 lakh.
- » **Eligibility Criteria:**
- It is a duly registered FPC as defined in Section 3{(Farmer Producer Companies (FPC) means a company of Farmer Producer Members as defined in section IXA of the Indian Companies Act, 1956 (including any amendments thereto or re-enactment thereof) and incorporated with the Registrar of Companies (RoC)}.
 - It has raised equity from its members as laid down in its Articles of Association/Bye laws.
 - The number of its individual shareholders shall not be lower than 500.

- Minimum 33 per cent of its shareholders are small, marginal and landless tenant farmers.
 - Maximum shareholding by any one member other than an institutional member is not more than 5 per cent of total equity of the FPC.
 - It has a duly elected/nominated Board with a minimum of five members and having adequate representation from farmers and minimum 1 woman member.
 - It has a duly elected Management Committee.
 - It has a business plan and budget for 18 months.
 - The Bank ELI has extended/sanctioned within six months of the date of application for the guarantee or/in principle agreed in writing/has expressed willingness in writing to sanction Term Loan/Working Capital/Composite Credit Facility without any collateral security or third party guarantee including personal guarantee of Board Members.
- » **Eligible Lending Institutions:**
- A Scheduled Commercial Bank included in the second Schedule to the RBI Act, 1934, and RRBs, NCDC, NABARD and its subsidiaries, NEDFi, or any other institution (s) as may be decided by the SFAC Board or as directed by the Government of India from time to time.
- » Type of credit facilities eligible under CGF:
- Credit facility extended without any collateral security and/or third party guarantees.
 - Credit facilities (Fund based and/or Non fund based) already sanctioned/extended within six months from the date of the application for the guarantee cover or intended to be extended singly or jointly by one or more than one ELIs to a single eligible FPC borrower by way of term loan and/or working capital/composite credit facilities.
 - The ELI can extend credit without any limit; however, the guarantee cover shall be limited to the maximum guarantee cover specified under the Scheme.
- » ELI shall be eligible to seek guarantee cover for a credit facility sanctioned in respect of a single FPC borrower for a maximum 2 times over a period of 5 years.
- » Maximum guarantee cover shall be restricted to the extent of 85 per cent of the eligible sanctioned credit facility or up to INR 85 Lakh, whichever is lower.
- » In case of default, claims shall be settled up to 85 per cent of the amount in default subject to maximum cover as specified above. Other charges such as penal interest, commitment charge, service charge, or any other levies/expenses, or any costs whatsoever debited to the account of FPC by the ELI other than the contracted interest shall not qualify for guarantee cover.
- » The cover shall only be granted after the ELI enters into an agreement with SFAC and shall be granted in accordance with the Terms and Conditions from time to time

CENTRAL SECTOR AND CENTRALLY SPONSORED SCHEMES FOR FPOS

Ministry of Agriculture: Department of Agriculture and Cooperation has identified farmer producer organisation registered under the special provisions of the Companies Act, 1956 as the most appropriate institutional form around which to mobilize farmers and build their capacity to collectively leverage their production and marketing strength.

- » The department released a policy document – **“Policy & Process Guidelines for Farmer Producer Organisations (2013)”**, meant to serve as a reference and guide to Central and State Government agencies which seek to promote and support Farmer Producer Organisations, especially producer companies and link them to benefits under various programmes and schemes of the Central and State Governments.
- » In 2020, the Department of Agriculture, Co-operation & Farmers’ Welfare Ministry of Agriculture & Farmers’ Welfare released Operational Guidelines for **Central Sector Scheme “Formation and Promotion Of 10,000 Farmer Producer Organizations (FPOs)”**.
- » The Government of India launched **“Operation Greens”** for onion, potato and tomato crops (later include more horticultural crops) on the lines of Operation Flood with an allocation of Rs. 500 crores to address price fluctuation in vegetables for the benefit of farmers and consumers by promoting FPOs and creating agri-logistics, processing facilities and professional management system The Government of India has granted 100% tax exemption for FPOs with annual turnover of up to Rs. 100 crores for a period of 5 years.¹
- » Indian Railways have introduced **Kisan Rail**, a unique opportunity for farmers to sell their produce in distant markets and the cost of tonnage is considerably lesser through these trains. There is also a provision for FPO market team to travel in the same train along with their goods.

Ministry of Food Processing Industries (MoFPI)

The Ministry of Food Processing Industries has launched schemes like Pradhan Mantri Formalisation of Micro Food Processing Industries (PMFME) to promote food processing through formal units like FPOs.



1 [2109204616Collectivization of Agricultural Produce for enhancing Farmer’s Income.pdf \(nabard.org\)](https://www.nabard.org/2109204616Collectivization-of-Agricultural-Produce-for-enhancing-Farmer's-Income.pdf)

1. CENTRAL SECTOR SCHEME FOR FORMATION AND PROMOTION OF 10,000 FPOS

([Formation & Promotion of 10,000 FPOs Scheme Operational Guidelines in English.pdf \(sfacindia.com\)](#))

Aims and Objectives of the Scheme

- » To provide holistic and broad-based supportive ecosystem to form new 10,000 FPOs to facilitate development of vibrant and sustainable income-oriented farming and for overall socio-economic development and wellbeing of agrarian communities.
- » To enhance productivity through efficient, cost-effective and sustainable resource use and realize higher returns through better liquidity and market linkages for their produce and become sustainable through collective action.
- » To provide handholding and support to new FPOs up to 5 years from the year of creation in all aspects of management of FPO, inputs, production, processing and value addition, market linkages, credit linkages and use of technology etc.
- » To provide effective capacity building to FPOs to develop agriculture-entrepreneurship skills to become economically viable and self-sustaining beyond the period of support from government.
- » **Nodal Departments:** At State level Directorate of Horticulture, Bhubaneswar is the nodal department for implementation of the scheme in Odisha.
- » **Nodal Institutions for Capacity Building & training:** At central level the nodal institute for training and capacity building is **Bankers Institute of Rural Development (BIRD)**, for FPOs promoted by NABARD and SFAC and other allowed/designated Implementing Agencies whether incorporated under Part IX A of Companies Act or registered under Co-operative Societies Act and for FPOs promoted by NCDC is **Laxmanrao Imandar National Academy for Co-operative Research & Development (LINAC)**.
- » **Pattern of Assistance to FPOs:**
 - FPO Management Cost
 - Equity Grant
 - Credit Guarantee Cover
 - Training & Capacity Building
- » **FPO Management Cost:**
 - **FPO Management Cost:** financial support to Farmer Producer Organization (FPO) @ up to maximum of Rs. 18 lakh / FPO or actual. The indicative financial support broadly covers:
 - Support for salary of its CEO/Manager (maximum up to Rs.25000/month) and Accountant (maximum up to Rs. 10000/month)

- one time registration cost (one time up to maximum Rs. 40000 or actual whichever is lower)
- office rent (maximum up to Rs. 48,000/year)
- utility charges (electricity and telephone charges of office of FPO maximum up to Rs. 12000/year)
- one-time cost for minor equipment, including furniture and fixture, maximum up to Rs. 1,00,000 subject to the condition that the FPO is saving from other heads like office Rent, travel, cleaning, etc. by the FPO subject to overall ceiling of assistance of Rs. 18 lakhs per FPOs in 3 years
- travel and meeting cost (maximum up to Rs.18,000/year)
- misc. (cleaning, stationery etc. maximum up to Rs. 12,000/year).

» Equity Grant for FPOs:

- Equity Grant shall be in the form of matching grant upto Rs. 2,000 per farmer member of FPO subject to maximum limit of Rs. 15.00 lakh fixed per FPO.
- This Equity Grant is not in the form of government participation in equity, but only as a matching grant to the FPOs as farmer members' equity. Therefore, Rs.1,500 crore with DAC&FW is proposed in the scheme to cover all the 10,000 FPOs, if maximum permissible equity is contributed to all 10,000 FPOs.
- Eligibility Criteria for Equity Grant:
 - It shall be a legal entity, registered either under Part IXA of Companies Act or under Co-operative Societies Act of the concerned States.
 - It has raised equity from its Members as laid down in its Articles of Association/ Bye laws, as the case may be.
 - The number of its Individual Shareholders is in accordance with the terms hereto read together with the Scheme.
 - Minimum 50% of its shareholders are small, marginal and landless tenant farmers as defined by the Agriculture Census carried out periodically by the Ministry of Agriculture, GoI. Women farmers' participation as its shareholders is to be preferred.
 - Maximum shareholding by any one member shall not be more than 10% of total equity of the FPO.
 - A farmer can be member in more than one FPO with different produce clusters but he/she will be eligible only once (for any one FPO that he/ she is a member) for the matching equity grant up to his/her share.

- In the Board of Directors (BoD) and Governing Body (GB), as the case may be, there shall be adequate representation of women farmer member(s) and there should be minimum one woman member.
- It has a duly constituted Management Committee responsible for the business of the FPO.
- It has a business plan and budget for next 18 months that is based on a sustainable, revenue model as may be determined by the Implementing Agency.

» **Credit Guarantee Cover:** In order to ensure access of FPOs to credit from mainstream Banks and Financial Institutions, there is a need to create a dedicated fund. The dedicated Credit Guarantee Fund (CGF) will provide suitable credit guarantee cover to accelerate flow of institutional credit to FPOs by minimizing the risk of financial institutions for granting loan to FPOs so as to improve their financial ability to execute better business plans leading increased profits.

- Eligibility Criteria for FPO:
 - An ELI can avail Credit Guarantee for the FPO/Federation of FPOs, which are covered under the Scheme.
 - Further, it should be ensured that the ELI has extended / sanctioned within six months of the date of application for the Guarantee or / in-principle agreed in writing / has expressed willingness in writing to sanction Term Loan/ Working Capital/ Composite Credit Facility without any collateral security or third party guarantee including personal guarantee of Board of Directors/Governing Body Members.
- Credit Facilities Eligible under the Scheme:
 - Fund based Credit facilities already sanctioned / extended within six months from the date of the application for the Guarantee Cover or intended to be extended singly or jointly by one or more than one Eligible Lending Institution (ELI) to a single eligible FPO borrower by way of term loan and/or working capital/composite credit facilities without any collateral security and/or third party guarantees.
 - The ELI can extend credit without any limit; however, the Guarantee Cover shall be limited to the maximum guarantee cover specified under the Scheme.
 - Non-Banking Financial Companies (NBFCs) and such other Financial Institutions (FIs) with required net worth, track record and rating of AAA may also be accommodated as Eligible Lending Institutions (ELIs), such NBFC should on-ward lend to FPOs with a moderate spread between their cost of capital and lending rate.

2. RASHTRIYA KRISHI VIKAS YOJANA (RKVY) -REMUNERATIVE APPROACHES FOR AGRICULTURE AND ALLIED SECTOR REJUVENATION (RAFTAAR) (https://rkvy.nic.in/static/download/pdf/RKVY_14th_Fin._Comm.pdf)

RKVY was initiated in 2007 as an umbrella scheme for ensuring holistic development of agriculture and allied sectors by allowing states to choose their own agriculture and allied sector development activities as per the district/state agriculture plan.

RKVY guidelines have been revamped as RKVY – RAFTAAR to enhance efficiency, efficacy and inclusiveness of the programme.

- » **Nodal Departments:** Department of Agriculture, Cooperation & Farmer Welfare, State Departments
- » **Formation of FPOs:** Formation of FPOs has been supported through the scheme 'Vegetable Initiative for Urban Clusters (VIUC)' and Integrated Development of 60,000 pulse villages in rainfed areas, whereby FPO projects has been taken up by some State Governments under general RKVY funds. Funds for formation and strengthening of FPOs and projects under FPOs may be taken up under RKVY –RAFTAAR for the period 2017-18 to 2019-20. However, no duplication with other schemes should be made.
- » **Sectors of Intervention:**
 - Crop Husbandry (including Horticulture)
 - Animal Husbandry and Fisheries
 - Dairy Development
 - Agricultural Research and Education
 - Forestry and Wildlife 6. Plantation and Agricultural Marketing
 - Food Storage and Warehousing
 - Soil and Water Conservation
 - Agricultural Financial Institutions
 - And other Agricultural Programmes and Cooperation
- » **List of Activities supported:** The below list is not exhaustive. Therefore, schemes that are important for agriculture and allied sector development but cannot be categorised under can also be proposed under this stream. However, projects for creation/strengthening of infrastructure and assets should be funded under RKVY – RAFTAAR (infrastructure and assets) stream.
 - Integrated development of major food crops such as wheat, paddy, coarse cereals, minor millets, pulses, oilseeds.
 - Integrated development of fodder crops including perennial grasses, fodder, trees and shrubs.

- Agriculture mechanisation.
 - Activities related to enhancement of soil health.
 - Development of rainfed farming systems in and outside watershed areas.
 - Integrated Pest Management schemes.
 - Promoting Extension Services.
 - Animal husbandry and fisheries development activities.
 - Study tours of farmers.
 - Organic and bio-fertilisers.
 - Sericulture.
- » **Eligibility:** To enhance the farmers income, the FPOs having 500 or above number of farmers may be supported under RKVY and RAFTAAR. Further, FPOs may also be promoted in the less populated areas/districts of the State

3. RE-VAMPED NATIONAL FOOD SECURITY MISSION (NFSM)

(<https://www.nfsm.gov.in/Guidelines/NFSM12102018.pdf>)

A Centrally Sponsored Scheme, 'National Food Security Mission' (NFSM), was launched in October 2007. Under revamped NFSM small and marginal farmers would be organised into FPOs and would be supported in the area of value chain integration and millet production.

- » **State Governments** will be required to submit their **action plans for FPO promotion**, to be undertaken through SFAC or similar organisations, along with their annual action plans.
- » SFAC will assist the State Governments in drawing up action plans, if required, for linkage to value chains.
- » State Governments will also have the flexibility to undertake FPO promotion through any other Central, State, Civil Society or private in the process guidelines for FPOs.
- » **Areas of intervention:**
 - **Mobilisation, training, exposure and capacity building interventions.**
 - **Agriculture-based livelihood interventions** such as trial and demonstration of GAP (replacement of varieties, pre-and post-sowing practices, seed production and dissemination, INM, IPM, etc.).
 - **Formation and development of Kissan Producer Company** or other institutional form, which will include awareness building, federating, drafting constitution, registration of the company, develop and establish system and procedures related to administration, accounts, HR, develop business plan and implementation, statutory compliance, etc. and

- **Linkage to value chain (marketing):** SFAC will assist the State Governments in drawing up action plans, if required. State Governments will also have the flexibility to undertake FPO promotion through any other Central, State, Civil Society or private in the process. Guidelines for FPOs referred to above, will be followed in such sector entity of their choice
- » For an FPO of 1000 farmers, the following support is given
- Mobilisation of farmers into registered producer organisations of around 1000 members each, with inputs of training and capacity building and training (as per model FPO Process Guidelines of DAC)- INR 40.75 lakh.
 - Establishment of mini dal mills by farmers, farmer groups or registered FPOs (@ INR 10 lakh, or 30 per cent of the total cost, whichever is lower, as one-time support).
 - Support for branding and marketing of milled pulses or millets (available only to registered FPOs @ INR 5.00 lakh per FPO, for one-time support only).
 - Marketing support to un-registered farmer groups, SHGs, SHG federation etc. for local marketing of pulses and millets (@ INR 2.00 lakh per group of 15 farmers, for one-time support only).
 - Support to registered FPOs to set up and equip procurement centres to grade and process pulses and millets (@ INR 5.00 lakh per FPO for one-time support only).
- » Support for Millet Crop:
- Millets cultivation in India is dominated by resource poor small holder farmers and widely dispersed across geographies. Leveraging on those existing FPOs and federation of such resource poor farmers into new FPOs would result in attaining faster results.
 - The outcomes are expected to improve access to quality inputs, credit and technology, plus adoption of better practices, higher productivity and higher incomes due to integration in the value chain and to share in the resulting benefits under NFSM.
 - It is envisaged that during the next 5 years at-least 100 millet based FPOs will be formed.
- » Assistance for FPO promotion will be available for a maximum period of three years as per the FPO Process Guidelines of SFAC.
- » **Quantum of assistance:**
- Federating FPOs: Mobilisation of farmers into registered POs of around 1000 members each, with inputs of training and capacity building and training (as per model FPO Process Guidelines of DAC); INR 5 lakh.
 - Processing Facilities: Establishment of primary & secondary processing units with storage facilities by farmers, farmer groups or registered FPOs; INR 50 Lakh.
 - Marketing Support: Branding and marketing including organic certification of millets along with Millet Kitchen (registered FPOs @ INR 5.00 lakh per FPO, for one time support only)

4. OPERATION GREENS

Government of Indian (GOI) has approved a new Central Sponsored Scheme (CSS) “Operation Greens” - a scheme for integrated development of Tomato, Onion and Potato (TOP) value chain, with a budgetary allocation of INR 500 crores spread over the period 2018-19 and 2019-20 with allocation of INR 200 crore and INR 300 crores respectively, implemented by the ministry of Food Processing Industries (MoFPI).

The scheme is expected to result into capacity building of FPOs through their professional development, reduction of post-harvest losses, creation of preservation & processing infrastructure, provision of Agri-Logistics for supply chain, price stabilisation for consumers and producers and preventing distress sale by TOP farmers. The objective of intervention is to protect the growers of fruits and vegetables from making distress sale due to lockdown and reduce the post-harvest losses.

The Scheme has included additional fruits and vegetables under its purview. ¹Due to restriction imposed on account of COVID-19, the supply chain has been disrupted and farmers are not able to sell their produce in the market. Hon’ble Finance Minister has announced on 15.05.2020 in the third tranche of measures for revival of the economy affected severely due to COVID-19 pandemic as part of Atam Nirbhar Bharat Package Announcements:

- Operation Greens will be extended from Tomatoes, Onion and Potatoes (TOP) to ALL fruits and vegetables (TOTAL);
 - Scheme features – 50% subsidy on transportation from surplus production to deficient markets and 50% subsidy on storage, including cold storages;
 - Pilot for 6 months – will be expanded and extended;
- » **Nodal Agency:** NAFED is the Nodal Agency (NA) for implementing short-term measures for price stabilisation of TOP crops.
- » **Eligibility:** FPO may register either under the Companies Act or under the various central and state cooperative society laws (Dept. of Agriculture and Cooperation, Govt of India).
- The combined net worth of the promoter(s)/proposed shareholders of the PIA should not be less than the grant amount sought. Each member in PIA (other than FPOs and farmer’s group) must have a net-worth at least 1.5 times of his/her proposed equity contribution in order to ensure requisite contribution for the project from each shareholder.
 - There should be sufficient liquidity in the form of net current assets and the PIA should demonstrate its capacity to mobilise the promoter’s contribution in time bound manner for project implementation.
 - Project Implementing Agency (PIA) needs to bring in at least 20 per cent (10 per cent for FPOs) of the total project cost as equity contribution and at least 20 per cent (10 per

¹ [final_scheme_guidelines_4_0.pdf \(mofpi.gov.in\)](#)

cent for FPOs) of the total cost towards post-harvest processing facility, Agri-Logistics and marketing/consumption points excluding small infrastructure like storage & pack house at farm gate as term loan from the bank/financial institutions.

- The promoter holding maximum equity in the PIA will be lead promoter. The lead promoter will be primarily responsible for coordination with all stakeholders including with MoFPI to ensure timely and effective implementation of the project.
- The land for the project shall be arranged by the PIA either by purchase or on lease of at least 15 years.
- Any entity/applicant which has availed grant from MoFPI for any project under another scheme of the Ministry, shall, in future, shall be considered eligible for grant under this scheme only after one-year of successful completion of that project.

» Pattern of Assistance:

- **For Price Stabilisation Measures:**

- 50 per cent of cost of transportation and 50 per cent of cost of hiring appropriate storage facilities will be provided as subsidy at the time of harvest. Storage facilities will be hired for a maximum period of 4 to 6 months.
- NAFED will be nodal agency for disbursement of subsidy under this component to the eligible organisation.

- **For Integrated value chain development projects:**

- The post-harvest processing facilities including secondary processing facilities will be mandatory components of the Integrated value chain development project.
- The projects will be eligible for grant-in-aid at the rate of 50 per cent of the eligible project cost in all areas, subject to maximum INR 50 crore per project. However, in case where PIA is/ are FPO(s), the grant-in-aid will be at the rate of 70 per cent of the eligible project cost in all areas, subject to maximum INR 50 crore per project.
- The eligible cost will exclude the cost of the land and pre-operative expenses. The cost norm for various components under this Scheme for determining upper limit of eligible cost of that components will as under:
 - Capacity building of FPOs and their consortium - SFAC norms.
 - Quality production - MIDH Norms (To be met by Ministry of Agriculture).
 - Post-harvest processing facilities - MIDH Norms. Wherever MIDH norms not available, MoFPI will determine the cost norms with the approval of InterMinisterial Committee.
 - Agri-logistics - MIDH Norms. Wherever MIDH norms not available, MoFPI will determine the cost norms with the approval of Inter-Ministerial Committee.

- Marketing and aggregating points - MIDH Norms. Wherever MIDH norms are not available, MoFPI will determine the cost norms with the approval of Inter-Ministerial Committee.
- Maximum 5 per cent of total annual allocation under the scheme may be utilised for the administrative expenses by the MoFPI/NAFED/State governments, if necessary.

5. PRADHAN MANTRI FORMALISATION OF MICRO FOOD PROCESSING INDUSTRIES (PMFME)

The Scheme adopts One District One Product (ODOP) approach to reap the benefit of scale in terms of procurement of inputs, availing common services and marketing of products. ODOP for the scheme will provide the framework for value chain development and alignment of support infrastructure. There may be more than one cluster of ODOP product in one district. There may be cluster of ODOP product consisting of more than one adjacent district in a State.

The Scheme adopts One District One Product (ODOP) approach to reap the benefit of scale in terms of procurement of inputs, availing common services and marketing of products. ODOP for the scheme will provide the framework for value chain development and alignment of support infrastructure. There may be more than one cluster of ODOP product in one district. There may be cluster of ODOP product consisting of more than one adjacent district in a State.

The objectives of scheme are to build capability of microenterprises to enable:

- » Increased access to credit by existing micro food processing entrepreneurs, FPOs, Self Help Groups and Cooperatives
- » Integration with organized supply chain by strengthening branding & marketing
- » Support for transition of existing 2,00,000 enterprises into formal framework
- » Increased access to common services like common processing facility, laboratories, storage, packaging, marketing and incubation services
- » Strengthening of institutions, research and training in the food processing sector; and
- » Increased access for the enterprises, to professional and technical support.

The programme has four broad components addressing the needs of the sector:

- » Support to individual and groups of micro enterprises
- » Branding and Marketing support
- » Support for strengthening of institutions
- » Setting up robust project management framework.

Assistance provided to Farmer Producer Organizations (FPOs)/Producer Cooperatives:

- » Grant @35% with credit linkage

- » Training support
- » Maximum limit of grant in such cases would be as prescribed.

Eligibility Criteria for Co-operatives/FPOs:

- » It should preferably be engaged in processing of ODOP produce
- » It should have minimum turnover of Rs.1 crore
- » The cost of the project proposed should not be larger than the present turnover
- » The members should have sufficient knowledge and experience in dealing with the product for a minimum period of 3 years
- » The cooperative/FPO should have sufficient internal resources or sanction from the State Government to meet 10% of the project cost and margin money for working capital

Assistance to SHGs:

- » Seed capital @ Rs40,000/- per member of SHG for working capital and purchase of small tools would be provided under the scheme (priority to SHGs involved in ODP produce). All the members of an SHG may not be involved in the food processing. Therefore, seed capital would be provided at the federation level of SHGs;
- » Support to individual SHG member as a single unit of food processing industry with credit linked grant @35% with maximum amount being Rs 10 lakh.
- » Support for capital investment at federation of SHG level, with credit linked grant @35%. Maximum limit of grant in such cases would be as prescribed.
- » Training & Handholding Support to SHGs: For support to SHGs, a large number of trained resource persons are available with State Rural Livelihood Missions (SRLMs). These local resource persons of SRLM having expertise in agro-produce would be utilized for training, upgradation of units, DPR preparation, handholding support, etc.

Eligibility Criteria for SHGs:

- » Only SHG members that are presently engaged in food processing would be eligible
- » The SHG member has to commit to utilize this amount for working capital and purchase of small tools and give a commitment in this regard to the SHG and SHG federation
- » Before providing the seed capital, SHG Federation should collect the following basic details for each of the members:
 - Details of the product being processed
 - Other activities undertaken
 - Annual turnover
 - Source of raw materials and marketing of produce.

Eligibility Criteria for Credit Linked Grant for Capital Investment for SHGs:

- » The SHGs should have sufficient own funds for meeting 10% of the project cost and 20% margin money for working capital or sanction of the same as grant from the State Government
- » The SHG members should have for a minimum period of 3 years' experience in processing of the ODOP product.

Support for common infrastructure would be provided to FPOs, SHGs, cooperatives, any Government agency or private enterprises:

- » Types of Common infrastructure to be funded under the scheme: The following common infrastructure would be funded under the Scheme:
 - Premises for assaying of agriculture produce, sorting, grading, warehouse and cold storage at the farm-gate
 - Common processing facility for processing of ODOP produce
 - Incubation Centre should involve one or more product lines, which could be utilized by smaller units on a hire basis for processing of their produce. The Incubation Centre may partly be used for training purpose. It should be run on commercial basis.

Procedure for groups to send proposals for Common Infrastructure and capital investment by FPOs/SHGs/Cooperatives:

- » A DPR for seeking assistance under the Scheme for capital investment and common infrastructure should be prepared, based on the format as prescribed
- » The DPR should have necessary details of the proposal, detailed project cost, proposed manpower, turnover, marketing channel, sources of raw material, estimated profit & loss account, cash flow statement, etc.
- » The DPR should be sent to State Nodal Agency (SNA). After approval of the proposal by SLAC, SNA should recommend the proposal to MoFPI. Any proposal for assistance to a group for grant above Rs.10 lakh should be sent to MOFPI for approval.
- » After approval of the proposal by MoFPI, the proposal should be forwarded to the financial institution for sanction of loan
- » The DPR may also contain proposal for training support to the group members based on the training hours & modules, as prescribed and the cost norms of Ministry of Skill Development and Entrepreneurship. Component of training and capacity building would be fully funded under the Scheme
- » Assistance of Rs. 50,000/- per case would be provided to FPOs/SHGs/ Cooperatives for preparation of DPR
- » Disbursement of grant should take place to the bank account of the applicant organization after sanction of loan by the bank.

Branding and Marketing Support:

- » Marketing and branding support would be provided to groups of FPOs/SHGs/ Cooperatives or an SPV of micro food processing enterprises under the Scheme. Following the ODOP approach, marketing & branding support would only be provided for such product at the State or regional level.
- » The proposal for support to marketing and branding should be prepared by the SNA. Support for branding and marketing would be limited to 50% of the total expenditure. Maximum limit of grant in such cases would be as prescribed. No support would be provided for opening retail outlets under the scheme. Eligible items for support:
 - Training relating to marketing to be fully funded under the scheme
 - Developing a common brand and packaging including standardization to participate in common packaging
 - Marketing tie up with national and regional retail chains and state level institution
 - Quality control to ensure product quality meets required standards

6. AGRICULTURE INFRASTRUCTURE FUND (AIF)

To mobilize a medium - long term debt finances facility for investment in viable projects for post-harvest management Infrastructure and community farming assets through incentives and financial support in order to improve agriculture infrastructure in the country. This financing facility will have numerous objective for all the stakeholders in the agriculture eco-system.

- i. Farmers (including FPOs, PACS, Marketing Cooperative Societies, Multipurpose cooperative societies) - Improved marketing infrastructure to allow farmers to sell directly to a larger base of consumers and hence, increase value realization for the farmers. This will improve the overall income of farmers.
- ii. Government - Government will be able to direct priority sector lending in the currently unviable projects by supporting through interest subvention, incentive and credit guarantee.
- iii. Agri entrepreneurs and startups - With a dedicated source of funding, entrepreneurs will push for innovation in agriculture sector by leveraging new age technologies including IoT, AI, etc.
- iv. Banking ecosystem - With Credit Guarantee, incentive and interest subvention lending institutions will be able to lend with a lower risk.
- v. Consumers - With reduced inefficiencies in post-harvest ecosystem, key benefit for consumers will be a larger share of produce reaching the market and hence, better quality and prices.

Repayment period covered under the financing facility will be for a maximum period of 7 years including the moratorium period of up to 2 years.

Budgetary support will be provided for interest subvention and credit guarantee fee as also administrative cost of PMU. The details are as below:

- » **Interest Subvention Cost:** All loans under this financing facility will have interest subvention of 3% per annum up to a limit of ₹ 2 crore. This subvention will be available for a maximum period of 7 years. In case of loans beyond ₹ 2 crore, then interest subvention will be limited up to ₹ 2 crores.
- » **Credit Guarantee Cost:** Credit guarantee coverage will be available for eligible borrowers from this financing facility under Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) scheme for a loan up to ₹ 2 crore. The fee for this coverage will be paid by the Government. In case of FPOs the credit guarantee may be availed from the facility created under Central Sector Scheme for Formation and Promotion of 10,000 FPOs scheme of DA&FW.

Eligible Post-Harvest Management Projects under AIF are:

- » Supply chain services including e-marketing platforms
- » Warehouses
- » Silos
- » Pack houses
- » Assaying units
- » Sorting & grading units
- » Cold chains
- » Logistics facilities
- » Primary processing centers
- » Ripening Chambers

Viable projects for building community farming assets including:

- » Organic inputs production
- » Bio stimulant production units
- » Infrastructure for smart and precision agriculture
- » Projects identified for providing supply chain infrastructure for clusters of crops including export clusters.
- » Projects promoted by Central/State/Local Governments or their agencies under PPP for building community farming assets or post-harvest management projects.

STATE SECTOR SCHEMES FOR FPOS

1. MUKHYAMANTRI KRUSHI UDYOGA YOJANA (MKUY)

- » MKUY is a state sector scheme designed with the objective of giving a boost to the Agri-enterprises in the state through Capital Investment Subsidy.
- » Nodal Agency for the scheme is APICOL.
- » Pattern of Assistance: Subsidy for 40% of the fixed capital (excluding the cost of the Commercial Agri-Enterprises land) subject to a limit of 50.00 lakh (50% limited to (CAE) 50.00 lakh for SC/ST/Women/Graduates of Agriculture and Allied Disciplines)

List of eligible project can be found at website of APICOL in the MKUY guidelines document ([Approved CAE guideline.pdf \(apicol.nic.in\)](#)).

2. AGRICULTURE ENTREPRENEURSHIP PROMOTION SCHEME (AEPS)

- » In the first phase, the scheme will be taken up in tribal dominated 12 districts (40 blocks) of the state, such as, Rayagada, Kandhamal, Mayurbhanj, Koraput, Keonjhar, Kalahandi, Dhenkanal, Jharsuguda, Sambalpur, Bolangir, Nuapada, Boudh.
- » Objective:
 - Developing 1000 rural youth, women and men as Agri-Entrepreneurs (AE) who will earn Rs 2 lakh to 6 lakh from their services and
 - Supplementing efforts of extension by facilitating prime agricultural services for local agricultural communities through Agri- Entrepreneurs which would result in increase in income of around 200,000 small and marginal farmers
- » Professional Assistance for Development Action (PRADAN) is selected as partner agency for setting up AE hub under the scheme through RFP process by APICOL
- » Pattern of assistance:
 - Assistance is being provided for training and capacity building of Agri-entrepreneurs, including FPOs.
 - An incubation cost totaling up to Rs 60,000 for each AE would be offered to help AE by APICOL for smooth transition into the business during 12 months of incubation period

3. ODISHA CREDIT GUARANTEE FUND

- » NABKISAN financial Service Pvt. Limited has signed an MoU with Directorate of Horticulture to avail the credit guarantee fund. INR 10 crore has been sanctioned to NABKISAN in this regard.
- » In case of default from the FPOs, lending institutions will be provided 50% of the amount in default or INR 50laks whichever is less. The guarantee cover shall be for a maximum period of 5 years on a renewal basis.

ANNEXURES

FPO Grading Tool

Comparative Study of FPO Policies/schemes Across States

Stakeholder Suggestions on Operational Guidelines

Baseline Survey Format for FPOs

Baseline Study Template for Formation of FPOs (as designed under Central Sector Scheme "Formation and Promotion of 10,000 FPOs)

Certifications and Licenses for FPOs

Sample Business Plan : Detailed project report Chili & turmeric powder, Chili sauce

FPO GRADING TOOL
National Bank for Agriculture and Rural Development
Performance Measurement (Grading) Tool for Farmer Producers Organizations (FPOs) as on _____

Sl.No	Max Marks- (Categorywise)	Parameter	Max Marks	Obtained Marks
A	5	Age profile FPO		
i		> 5 Years	5	
ii		4-5 Years	4	
iii		2-3 Years	3	
iv		<1 Year	2	
B	10	Governance		
i		Composition of Board (no blood relatives /representation to women /SF/MF), Experience / professional qualifications of Board members / representative of Farmers' association, etc.) (Range 3 to 0)	3	
ii		Extent of strategic support from promoter or promoting organisation to FPO (Range 2 to 0)	2	
iii		Regular conduct of Board Meetings & quorum (Range 3 to 0)	3	
iv		Quality of agenda and discussion / decision making (Range 2 to 0)	2	
		7		
C	10	Management		
i		Availability of Full Time professional CEO -4 Marks , Part time CEO -3 marks, Non professional, part time CEO from FPO Members -2 marks ; CEO below 10th std. - 1 mark.	4	
ii		Availability of paid staff -2 marks, If not - Zero marks	2	
iii		Training/Experience of staff (CEO& Staff trained -4 marks, only CEO or staff trained -2, No training -zero mark)	4	
D	5	Infrastructure		
i		Separate office Premises/own/rented (Range 3 to 1) - (0 marks for no office)	3	
ii		Other Infrastructure like computers, furnitures, fixtures, etc. -2 marks; only furniture -1 mark, No infrastructure-0 mark)	2	

Sl.No	Max Marks- (Categorywise)	Parameter	Max Marks	Obtained Marks
E	10	Membership of FPO		
		More than 1000	10	
		Between 501 to 1000	8	
		Between 201 to 500	6	
		Between 101 to 200	4	
		Between 50 to 100	2	
		Below 50	1	
F	5	% of total members contributing to Share Capital		
i		> 90%	5	
ii		> 70%	4	
iii		>60%	3	
iv		>50%	2	
v		<50 %	1	
G	5	Total Share capital collected (Rs lakh)		
i		>5 lakh	5	
ii		3-5 lakh	3	
iii		< 3 lakh	1	
H	10	Training of Board members		
i		All Board members trained	10	
ii		> 80% of Board members trained	8	
iii		> 70% of Board members trained	6	
iv		> 50% of Board members trained	4	
v		<10% of Board members trained	2	

Sl.No	Max Marks- (Categorywise)	Parameter	Max Marks	Obtained Marks
vi		< 10 % of Board members trained	0	
I	4	Business Plan		
i		Business plan including financial plan prepared for 3 years	4	
ii		Business plan including financial plan prepared for 1 year	2	
J	2	Financial Aspects		
		Availed financial assistance from lending institutions - 2 Marks, If not zero mark	2	
K	10	Turn over (Annual)(Rs lakh)		
i		Above 50 lakh	10	
ii		Between 25 to 49 lakh	8	
iii		Between 10 to 24	6	
iv		Less than 10 lakh	3	
v		No business	0	
L	4	Market linkage		
i		Market linkage established with corporate buyers/ processors etc.	4	
ii		Dependent on local market/s	2	
M	10	% of members availing services (Input supply/Extension, other services to members)		
i		Over 75 %	10	
ii		Over 50 %	8	
iii		Over 25%	5	
iv		Over 10%	3	
v		Less than 10 %	0	

Sl.No	Max Marks- (Categorywise)	Parameter	Max Marks	Obtained Marks
N	5	Convergence with Govt. Schemes / corporates etc.		
i		SFAC equity support provided and convergence with Govt / other agencies achieved	5	
ii		Either SFAC support or Govt. convergence achieved	3	
iii		No convergence	0	
O	5	MIS/Compliance / recod keeping		
i		Regular submission of Audited Balance sheet & other legal compliances	3	
ii		Only audited balance sheet regular & other compliances are irregular	2	
iii		Balance sheet not audited and compliances not done	1	
iv		No balance sheet, No compliance	0	
v		Maintained all required registers(Range 2to 1)	2	
vi		Registere not maintained	0	
	100	Total Marks		

Grade	Marks obtained	Remarks
A	>75%	Ready for credit linkage
B	60-75%	Credit linkage after little capacity building
C	50-60%	Need further capacity building
D	<50%	Need detailed assesment for further capacity building

COMPARATIVE STUDY OF FPO POLICIES/SCHEMES ACROSS STATES

Parameter	CSS Formation and Promotion of 10,000 FPOs - 2020	Uttar Pradesh Farmer Producer Organisations Promotion Policy –2020	Andhra Pradesh Farmer Producer Organisations Promotion Policy –2016
Support Components	<p>A. FPO Management Cost: Under the scheme, financial support to Farmer Producer Organization (FPO) @ up to maximum of Rs. 18 lakh / FPO or actual, whichever is lesser is to be provided during three years from the year of formation. The indicative financial support broadly covers:</p> <ol style="list-style-type: none"> i. Salary of its CEO/Manager (maximum up to Rs.25000/month) and Accountant (maximum up to Rs. 10000/month); ii. One time registration cost (one time up to maximum Rs. 40000 or actual whichever is lower); iii. Office rent (maximum up to Rs. 48,000/year); iv. Utility charges (electricity and telephone charges of office of FPO maximum up to Rs. 12000/year); v. One-time cost for minor equipment, including furniture and fixture, maximum up to Rs. 1,00,000 subject to the condition that the FPO is saving from other heads like office Rent, travel, cleaning, etc <p>B. Provision for Equity Grant: Equity Grant shall be in the form of matching grant upto Rs. 2,000 per farmer member of FPO subject to maximum limit of Rs. 15.00 lakh fixed per FPO.</p>	<p>A. Credit to FPOs for Management: FPOs formed before 2020 and newly formed FPOs under the CSS will be eligible to receive Rs. 5 lakhs upto 3 years from the year of registration (minimum 150 members)</p> <p>B. Handholding Support for making FPO functional and mobilization of members</p> <p>C. Support in Statutory Compliances and Audit upto 3 years from registration</p> <p>D. Exposure Visit of Previously established, functional and successful FPOs: Inter-janapada exposure visit (2 per year), inter state exposure visit (1 per year)</p> <p>E. Monitoring & State Level awards: As per monitoring report of Rajya Stariya Pariyojana Prabandhanikai (RSPPI), every year 1st, 2nd and 3rd prizes for FPOs will be announced.</p> <p>F. Training & Capacity Building: Behavioural training to BoDs: within 3 months of registration 2 directors from each FPO to be trained on the organizational and institutional aspects of FPO</p>	<p>A. FPO Promotion: Existing unit cost of National Policy and Guidelines for formation of FPO's issued by the Ministry of Agriculture, Govt of India will be adopted and funded by the state government from its own resources (details at Annexure-I).</p> <p>B. Provision of assistance to the FPO's/FPC's for production, pre and post-harvest infrastructure (details at Annexure-II for Horticulture sector & for Agriculture, Animal Husbandry and fisheries sector existing pattern of assistance can be provided from department concerned under their ongoing programmes).</p> <p>C. Administrative cost for Planning, monitoring and evaluation (Advisory Board, PMU and DPMU) shall be funded from the state resources as per guidelines in GO.Ms.No89 dt 16.07.2015</p> <p>D. Assistance for various inputs/interventions in the projects will be allocated from RKVY Scheme/other ongoing schemes of the Departments concerned as per their programme/ Scheme guidelines.</p> <p>E. Cost of development and implementation of business plans for each FPO/ FPC through a professional agency.</p> <p>F. State Government will create a flexi fund with lump sum amount which can be utilised for funding other components which are not covered in the ongoing scheme guidelines.</p> <p>G. Agriculture department will follow the existing guidelines of their department.</p> <p>Financial Assistance to FPOs:</p> <ol style="list-style-type: none"> 1. Financial Support for Promotional Costs of FPO 2. Financial Support for Business Activities 3. Financial Support for Infrastructure <p>Financial Support for Productivity enhancement</p>

Parameter	<p>CSS Formation and Promotion of 10,000 FPOs - 2020</p> <p>C. Credit Guarantee Facility: The credit guarantee cover per FPO will be limited to the project loan of Rs. 2 crore. In case of project loan up to Rs. 1 crore, credit guarantee cover will be 85% of bankable project loan with ceiling of Rs. 85 lakh; while in case of project loan above Rs.1 crore and up to Rs. 2 crore, credit guarantee cover will be 75% of bankable project loan with a maximum ceiling of Rs. 150 lakh. However, for project loan over Rs. 2 crore of bankable project loan, credit guarantee cover will be limited maximum upto Rs.2.0 crore only.</p> <p>D. Training and Capacity Building of FPOs:</p> <p>i. Bankers Institute of Rural Development (BIRD), Lucknow promoted by NABARD is designated as Nodal Training Institution at central level for FPOs promoted by NABARD and SFAC and other allowed/designated Implementing Agencies whether incorporated under Part IX A of Companies Act or registered under Co-operative Societies Act.</p>	<p>Uttar Pradesh Farmer Producer Organisations Promotion Policy –2020</p> <p>ii. Training of CEOs: RSPP and Institute of Company Secretaries and Institute of Chartered Accountants of India will prepare training module for CEOs on statutory compliances and other necessary requirements. Exposure visits will also be undertaken.</p>	<p>Andhra Pradesh Farmer Producer Organisations Promotion Policy –2016</p>
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Parameter	CSS Formation and Promotion of 10,000 FPOs - 2020	Uttar Pradesh Farmer Producer Organisations Promotion Policy -2020	Andhra Pradesh Farmer Producer Organisations Promotion Policy -2016
	<p>ii. Laxmanrao Imandar National Academy for Co-operative Research & Development (LINAC), Gurugram promoted by NCDC is designated as Nodal Training Institution at central level for FPOs registered under Cooperative Societies Act and promoted by NCDC.</p> <p>iii. These agencies will work in partnership with other agencies like NIAM, VAMNICOM, MANAGE, NIRD, NCCT, IRMA, ASCI, State and Central Agriculture Universities, KVK, very reputed National level Management and Skill Development Institutions/Universities etc.</p> <p>E. NPMA in consultation with DAC&FW will get configured an “Integrated portal” and will also be national level data repository. The portal will serve as an e- National platform for FPOs. The portal will have basically two components, namely (i) vertical and horizontal e-Market place functioning digital platform for business transaction through various stakeholders; and (ii) Management Information System (MIS) to cater the data needs of stakeholders.</p>		

Parameter	CSS Formation and Promotion of 10,000 FPOs - 2020	Uttar Pradesh Farmer Producer Organisations Promotion Policy –2020	Andhra Pradesh Farmer Producer Organisations Promotion Policy –2016
Implementation Structure	<p>1. National Level:</p> <p>A. National Project Management Agency (NPMA):</p> <ul style="list-style-type: none"> • Drawing contours of the program including structuring of clusters • Transaction Advisory for selection of CBBOs • Post transaction support for effective project/programme implementation • Assist in structured interface with stakeholders like Ministries, Financial Institutions, Training and Research & Development Institutions • Support in formulation of programme & policy directions • Policy orientation and related advocacy at National and State level <p>B. N-PMAFSC:</p> <ul style="list-style-type: none"> • Coordinate with all the Implementing Agencies, State Level Consultative Committee and District level Monitoring Committee (D-MC) for smooth implementation. • It will monitor the progress either by holding the meetings of Implementing Agencies and other stakeholders or by other means. 	<p>1. Advisory Committee: A group of 15-20 progressive farmers engaged in agriculture, horticulture, poultry, livestock, dairy, fisheries, sericulture, floriculture, compost, value addition and marketing will form the committee to share best business practices.</p> <p>State Level:</p> <p>A. Rajya Stariya Pariyojana Praban dhanikai:</p> <ul style="list-style-type: none"> • Prepare training Calendar for FPOs • Prepare monitoring report and select awardee FPOs on the basis of performance <p>3. A Project Management Unit (PMU) will be established at the state level</p> <p>For Development of FPOs:</p> <ul style="list-style-type: none"> • Prepare online database of all new FPOs being promoted and all existing FPOs in the state • Integrating online services from relevant departments to the special online portal for various requirements of FPOs 	<p>1. Advisory Board: A group of experts would be functioning as “Advisory Board”. This board would meet once every quarter to provide guidance, feedback and direction to the agenda</p> <p>2. Government Departments – State Level:</p> <p>The following departments/agencies are part of FPO/FPC development</p> <ul style="list-style-type: none"> • Department of Agriculture and Cooperation; • Department of Animal Husbandry; • Commissionerate of Fisheries; • Commissionerate of Horticulture; • Society for Elimination of Rural Poverty; • AP State Cooperative Marketing Federation; • Andhra Pradesh Food Processing Society; • any other agencies. <p>3. Project Management Units:</p> <ul style="list-style-type: none"> • Establish a Project Management Unit (PMU) within each department at Commissionerate/directorate level. This PMU will have at least two members with required professional competencies in following areas: <ul style="list-style-type: none"> a. business development; b. institution development; c. capacity building; d. production technologies; e. project management. f. One of the two members should be a senior officer from the department concerned. g. Commissioner of the respective department would be the chair of the PMU. • PMU will develop department specific strategies, action plans and targets for promoting FPOs/FPCs related to its jurisdiction (e.g., identification of products/ crops and related geographies; identification of potential numbers of FPOs/FPCs, etc.).

Parameter	<p>CSS Formation and Promotion of 10,000 FPOs - 2020</p> <p>C. Implementing Agencies (IAs):</p> <ul style="list-style-type: none"> • SFAC will form and promote those FPOs to be incorporated under Part IX A of Companies Act • NCDC will form and promote those FPOs to be registered under any Co-operative Societies Act of the States. • NABARD will form and promote those FPOs which are registered either under Part IX A of Companies Act or registered under any Co-operative Societies Act of States • DAC&FW may, in due course, identify and assign other additional Implementing Agencies. • Implementing Agencies will also monitor CBBOs to ensure regular data entry on integrated portal with respect to details of respective FPOs • NABARD and NCDC will maintain and manage Credit Guarantee Fund (CGF) as per the established procedure. 	<p>Uttar Pradesh Farmer Producer Organisations Promotion Policy –2020</p> <ul style="list-style-type: none"> • Establishing and managing a dedicated Helpdesk for addressing the problems of FPOs • Appoint Expert Agencies to support FPOs to support them in various aspects • Prepare a list of all relevant existing programs and facilities under various departments to ensure convergence and coordination. • To issue targets and guidelines for formation of new FPOs at Mandal and Janapada level. • To determine criterion for selection of CBBO <p>B. Capacity Building of FPOs:</p> <ul style="list-style-type: none"> • Create an annual plan for training and capacity building of FPOs • Prepare training modules • Develop awareness among members about procedures and institutional mechanisms of an FPC through exposure visits, etc. <p>c. Business Strengthening of FPOs:</p> <ul style="list-style-type: none"> • Provide information to FPOs about beneficial business activities and support in preparation of DPRs • To organize stakeholder meetings to ensure convergence of business policies/plans 	<p>Andhra Pradesh Farmer Producer Organisations Promotion Policy –2016</p> <ul style="list-style-type: none"> • PMU will act as a project incubation unit where in FPOs/FPC's can be linked to corporates. • Funding and convergence among departments listed above and also with national partners and schemes for holistic development of FPOs/FPCs. • Collaborate with other partner institutions (Research organizations, Development agencies, corporate agencies, etc.) in promoting FPOs/FPCs <p>4. Government Departments – District Level:</p> <p>A. Agriculture Technology and Management Agency (ATMA):</p> <ol style="list-style-type: none"> i. to play active role as a coordinating agency at the district level for FPOs agenda ii. ATMA would deploy a team of experts (two to four members) with professional expertise viz., marketing/institution development & capacity development; production systems; and project management. <p>B. Government of Andhra Pradesh has initiated 'Smart Agribusiness Platforms Network of Andhra Pradesh (SAP-NAP)' through Andhra Pradesh Food Processing Society which will be looking at Agribusiness Development enabling ecosystem and address the areas of start-ups, enterprise development, value chain development through creation Smart Agribusiness Incubators at District level and Smart Agribusiness Value Chains Development at cluster level.</p> <p>C. Government of Andhra Pradesh is also promoting Mega Food Parks and Integrated Food Parks across the state. The developers of such parks should develop direct procurement arrangements from the FPOs/FPCs.</p>
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Parameter	<p>CSS Formation and Promotion of 10,000 FPOs - 2020</p> <p>D. Cluster- Based Business Organizations (CBBOs):</p> <ul style="list-style-type: none"> Implementing Agencies will set up Cluster- Based Business Organizations (CBBOs) at the State/Cluster level to form and promote FPOs as per their requirements; however, targets for produce clusters, full or part of the State or region will be allocated by Project Management Advisory and Fund Sanctioning Committee (N-PMAFSC). <p>2. State Level:</p> <p>A. State Level Consultative Committee (SLCC)</p> <ul style="list-style-type: none"> It will work out a strategy for all stakeholders including the Implementing Agencies (SFAC, NABARD and NCDC), institutions engaged formation and promotion of FPOs and State Government machinery engaged in agricultural and rural development to work synergistically to achieve the objective. It will facilitate in making available land at appropriate place for development of common facility center and also custom hiring center. It will also strategize and prioritize for linking of Common Facility Centre (CFC) with e-NAM or with any other e-trading platform. 	<p>Uttar Pradesh Farmer Producer Organisations Promotion Policy –2020</p> <ul style="list-style-type: none"> To organize trade fairs and participate in events from other states Arrange for funds for business activities Ensure facilitation of assistance to FPOs through convergence of ongoing schemes and programs under various departments <p>D.Statutory Compliance and Governance of FPOs</p> <ul style="list-style-type: none"> Provide assistance in registration of FPOs Support in timely filing of annual returns Support in availing necessary certifications and licenses <p>4. Management hierarchy:</p> <p>A. State Level: Director of Agriculture</p> <p>B. Mandal level: Joint Agriculture Director</p> <p>C. Janapad level: Additional Director Agriculture</p> <p>5. Mukhya Vikas Adhikari: To provide guidance to ensure convergence among different departments.</p> <p>6. Nodal Agency: Department of Agriculture</p> <p>7. State Level Panel of Outstanding performers: 50 representatives from FPOs with at least 2 years' experience and turnover more than INR 50 lakhs</p>	<p>Andhra Pradesh Farmer Producer Organisations Promotion Policy –2016</p> <p>A. FPO Promoting NGOs:</p> <ol style="list-style-type: none"> Local, capable and reputed NGOs having needed expertise would be identified as FPO Promoting NGOs by PMU and DPMU. Each FPO Promoting NGO would be promoting at least 5 FPOs in a given location(district). The NGO would deploy necessary professionals for taking care of forming and management of responsibilities related FPOs. <p>B. Farmer Producer Organizations/Farmer Producer Company:</p> <ol style="list-style-type: none"> Engage in mobilizing members from villages by conducting a systematic membership drive Estimating demand of products from the members of group/ market assessment Develop micro plan (demand estimate/ production plans) for each member/ group of members Registration of FPO/FPC Develop business plan and approval by Board of Directors (BoDs) Implement the business plans and ensuring financial compliance as needed along with sustainable development of the FPO/FPC Develop MoA/AoA/Bye Laws/ Code of Conduct/ Business Rules/ Policies Collect membership fees/ share capital mobilization Ensure legal compliances – Audit/Tax payments/Accounting and Finance Management/MIS/Board Meeting/Getting licence for taking up business
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Parameter	<p>CSS Formation and Promotion of 10,000 FPOs - 2020</p> <p>3. District level: A. District level Monitoring Committee (D-MC): constituted for overall coordination of implementation of scheme in the district including the cluster development and challenges faced by FPOs</p>	<p>Uttar Pradesh Farmer Producer Organisations Promotion Policy –2020</p>	<p>Andhra Pradesh Farmer Producer Organisations Promotion Policy –2016</p>
			<p>x. Adopt new production technologies – soil testing, cost reducing improved management practices, improved processing, etc.</p> <p>xi. Compliance to the requirement of promoting agencies (reports/MIS/others)</p> <p>xii. Participation in training programs/capacity building inputs</p> <p>xiii. FPO/FPC should ensure committed quantity and quality of produce/commodity is supplied to the corporate's as agreed in the ppp project agreement.</p> <p>xiv. FPO/FPC is encouraged to process, brand and market their respective produce/commodity.</p> <p>F. Project Support Unit (PSU):</p> <p>i. A PSU would be established for strengthening FPO agenda at the state level.</p> <p>ii. This PSU should be an independent expert agency and offers required project support services.</p> <p>iii. ICRIASAT would host this Project Support Unit as a reputed and experienced research Institute.</p> <p>iv. The PSU would deploy required professional team consisting of four members representing production technologies; institution development/capacity development; finance and business development; Project Management; ICT and MIS to provide necessary guidance/support</p> <p>v. The main roles of the PSU are:</p> <p>a. To provide strategic inputs in taking the planned agenda at the State level forward</p> <p>a. To provide necessary framework and operational modalities for providing professional inputs for FPOs on – capacity building; institution development; business plan development; production technology/extension services</p>

Parameter	CSS Formation and Promotion of 10,000 FPOs - 2020	Uttar Pradesh Farmer Producer Organisations Promotion Policy –2020	Andhra Pradesh Farmer Producer Organisations Promotion Policy –2016
			<p>c. Develop selection criteria and selection protocols for selecting NGO partners/ Resource Agencies, who will be functioning as FPO Promoting/hand holding NGOs at field level</p> <p>d. Development of commodity specific value chain maps and opportunities for intervention of global and Indian Agri-business and marketing companies for better economic opportunities of FPO/FPC.</p> <p>e. Empanel consultants/ experts (Commodity Specialist, Legal, Finance, Market, ICT and other) who would be available to provide necessary support services to FPO/ and FPO Promoting NGOs whose services can be harnessed by the districts and also at state level.</p> <p>f. Organize series of workshops and training programs on this agenda in collaboration with PSU, PMUs, respective departments; FPO Promoting NGOs; Resource Agencies</p> <p>g. Facilitate reflections and learning from the processes and experiences on ground. Documentation along with monitoring and evaluation.</p> <p>h. Organise annual or half yearly events for the FPO members (summits/conference) for knowledge dissemination.</p> <p>i. Assist the PMU to organize periodic meetings of participating private corporate/investors, bankers and FPO's</p> <p>j. As part of effective communication/coordination, PSU would take up the following responsibilities:</p> <ul style="list-style-type: none"> • Establish e-Group and e-communication systems • Develop necessary ICT products for FPOs including web-based monitoring systems; Dash Boards (for public view).

Parameter	CSS Formation and Promotion of 10,000 FPOs - 2020	Uttar Pradesh Farmer Producer Organisations Promotion Policy –2020	Andhra Pradesh Farmer Producer Organisations Promotion Policy –2016
			<ul style="list-style-type: none"> • Develop clear data bases related to FPOs. • Develop standard Capacity Building modules, communication materials for FPOs • Learning platforms could be created to learn, share success, reflections, documentation and sharing • Monthly/quarterly review meetings • Annual Rating of FPOs on given set of criteria (by third party assessment and internal self-assessments) • Facilitate and conduct audit of the financial transactions • Regular publication of newsletters (Monthly /Quarterly) <p>5. A State Level Technical Committee will recommend for scrutiny of project proposals submitted by various corporates. The committee will consist of following members.</p> <p>Chairman: Chief Secretary, Govt. of AP Convenor: Commissioners of respective departments</p> <p>6. Synergies with Existing Institutions of Producers</p> <p>A. SHG members can be part of the FPOs, performing different roles – aggregators; business entrepreneurs; service providers, etc. Their role would be broadly guided by Business Plan of the enterprise.</p> <p>B. Explore the possibility of extending financial support to FPOs from VO/ MMS. Financial support to SHGs to continue under existing schemes.</p> <p>C. User/producer groups are to emerge from exiting SHG. These members could federate at appropriate level and engage in production processes.</p>

Parameter	CSS Formation and Promotion of 10,000 FPOs - 2020	Uttar Pradesh Farmer Producer Organisations Promotion Policy -2020	Andhra Pradesh Farmer Producer Organisations Promotion Policy -2016
	<p>3. District Level:</p> <p>A. District level Monitoring Committee (D-MC):</p> <p>i. It will closely monitor and review the progress of FPO development and functioning by holding its regular meetings</p> <p>4. Evaluation of Scheme:</p> <p>A. The mid-term (4th year) and end-term evaluation will be done in terms of</p> <p>i. No. of FPOs formed and registered;</p> <p>ii. No. of farmers mobilized category-wise</p> <p>iii. Quantum of Equity Grant provided and No. of FPOs covered;</p> <p>iv. Quantum of Credit Guarantee provided for credit linkages including volume of loan availed for working capital;</p> <p>v. No. of training programmes conducted for capacity building and No. of persons trained and</p> <p>vi. Business turnover of the FPOs.</p> <p>B. DAC&FW will hire third party appropriate Consultant / Agency transparently for undertaking the study as well as mid-term and end-term evaluation of the scheme.</p> <p>5. Integrated Portal: Management Information System (MIS) to cater the data needs of stakeholders. The portal will have in tracking all type of data up to FPO level</p>		<p>C. At district level Joint Collector (Primary Sector) will be responsible as Coordinator for the FPOs/FPCs for implementation, technical backstopping, credit mobilization, convergence, monitoring and evaluation, etc. A District Project Monitoring Unit (DPMU) will steer this agenda with Joint Collector II as a Chair. (once a month) The DPMU will also functions as a “single window” for processing all issues related to FPOs/FPCs including grievance redressal.</p>

STAKEHOLDER SUGGESTIONS ON OPERATIONAL GUIDELINES

Stakeholder	Criteria	Suggestions
NPMA		
	Scope and Coverage	<ol style="list-style-type: none"> The provisions of the policy shall be applicable to relevant programmes/schemes/policies of departments and agencies viz. Department of Agriculture & Farmers' Empowerment, Directorate of Agriculture & Food Promotion, Directorate of Horticulture, Directorate of Soil Conservation and Watershed Development, Department of Co-operation, Department of Fisheries & Animal Resources Development, Department of Forest & Environment, Department of Rural Development, Odisha State Seeds Corporation, Odisha Agro Industries Corporation, Agricultural Promotion and Investment Corporation of Odisha Limited, Odisha State Cashew Development Corporation amongst others. The provisions of the policy shall be applicable to all FPOs formed in the State by any agencies under the State Co-operative Societies Act or the Companies Act, 2013. The Policy shall prescribe minimum number of members to be registered by the FPOs to be eligible to receive benefits under the policy. “Produce Cluster Area” approach is recommended to be adopted to form FPOs for leveraging economies of scale in production and marketing. Priority should be given on establishing/strengthening a state-level nodal agency for providing training to FPOs in collaboration with established FPO training institutions such as BIRD, NIAM, LINAC and others. Minimum eligibility shall be defined for the CEOs of FPOs. Roles and responsibilities along with the minimum eligibility criteria for the FPO Accountant shall be defined. A state-level Project Management Unit equipped with expertise - Agriculture/Horticulture/Fisheries/Animal Husbandry, Marketing and Processing, Incubation Service, IT/MIS, Law and Accounting – for overall project guidance, data/information management and monitoring Supplementary areas and quantum of support shall be clearly identified along with annual budgetary provision Details of State Government subsidy support available to FPOs and guidelines for accessing the support shall be included Details to be included
	Registration of FPOs	
	Training programme of CEOs	
	Role of CEO	
	Role of Accountant	
	State Project Management Unit	
	Corpus Fund	
	Subsidy support	
	Exemption from Stamp Duty and Concessional Registration Charge	

Stakeholder	Criteria	Suggestions
	Information and Capacity Building	12. Robust digital information dissemination platform may be built which links different Government portals on subsidies, schemes, financial institutions, input providers, real-time availability of warehouses, cold storage, extension services etc. Such holistic information dissemination will enable farmers to make better decisions related to production, marketing, and storage of their produce.
	Implementation of Good Agricultural Practices	13. The SPMU may develop Package of Practices which acts as a referring document to promote best agricultural practices on the ground. Strong extension services may be built, which supports the farmers in adopting Package of Practices in their farmlands
PRADAN	Unit of Formation of FPO	1. The FPO is visualized at the panchayat level so it may create problems in the future as they will not get enough business at the panchayat level
	FPO Model	2. Three tier FPO model with legal and business aspects and territorial overlapping in business aspects not thought through properly. 3. There is a need for a federated structure at the state level. The document is silent in this regard.
	Procurement	4. FPO should be notified as a procurement agency under the MSP procurement
	License requirements	5. Under the license of the FPO, the need for Agril graduates/graduates should be waived off.
	Services/Facilities to members	6. FPOs should not be guarantor for crop loan to individual members
	Management Cost Support	7. Management costs for FPOs are too low
	Support to FPOs	1. It might be useful to provide tapering support to FPOs for three years after first five years Even within five years there should be yearly milestones for FPOs. These milestones / activities can be submitted by FPOs in the beginning of the year to the PMU . 2. Attached PPT enlists a possible set of activities for five different years.
Unit of Formation of FPO	3. One GP one FPO is not a good idea as a FPO needs 500-1000 members to become viable There need not be one FPO for one GP. Farmers from more than one GP may come together to form FPOs. Thus, multiple GPs may be covered in one FPO while one village may have more than one FPO. The aim should be that every farmer becomes member of some FPO	
Women Federations	4. The guidelines should clarify stand on Women Federations becoming FPOs	
Land allocation	5. These facilities could be created at a place which is convenient for few nearby villages. These facilities can be run for a fee by individuals or SHGs. These facilities should not be owned by FPOs which are essentially private organisations and hence should not own “public goods”	
WASSAN		

Stakeholder	Criteria	Suggestions
	State may amend its APMC Acts to put the registered FPOs under definition of "Farmer" or "Producer"	6. The State can levy mandi tax on these transactions - FPO managed markets as well, this will ensure FPOs managed markets and APMC mandis are at a level playing field
	FPO Model	7. Federations should evolve depending on products. Federations should be of minimum 10 primary FPOs or 10000 members whichever is less. They could be called as 'second-tier' FPOs. Some products may need second-tier FPOs/Federations to be formed at District level directly. FPOs are not part of Panchayat Raj institutions and creating a three tier structure will only lead to avoidable inefficiencies.
	Block level-District level Federation	8. It is necessary to visualize primary FPOs and secondary FPOs. Note on the concept of second tier FPO attached. Over-crystallization of three-tier structure should be avoided
	Market Facing Companies (MFCs)- Nodal FPOs	9. Such entities should evolve, we should not prescribe each thing. a. The main understanding is that second-tier FPOs/Federations/market-facing companies should take up processing, marketing etc. b. The three -tier structure will create a lot of unnecessary layers and substantially increase costs. c. The secondary FPOs promotion may need a different scheme as the capital required will be much larger, Human resources required will be more educated/ skilled/ professionally qualified etc . This scheme can be evolved separately.
	Institution Development	10. This module should consist of managing member allegiance, regulatory compliance, minutes of meeting etc. AP-MAS training modules (12 books) can be referred.
	Exposure Visits	11. These should be to other successful FPOs too.
	Project Cost	12. There is no budgetary allocation to second tier FPO/Federation/Market facing Company in this policy. 13. It is recommended to evolve separate scheme for these 14. This policy should focus on primary FPOs only.
IRMA	Need for revisiting the Odisha FPO Policy 2018	1. A lot has changed since 2018 when the draft policy was written. I think it is important that the Odisha FPO policy envisages a 'learning alliance' on FPOs that is a multi-stakeholder platform that meets regularly and reviews and plans ahead. 2. There are several operational issues that emerge on a regular basis that require action at the state level.
SuryamaniRoul, FPO Expert	Assessment of FPOs	1. FPOs functioning as Business Enterprises in terms of /annual Turnover, Revenue, Benefits to Members, Value addition/Processing happening 2. Status assessment of the existing FPOs and developing need based support (assessment/ rating/ categorization etc.)

Stakeholder	Criteria	Suggestions
	Acceleration Program	<ol style="list-style-type: none"> 3. Acceleration programme for best performing FPOs 4. Putting Stabilization and Promotion of FPOs separately
	Human Resources & professional Management	<ol style="list-style-type: none"> 5. Human Resource and Professional Management – (OUAT name is there in the policy, but I think it requires a much intensified report by a dedicated poor/specialised institution like IRMA for NDDB/AMUL.)
	Digital Platform	<ol style="list-style-type: none"> 6. Digital platform from AgTech companies for solutions including Finance/Capital, Market access, mechanisation/ technology solutions including CSA
	Review System	<ol style="list-style-type: none"> 7. Review system in place- like How many FPOs supported and promoted in the last 4 years giving Data on Farmer Outreach
	FPO Business Model	<ol style="list-style-type: none"> 8. Analysis of the Business Model Canvas of the FPOs in different regions in the State (For example- I visited 6 tribal all women FPOs in Koraput last year and found record keeping is an issue but women recall all transactions. But when it becomes voluminous, it needs proper data management)
	District level Support Team	<ol style="list-style-type: none"> 9. District level support team- While State Nodal agency may be strong, it needs dedicated support at District and specific FPO level human resource to manage the operations. For example- in Bihar JEEVIKA (SRLM), has a policy to support FPOs (CEO, Accountant and MIS person) bearing the cost of these three persons for a specific period with proper job descriptions)
	Learnings from Other States	<ol style="list-style-type: none"> 10. Learning from other States- Like AP has an Operational Guideline. I am attaching the same. 11. The Karnataka Horticulture Dept has a dedicated Cell, Centre of Excellence. 12. Even SFAC engaged an external agency to provide specialised support and it is found that the impact got enhanced manifold. 13. Undertaking a few specialised programmes like Horticulture Clusters in HP, ODOP in UP, processing activities in Maharashtra on Grape through a group of FPOs, TechnoServe supporting FPOs in select value chains and corporate linkages etc.

BASELINE SURVEY FORMAT OF FPOS

Baseline Survey Form for FPO Formed under various Schemes in the state of Odisha

The survey is being conducted to facilitate FPOs to manage their business in a better way by connecting them to market, credit and schemes and other facilities through the Odisha FPO Portal. The data and information collected will be uploaded on the Odisha FPO portal in the most secured viewable format for the ease of establishing connection between FPOs and relevant stakeholders. We request your consent for the same.*

Yes No

1. ENUMERATOR DETAILS

S. No	Question/ Particulars	Response
1.1	Enumerator name	
1.2	Contact number of the Enumerator	
1.3	Date of survey	

2. FPO DETAILS

2.1 Basic FPO details

S. No	Question/ Particulars	Response
2.1.1	Name of FPO	
2.1.2	District	
2.1.3	Block	
2.1.4	Village	
2.1.5	Registered office address	
2.1.6	Is there a separate office to operate	Yes <input type="checkbox"/> No <input type="checkbox"/> Under construction <input type="checkbox"/>
2.1.8	Upload registered office Lat Long tagged image	
2.1.9	No. of villages covered	
2.1.10	Name of villages covered	

2.2 FPO Incorporation details

S. No	Question/ Particulars	Response
2.2.1	Is the FPO registered?	Yes <input type="checkbox"/> No <input type="checkbox"/>
2.2.2	If yes, select registration type	Company act/ Society/ Trust/ FIG under ATMA/ other
2.2.3	Please provide the registered office address of FPO	

2.2.4	What is the date of incorporation?(DD/MM/YY)	
2.2.5	What is the CIN No.?	
2.2.6	Upload Incorporation certificate	
2.2.7	Have the FPO incorporation assisted by some agency/ NGO/ other organization	Yes <input type="checkbox"/> No <input type="checkbox"/>
2.2.8	Name of NGO/ Organization helped in FPO incorporation/ promotion of FPO	
2.2.9	Names of scheme under which incorporated/ promoted	
2.2.10	Is the Promoting agency/ NGO/ Other organization still supporting the FPO?	Yes <input type="checkbox"/> No <input type="checkbox"/>
2.2.11	Provide name of key contact person from the Promoting agency/ supporting NGO / other organization	
2.2.12	Provide the mobile number of the key contact person from the Promoting agency/Supporting NGO/Other organization	
2.2.13	Do the FPO have a Memorandum of Association (MoA) ?	Yes <input type="checkbox"/> No <input type="checkbox"/>
2.2.14	Please Share a copy of Memorandum of Association	
2.2.15	Do the FPO have a Article of association (AoA)?	
2.2.16	Please share a copy of Articles of Association	
2.2.17	Please upload audited balance sheet for last 3 years	
2.2.18	How much authorized capital has been raised?	
2.2.19	How much Shared Capital has been raised?	
2.2.20	What is the value per share?	
2.2.21	Has share certificates been issued to the members?	Yes <input type="checkbox"/> No <input type="checkbox"/>
2.2.22	If Yes, No. of Shares issued till date	

2.3 FPO Organizational and Governance details

S. No	Question/ Particulars	Response
2.3.1	Total no. of members	
2.3.1	Number of shareholder members	
2.3.2	Number of Non-shareholder members	
2.2.3	Total land holding under FPO (Ha)	
2.2.4	Average land holding per member(Ha)	
2.2.5	No. of male members	

2.2.6	No. of female members	
2.2.7	No. of SC/ST members	
2.2.8	Number of members holding >2 hectare agriculture land holding	
	Number of members holding < 2 hectare of agriculture land holding	
2.2.9	Is the role and responsibilities of BOD well defined? *	
2.2.10	Has there been any kind of training (external/ internal) conducted on management and governance for the BOD? *	Yes <input type="checkbox"/> No <input type="checkbox"/>
2.2.11	Have the elections of BOD conducted in accordance with the company bylaws with fair voting and participation of members? *	Yes <input type="checkbox"/> No <input type="checkbox"/> Never Happened
2.2.12	No. of women Board of Director*	
2.2.13	Is there a Managing/supervisory committee? *	Yes <input type="checkbox"/> No <input type="checkbox"/>
2.2.14	Do the supervisory committee meet regularly with an agenda and report on the same? *	Yes <input type="checkbox"/> No <input type="checkbox"/>
2.2.15	Name & Contact of Key Director	
	Email of key Director	
2.2.16	Name and Contact of CEO	
2.2.17	Name and Contact of CEO	Yes <input type="checkbox"/> No <input type="checkbox"/>
2.2.18	Email of key CEO	
2.2.19	Is there a membership fee charged to new member? *	
	Is the membership fee collected consistently? *	
2.2.20	What is the average membership fees collected by FPO per year? *	
2.2.21	How do FPO increases it's membership? *	
2.2.22	Has there been any planned activities/ campaign conducted in last two years to increase membership? *	
2.2.23	If yes, specify*	
2.2.24	Has there been any planned activity to enroll women members? *	
2.2.25	If yes, specify*	
2.2.26	Is membership record maintained? *	
2.2.27	If yes, specify details that are maintained*	
2.2.28	Is member activities recorded and maintained? *	
2.2.29	Does member participate in various group activities (like training, marketing, selling, buying)? *	

2.2.30	Has this participation increased or decreased over time*	
2.2.31	Is there a mechanism through which feedback of members captured and recorded? *	
2.2.32	If yes, please specify through which mechanism among the following: -*	<input type="checkbox"/> Though BOD <input type="checkbox"/> Though AGM <input type="checkbox"/> Though supervisory committee <input type="checkbox"/> Others, please Specify
2.2.33	How frequently are the members informed on available services, marketing opportunities and financial status? *	<input type="checkbox"/> Monthly <input type="checkbox"/> Quaterly <input type="checkbox"/> Half yearly <input type="checkbox"/> Yearly
2.2.34	Please specify through which mechanism among the following: -*	<input type="checkbox"/> Though BOD <input type="checkbox"/> Though AGM <input type="checkbox"/> Though supervisory committee <input type="checkbox"/> thers, please Specify
2.2.35	Do the FPO have dedicated resources for-*	<input type="checkbox"/> Market Outreach <input type="checkbox"/> Quality Control
2.2.36	If Yes, are these resources skilled/ trained to acquire the skills*	<input type="checkbox"/> Yes <input type="checkbox"/> No
2.2.37	Do the FPO receive Market Outreach/ Qaulity Control form outside organization/ governemnt agency?*	<input type="checkbox"/> Yes <input type="checkbox"/> No
2.2.38	If yes, which of services *	<input type="checkbox"/> Market Outreach <input type="checkbox"/> Quality Control
2.2.39	If yes, from which organization/ governemnt agency*	

DETAILS OF BOARD OF DIRECTORS

Sl. No.	Name	Phone number	Sex (Male/Female/Any other)	Age	Educational Qualifications (5 th pass/8 th Pass/Matriculate/Senior secondary/Graduate/Post graduate/MBA/Other)	DIN
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

DETAILS OF STAFF

Sl. No.	Name	Designation (CEO/Ac-countant/Any other)	Contact Number	Email id	Sex (M/F/other)
1					
2					
3					
4					
5					
6					

DETAILS OF GROUPS (FIG/SHG/JLG/PGS/ANY OTHER)

Sl. No.	Name of the Group	Type of Group (FIG/SHG/JLG/PG/Other)	No. of members	Gram Pan-chayat	Village	Share Capital raised
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						

If there are more than 20 groups associated with FPO, please mention about their details.

2.4 FPO BUSINESS AND SERVICES DETAILS

S. No	Question/ Particulars	Response						
2.4.1	What are the major Businesses activities FPO is doing?	Activity	Volume of Sales/ transaction (yearly in MT)				Value of sales/ transaction (yearly in INR)	
2.4.2	What services do the FPO provides to the members? *	Services					Volume/ Value of transaction (with unit). Please write NA if no record maintained	
		Access to seeds						
		Access to Fertilizer						
		Collective sales /Marketing						
		Access to credit						
2.4.3	Between 50-75% of the members utilize any one the services*	Yes <input type="checkbox"/>		No <input type="checkbox"/>				
2.4.4	Is there a provision for services/ emergency fund and support to weak and high risk members*	Yes <input type="checkbox"/>		No <input type="checkbox"/>				
2.4.5	Does the FPO has a running input shop	Yes <input type="checkbox"/>		No <input type="checkbox"/>				
	No. of member farmers avail input service through FPO (in %)	Yes <input type="checkbox"/>		No <input type="checkbox"/>				
2.4.6	What are the major crops?	crop	Season Months To-From	Variety	Total Area in Ha	Volume of production (yearly in MT)	Value of Production (yearly in INR)	Type of trade direct marketing/ processing

2.4.7	What is the major trade?	Crop/ Commodity	Volume of transaction (yearly in tons)	Value of transaction (yearly in INR)	<ul style="list-style-type: none"> • Preferred market • Mandi <ul style="list-style-type: none"> <input type="checkbox"/> Local <input type="checkbox"/> State <input type="checkbox"/> Outside state • Weekly market • Electronic market (eNam) • Local trader • Organized retail • Corporate buyer • Contract buyer
2.4.8	Does the FPO possess experience of operating in trading plat- forma e-NAM NCDEX	Yes <input type="checkbox"/> No <input type="checkbox"/>			
2.4.9	% of member farmers supply produces to be sold through FPO				
2.4.10	Do FPO have a business/ marketing plan for valid for 18 months *	Yes <input type="checkbox"/> No <input type="checkbox"/>			
2.4.11	Do FPO has a Business/Marketing plan for next 3 years?	Yes <input type="checkbox"/> No <input type="checkbox"/>			
2.4.12	Kindly tick if the Business/ Marketing plan including each or all the following	Sales targets	Buyer	Volume	Value
2.4.13	Has the business/ marketing plan helped in increasing the sales volume?*	Yes <input type="checkbox"/> No <input type="checkbox"/>			
2.4.14	Is the business/ marketing plan communicated with the members before start of planting season*	Yes <input type="checkbox"/> No <input type="checkbox"/>			

2.4.15	Do FPO hold any Licenses/ certificates for business activities?	License/ Certificate type			License No.	
		Seed				
		Fertilizer				
		Udyog Aadhar				
		Export				
		FSSAI				
		HACCP				
		GAP certificate				
		GST				
Other						
2.4.16	Do FPO have a processing infrastructure?	Yes <input type="checkbox"/> No <input type="checkbox"/>				
2.4.17	If Yes, provide details In case of machinery, Contact of the supplier	Infrastructure type(owned/ private/ Governemnt	Capacity utilization of Infrastructure	How old is the Infrastructure		
2.4.18	In case of government infrastructure	Name of scheme under which it's availed	Location	department/ organization which facilitaed		
2.4.19	Do FPO have a storage/ warehouse facility	Yes <input type="checkbox"/> No <input type="checkbox"/>				
2.4.20	If Yes, provide details	Storage/ Warehouse type	Ownership (owned / rented	If rented Type Private/ Governmnet	Capacity (MT)	Capacity Utilized (MT)
2.4.21	Is the storage/ warehouse adequate in terms of volume and allows to keep inventory for more the 30 days, safely*	<input type="checkbox"/> Sufficient for volume of inventory, allows to keep inventory for more the 30 days and keep inventory with safety <input type="checkbox"/> Insuffucient for volume of inventory, allows to keep inventory for more the 30 days and keep inventory with safety <input type="checkbox"/> Suffucient for volume of inventory, don'y allows to keep inventory for more the 30 days and keep inventory with safety <input type="checkbox"/> Suffucient for volume of inventory, allows to keep inventory for more the 30 days and but do not keep inventory with safety <input type="checkbox"/> Insuffucient for volume of inventory, don't allows to keep inventory for more the 30 days and don't keep inventory with safety				
2.4.22	In case of government storage/warehouse	Name of scheme under which it's availed	Location	department/ organization which facilitaed		

2.4.23	No. of companies tied up for input service			
2.4.24	Have there been a formal linkage/ contract done for output marketing?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
2.4.25	No. of Buyers signed MoU/ contract for output marketing			
2.4.26	Approximately what % of aggregated product goes to the buyers?	Buyer1	Buyer 2	Buyer 3
2.4.27	Does FPO has a Procurement and Marketing SoP	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
2.4.28	Are the SOP accessible to members?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
2.4.29	Is the SoP updated?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
2.4.28	Does the FPO have internal documentation on quality standards?*	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
2.4.29	If Yes, do they follow quality assessment before sale?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
2.4.30	If No, Does FPO has access to external quality control services/ agency?*	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
2.4.31	Does FPO product meets higher quality standards as defined by market buyers?*	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
2.4.32	Do the FPO conducts activities to informs members on these quality standards prior to the planting and/or harvest season*	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
2.4.33	Do the FPO provide Insurance service to its members			
2.4.34	Is the FPO also engaged in Custom hiring center business			
2.4.35	Is the FPO engaged in collective sale?*	Yes <input type="checkbox"/>	No <input type="checkbox"/>	

2.4.36	How many collective sales have been conducted it date?*	<input type="checkbox"/> 1 <input type="checkbox"/> 2-4 <input type="checkbox"/> 5-10 <input type="checkbox"/> >10					
2.4.37	How many members sell through FPO?*	<input type="checkbox"/> Less than 10% <input type="checkbox"/> 10- 50% <input type="checkbox"/> 50-90 % <input type="checkbox"/> >90%					
2.4.38	Approximately what volume of sell happen through FPOs *	<input type="checkbox"/> <50% <input type="checkbox"/> >50%					
2.4.40	Is the FPO able to pay to the memebers post sale?*	Yes <input type="checkbox"/> No <input type="checkbox"/>					
2.4.41	Which is the most preferred source of pay?*	<input type="checkbox"/> Post sale to buyer <input type="checkbox"/> From FPO reserves and saving <input type="checkbox"/> Line of credit					
2.4.42	If yes, what is the most preferred mode of payment?	<input type="checkbox"/> Cash payment <input type="checkbox"/> Direct online bank transfer <input type="checkbox"/> Credit adjustment <input type="checkbox"/> Other <input type="checkbox"/> Other (please specify)					
2.4.43	Do the FPO access to Common Facility Center/ Common Processing Center?	Yes <input type="checkbox"/> No <input type="checkbox"/>					
2.4.44	Do the FPO have other Secondary Business?	Yes <input type="checkbox"/> No <input type="checkbox"/>					
2.4.45	If yes, please provide details	Business type Primary Processing Secondary Processing CHC Other specify	Commodity Dealing in	Volume of sale (MT)	Value of sale (INR)	Seasonality Seasonal Throughout the year	If any branding done, please mention

2.5 FPO FINANCIAL DETAILS

S. No	Question/ Particulars	Response	
2.5.1	Do you have an active bank account?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2.5.2	Name of the bank		
2.5.3	Branch name		
2.5.4	PAN number of the FPO		
2.5.7	Income details (Last three years)	Year	Turnover (Rs in Lakhs INR)
2.5.8	Does the FPO is able to maintain sufficient operating cost?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2.5.9	Have the FPO ever availed any term loan/working capital loan/ CC Limit?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2.5.10	Type	<ul style="list-style-type: none"> • Working Capital • Term Loan • Over draft • CC limit 	
2.5.11	Please mention the source from which you have availed the loan.		
2.5.12	Please mention the amount		
2.5.13	Is the loan closed now?		
2.5.14	If not, how much amount is remaining? (in Rupees)		
2.5.15	Have you ever missed any EMI or repayment schedule?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2.5.16	If yes, please mention the reason for missing the EMI/ repayment schedule.		
2.5.17	Is the FPO engaged in extending loan to member farmers	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2.5.18	Repayment status of % o		
2.5.19	Does FPO pays back the profit to member farmers as dividends/ patronage bonus/ discounts	Yes <input type="checkbox"/>	No <input type="checkbox"/>

2.6 FPO COMPLIANCE DETAILS

S. No	Question/ Particulars	Response	
2.6.1	The FPO have a paid accountant with clear job description, and he/she do financial reporting to BOD/ supervisory committee*	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2.6.2	Is there accounting manual with documented processes for all money, asset, and product transactions? *	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2.6.3	Has been a procedural audit within the last three to ensure compliance? *	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2.6.4	Has been a financial audit within the last three years to ensure compliance? *	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2.6.9	Does the FPO Account has appropriate signatory? *	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2.6.10	The signatory has separation in duties between authorization and disbursement of funds? *	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2.6.11	Is the book of records maintained regularly and kept safely? *	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2.6.12	Is a master list of all book of records maintained?*	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2.6.13	Last GST filling	Completed	Pending
2.6.14	Date of filling (Month & Year)		
2.6.15	Last ITR filling	Completed	Pending
2.6.16	Date of filling (Month & Year)		
2.6.17	No. of Board meetings completed in last 4 quarters (Completed Min 1 Max 4)	Completed	Pending
2.6.19	What is the average attendance of Board of directors in Board meeting?		
2.6.20	Has AGM been conducted in last two years?*	Completed	Pending

2.6.22	Please mention the year of last Annual General Meeting		
2.6.23	Avg attendance of AGM for current year or Last year or before in %*		
2.6.24	What proportion of total women member participate in Annual General Meeting?		
2.6.25	Do the Annual General Meeting have a well defined agenda?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2.6.26	Is a list of action plan/ activities presented in Annual General Meeting??	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2.6.27	Is the minutes of meeting shared with all members post Annual General Meeting ?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2.6.28	If yes, What is the mechanism to share?		
2.6.27	Is the minutes of meeting of the Annual General Meeting shared with all women member?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2.6.28	Any change in No. of membership in last 6 months		
2.6.29	KYC for new membership	Completed	Pending
2.6.30	Is registers for members asset, fund and documents are maintained	Yes <input type="checkbox"/>	No <input type="checkbox"/>
2.6.30	Annual audit statement available for last 2 years	Yes <input type="checkbox"/>	No <input type="checkbox"/>

2.7 FPO TRAINING AND CAPACITY BUILDING DETAILS

S. No	Training / Exposure visit	Month & Year	Location	No. of male attendees	No. of female attendees	Organized by	Learning/ Adoptions / New behaviors? Changes made?
2.7.1							
2.7.2							
2.7.3							
2.7.4							

2.8 SCHEMES AVAILED

S.No.	Question/ Particulars	Response			
2.8.1	Have the FPO availed any government scheme	Yes <input type="checkbox"/> No <input type="checkbox"/>			
2.8.2	Name the scheme availed				
2.8.3	Details of scheme benefits availed	Scheme name	Benefits	Agency/ Department	Value of benefit availed (INR)
2.8.4	Have you availed Equity grant from any organization?	Yes <input type="checkbox"/> No <input type="checkbox"/>			
2.8.5	Is the Equity grant in Grant/Share participation?*	Grant without share participation Equal share participation Other (please specify)			
2.8.6	Details of Equity grant availed	Scheme name	Benefits	Agency/ Department	Value of benefit availed (INR)
2.8.8	Have you availed Credit Guarantee Scheme?*	Yes <input type="checkbox"/> No <input type="checkbox"/>			
2.8.10	Details of Credit grant availed	Scheme name	Benefits	Agency/ Department	Value of benefit availed (INR)
2.8.12	Does the FPO received any capacity building grants	Yes <input type="checkbox"/> No <input type="checkbox"/>			
2.8.13	If Yes, please provide details of capacity building grants	Scheme name	Benefits	Agency/ Department	Value of benefit availed (INR)

2.9 REWARD AND RECOGNITION

S.No.	Type (Awarded/Felicitated/ Cited in publications etc.)	Year	Who has awarded?
2.9.1			
2.9.2			
2.9.3			
2.9.4			
2.9.5			

2.10 KEY CHALLENGES AND SUPPORT NEEDED

S.No.	Question/Particulars	Response
2.10.1	Suggest three top issues/ Challenges being faced by FPO	
2.10.2	Mention three top priority support that is required by FPO	

BASELINE STUDY TEMPLATE FOR FPOS AS PER CENTRAL SECTOR SCHEME "FORMATION AND PROMOTION OF 10,000 FPOS

DEMOGRAPHY																							
Sl. No.	Block Name	GP No.	Villages No.	Population		Education percentage							Average age group		Land Holding			Average Land holding (Ha)	Per capita Income (Rs.)				
				No. of Male	No. of Female	Uneducated	Up to 10th	Up to 12th	Up to Graduation	Graduation +	% Of Men	% of Women	Male	Female	No. of Small / Marginal Farmer	No. of Medium Farmer	No. of Large Farmer		Male	Female			
1																							
2																							
3																							
4																							
5																							
6																							
7																							
8																							
9																							
10																							

FARMING		Total No. of agri-input shops	Whole sale (NO.)										
			Retail (NO.)										
Total Unirrigated Area (Ha)	Rabi												
	Kharif												
Source of Irrigation (Rabi)	Other												
	Canal (Ha)												
	Pond (Ha)												
	Well (Ha)												
	Rainfed (Ha)												
	Other												
Source of Irrigation (Kharif)	Canal (Ha)												
	Pond (Ha)												
	Well (Ha)												
	Rainfed (Ha)												
Average annual Rainfall	(cm)												
Total Irrigated area (Ha)	Rabi												
	Kharif												
Available Natural Resources	(Ha)												
Total Fallow Area	(Ha)												
Total Cultivable Area	(Ha)												
Total Area of the Block	(Ha)												

CROPPING PATTERN

Kharif crop wise sowing time	Rabi-crop wise sowing time	Kharif crop wise Harvesting time	Rabi-crop wise harvesting time	Percentage area under these crops	Crop Variety		Production of Crop(s) (MT)		Yield of Crop (MT/Ha)	Cost of production (Rs./MT)	Maximum selling Price of Crop(s) (Rs./MT)	Average Selling Price of Crop (Rs./MT)
					Kharif Crop: 1. 2. 3.	Rabi Crop: 1. 2. 3.	Kharif Crop: 1. 2. 3.	Rabi Crop: 1. 2. 3.				
Crops: 1. 2. 3.	Crops: 1. 2. 3.	Crops: 1. 2. 3.	Crops: 1. 2. 3.	Kharif Crop: 1. 2. 3. Rabi Crop: 1. 2. 3.	Kharif Crop: 1. 2. 3. Rabi Crop: 1. 2. 3.	Kharif Crop: 1. 2. 3. Rabi Crop: 1. 2. 3.	Kharif Crop: 1. 2. 3. Rabi Crop: 1. 2. 3.	Kharif Crop: 1. 2. 3. Rabi Crop: 1. 2. 3.	Kharif Crop: 1. 2. 3. Rabi Crop: 1. 2. 3.	Kharif Crop: 1. 2. 3. Rabi Crop: 1. 2. 3.	Kharif Crop: 1. 2. 3. Rabi Crop: 1. 2. 3.	Kharif Crop: 1. 2. 3. Rabi Crop: 1. 2. 3.

INFRASTRUCTURE											
Capacity of Storage Structure	Capacity of WDR approved warehouses (MT)										
	Capacity of other warehouses (MT)										
Availability of Storage Structures in the Block	No. of WDR approved Warehouses										
	No. of other Warehouses										
Mode of Transportation	Total No. of Tractors in the Block										
	Tractor										
	Truck										
	Other										
	Bus										
Availability of internet in Rural Area	No. of Household										
	% of Household										
	No. of mobile phone / smart phone in the Block										
Availability of Electricity in Rural Area	No. of Household										
	% of Household										
Accessible Road	Kachha (KM)										
	Pukka (KM)										
	No. of villages have Pukka Road										

INFRASTRUCTURE										
Type of Storage structures with Capacity				Rate of Storage			Nearby Processing Cluster		Nearby APMC/ Market	
CWC (MT)	SWC (MT)	Private (MT)	CWC (Rs./ MT)	SWC (Rs./ MT)	Private (Rs./ MT)	Cluster Name	Distance (KM)	Name of Market/APMC	Distance (KM)	

FINANCIAL ASPECTS			
Financial Institutions		No. of KCC Account Holders	
No. of Banks	No. of Branches	No. of other financial institutions	No. of financial institutions
		With Banks	With Other financial institutions

CERTIFICATIONS AND LICENSES FOR FPOS

Certification/Registration	Particulars	Important Links
Registration of FPO	<ul style="list-style-type: none"> » Under the Central Sector Scheme "Formation and Promotion of 10,000 FPOs, the registration cost of incorporating FPOs under Companies Act. or registering under Co-operative Societies Act. will be reimbursable up to a limit of Rs. 40,000/- or actual, whichever is less; and remaining, if any, will be borne by respective FPO. » The registration amount includes charges like stamp duty, application for name of FPO, Digital Signature Certificate, Registration/filing fees, affidavit/notary expenses, share transfer fees and processing charges (as per estimated cost provided in Policy & Process guidelines for FPOs, SFAC) 	Formation & Promotion of 10,000 FPOs Scheme Operational Guidelines in English.pdf (sfacindia.com)
E-License for Agri-inputs	<ul style="list-style-type: none"> » E-License for Agri-inputs is an integrated system which deals in apply, inspect, verify and approval of sale/store license for Seeds, Fertilizers and Insecticides under a single window platform. » Services Available under the Odisha Agri E-License Single window platform are as follows: <ul style="list-style-type: none"> » Seed License – New license fees Rs. 1,000 » Fertilizer License – Grant of Certificate of registration/letter of authorisation to wholesale dealer is Rs. 2,250 and to Retail dealer for stocking of fertilizer above 2 MT is Rs 750. » Fertilizer License – District level license to sell/stock/exhibit for sale/distribution is Rs 1,500 in rural and Rs. 7,500 in urban areas. » Odisha Agri E-License Single window platform guide can be visited here. 	e-Licensing System (odishaagriclicense.nic.in)
eNAM Trading Platform	<ul style="list-style-type: none"> » FPOs/FPCs can register on e-NAM Portal via website (www.enam.gov.in) or mobile app. » Union budget 2017-18 made provision to install collection/ sorting/ grading/ packing facilities at their premises. » Provision for personalised dashboard and real time information on arrival, quality and price of commodities. » The entire Payment will be credited to One Bank account of FPO/FPC and Post credit of Payment disbursement of amount to Individual members farmers has to be done by FPO/FPC. 	eNam Home

Certification/Registration	Particulars	Important Links
Stamp Duty Exemption	<p>» No stamp duty for land allotted by the government to IDCO or government/ IDCO to Private Industrial Estate Developers:</p> <ul style="list-style-type: none"> i. Micro & Small sector: 75% of stamp duty ii. Medium sector: 50% of stamp duty iii. Priority Sector: 100% of stamp duty 	Final MSME Development Policy_Curve file_26th Nov 2016 (investodisha.gov.in)
Udyam Registration (MSME/ Udyog Aadhaar Registration)	<p>» Any individual having a valid Aadhaar card can apply for Udyog Aadhaar Registration/ Udyam Registration of their Firm/ Company/ Organisation free of cost.</p> <p>» With effect from 1st July 2020, SSI, MSME and Udyog Aadhaar Registration have been discontinued and replaced by Udyam Registration.</p> <p>» Udyog Aadhaar Registration/ Udyam Registration is applicable for all entities having a maximum investment of Rs. 10 Crores (for Manufacturing) and Rs. 5 Crores (for Services) in Plant & Machinery and Equipment for Manufacturing or providing Services (Not inclusive of Land & Building).</p> <p>» Udyog Aadhaar Registration/ Udyam Registration cannot be obtained for activities of Retail and Wholesale. Such entities are requested to apply for activities involving manufacturing of those products which in turn automatically cover its retailing and wholesaling.</p>	UdyamRegistration : Zero cost, No Fee and Free Registration of MSMEs. This is official website of Govt. of India, Ministry of MSME. No other website/portal/ app is official. MSMEs are requested to do MSME Registration here only
FSSAI - Food Safety and Standards Authority of India	<p>» The eligibility of Food Business Operator to avail FSSAI certifications can be checked here.</p> <p>» Food Business Operator (FBO)'s premise shall have only one FSSAI License or Registration on which any number of kind of businesses (KoB) can be endorsed.</p> <p>» Registration fee for license varies from Rs. 100 to Rs. 7500 per year depending upon the kind of business (manufacturing/processing Dairy products, Vegetable Oil, Meat Products, Novel Food products and all food processing units including repackers;conducting food business activities such as storing, wholesaling, retailing, distributing, transporting, food vending agencies, supplying, marketing; food activities related to preparation and serving of fresh food and drinks, etc.)</p>	https://foscos.fssai.gov.in/

Certification/Registration	Particulars	Important Links
Hazard Analysis Critical Control Point (HACCP)	<ul style="list-style-type: none"> » The scope of IndiaHACCP Certification Scheme covers organizations directly or indirectly involved in one or more steps of the food chain which includes the production of feed and also includes the production of materials intended to come into contact with food or raw material, located in India or abroad. » HACCP involves a system approach to identification of hazard, assessment of chances of occurrence of hazards during each phase, raw material procurement, manufacturing, distribution, usage of food products, and in defining the measures for hazard control. In doing so, the many drawbacks prevalent in the inspection approach are prevented and HACCP overcomes shortcomings of reliance only on microbial testing. 	IndiaHACCP Certification Process - Oct 2017.pdf (fssai.gov.in)
Importer Exporter Code (IEC)	<ul style="list-style-type: none"> » IEC or Importer Exporter Code is a unique 10-digit alpha numeric code issued on the basis of PAN of an entity. » As per the Foreign Trade Policy, it is mandatory to obtain IEC for export/import from India. Para 2.05 of the FTP, 2015-20 lays down the procedure to be followed for obtaining an IEC, which is PAN based. » An application for IEC is filed online at www.dgft.gov.in as per ANF 2A, online payment of application fee of Rs. 500/- through net Banking or credit/debit card is made along with requisite documents as mentioned in the application form. 	Directorate General of Foreign Trade Ministry of Commerce and Industry Government of India (dgft.gov.in)
APEDA Registration	<ul style="list-style-type: none"> » Registration cum Membership with APEDA can be undertaken post obtaining IEC from DGFT. » A registration fees of Rs. 5000 is charged. » APEDA's Farmer Connect Portal can be used by members for posting enquiries, view matching offers and contacting sellers. 	Microsoft Word - APEDA_REG_FORM.doc
ISO Certification – (9001, 14001, 20000, 27001, 15378)	<ul style="list-style-type: none"> » For entire food chain – farm to plate » Quality Management System certification 	

Certification/Registration	Particulars	Important Links
AGMARK	<ul style="list-style-type: none"> » AGMARK is a Quality Grading and Certification for domestic and external trade, employed on agricultural products in India, assuring that they conform to a set of standards approved by the Directorate of Marketing and Inspection, an agency of the Government of India. » AGMARK covers 230 commodities. » While the certification scheme is essentially voluntary, Food Safety and Standards (Prohibition and Restriction on Sale) Regulations 2011 have prescribed mandatory certification under AGMARK for certain products viz. Blended Edible Vegetable Oil, Fat Spread. In case of Til Oil, Carbia Callosa, Honey dew, Tea and Ghee FSSAI has prescribed few conditional restrictions. » The registration fee is to be submitted in the form of demand draft, and it will vary based on several independent variable factors as stated in the forms and its annexures which includes grading charges, processing fees, etc. to name a few. 	Directorate of Marketing & Inspection (DMI)
INDGAP Certification	<ul style="list-style-type: none"> » The INDGAP provides a mechanism which gives direction to farms irrespective of size and resources to introduce quality in their production system to ensure food safety and hygiene thereby increasing acceptability of their produce by consumers and food processing industry. » This document is applicable to all farm produce which meet the criteria as per the INDIA Good Agriculture Practices (INDGAP) Certification Scheme. » The fundamental objective of laying down these criteria is to strengthen Good Agriculture Practices (GAP) in the country. 	<p>Criteria for INDGAP -Microsoft Word - Annex 3B INDGAP Checklist (1) (qcin.org)</p> <p>Criteria for BASICGAP – Microsoft Word - Annex 3A BasicGAP Checklist (1) (qcin.org)</p>

Certification/Registration	Particulars	Important Links
Organic Certifications	<ul style="list-style-type: none"> » A product will be allowed to be exported as “Organic Product” only if it is produced, processed and packed under the Certification Trademark issued by Accredited Certification Bodies authorized by the NAB, constituted under the provisions of the NPOP. » Every application for the grant of a licence shall be accompanied by a fee payable to the Accredited Certification Body and which shall not exceed the fee prescribed for this purpose by the NAB from time to time. » Organic Food Certifications: <ul style="list-style-type: none"> i. Organic India – organically farmed products manufactured in India, conforms to NSOP; produce obtained from fully organic fields ii. Jaivik Bharat – organic product conforms to NSOP standards, produce obtained from fully organic fields » NPOP Certification: a third party kind of certification in which, the farm or the processing of the agriculture produce is certified in accordance with national or international organic standards by an accredited certification agency. » Participatory Guarantee System (PGS) India Certification: <ul style="list-style-type: none"> i. PGS certification is based on trust and is facilitated by Ministry of Agriculture and Farmers Welfare, GoI through National Centre on Organic Farming (NCOF). ii. PGS Green Logo: Produce obtained from fields under organic conversion iii. PGS India Organic Logo: Organic produce obtained from fully organic fields 	<p>SECTION 6 (apeda.gov.in)</p> <p>Organic Food Certifications -https://pgsindia-ncof.gov.in/pdf_file/Organic_Food_and_Certification.pdf</p>



Spice manufacturing

Detailed project report Chili & turmeric powder, Chili sauce

**Gopalpur Farmer Producer Company Limited
Nayagarh, Odisha**

PROJECT AT GLANCE

Odisha produces good amount of turmeric and chili on account of suitable agro-climate across and thus stands to benefit from the same. Both turmeric and chili are important spices in a variety of cuisines around the world, especially in India. Green chili is also used as a sauce to add flavor to various food items. Turmeric also finds use in cosmetics and pharmaceuticals industry due to its medicinal properties. Processing of raw turmeric and chili to produce ready-to-use powder and / or sauce significantly improves the value realized.

The Farmer Producer Company plans to set up a processing unit to convert raw turmeric and red chili to usable powdered form and also convert chili to chili sauce. It will procure raw turmeric and chili from the adjoining areas and process it appropriately using the suitable machinery and processes.

The turmeric and chili powder so produced will be packed in small packets of 200 grams, 500 grams and 1 kilogram, to be sold in the local and nearby larger wholesale and retail markets. Chili sauce will be sealed in to smaller packets as per demand. The FPC will tie up demand for its products with local institutions such as small restaurants, dhabas, namkeen shops and also with grocery stores. Once the FPC strongly establishes its business, it also plans to market their products under their own brand.

DISTRICT PROFILE

ADMINISTRATIVE PROFILE¹

Nayagarh district is a small district situated in the east-central part of Odisha. It shares its borders with Khordha district to the south and east, Cuttack district to the east and north, Angul district to the north, Boudh district to the northwest, Kandhamal district to the west and Ganjam district to the southwest. The district has only one subdivision and is divided into 8 blocks with geographical area of 3890 sq. km.

The district is well connected to major markets such as Khorda and is only 90 km away from the state capital city of Bhubaneswar. It is connected to Bhubaneswar by rail as well as road (through National Highway 57). The nearest international airport is Biju Patnaik International Airport located in Bhubaneswar.

SOCIO-ECONOMIC PROFILE¹

The total population of the district is 9.63 lakhs; with 91.7% of population residing in rural areas. The sex ratio of the district is low at only 915 females in the district per 1,000 male population. The literacy rate of the district is 71.5%, out of which 78.06% males are literate and 64.33% females are literate².

The economy of the district is supported by both agriculture and by small industries. Paddy, green gram, black gram, sugarcane are the major crops grown in the district. The district has 5,370 micro and small enterprises across various sectors, which provide employment to 19,102 people. These are primarily led by services & repairing, engineering and metal-based work and food & allied units. Besides various kind of handicraft work like Dhokra, brass & bell metal have been developed by the skilled workers & artisans, in addition to various handloom and cottage industries in the district.

1 <http://www.msmedicuttack.gov.in/press-release/MklQnSO2BIPS%20Nayagarh-2019-20.pdf>

2 <https://www.censusindia2011.com/odisha/nayagarh-population.html>

AGRICULTURE PROFILE

Nayagarh district has a cultivated area of 1.34 lakh Ha and a corresponding net sown area of 1.25 lakh Ha. It mainly consists of hilly regions with well-watered valleys, thereby making them favorable for agriculture. The district has the agro-climate zone of East and South Eastern Coastal Plain Zone (ESCPZ) which strongly influences the cropping pattern.

The climate of the district is usually hot & humid. May & June are the hottest months & December & January are the coldest months. Temperature ranges from a minimum of 9°C to maximum of 45°C. The monsoon generally breaks during the month of May and continues till around end of October. The district receives ample annual rainfall of 1354.3 mm during the monsoon season.

Paddy is the major crop in the district, considering the hot and humid climate. The productivity of paddy in the district is higher than the average productivity of the state. Pulses also form a major crop across the district, largely dominated by green gram, black gram. It is famous for its indigenous variety of black gram. It produces substantial proportion of Mesta and ample chilies and turmeric. It is also a part of sugarcane belt of Odisha; however, sugarcane cultivation has significantly gone down over the years.

The following table shows important data on crops for reference year 2018-19

Table 1 Key crop statistics

Crop	Area under cultivation ('000 Ha.)	Production ('000 MT/year)	Yield (Kg/Ha.)
Total cereals	94.96	226.75	-
Total pulses	87.61	42.6	-
Total oilseeds	9.29	5.62	-
Total vegetables	15.61	211.19	-
Total spices	4.23	23.07	-
Paddy	87.48	527.03	6.02
Green gram	56.95	27.75	487
Black gram	16.5	7.4	448
Maize	6.68	16.67	2496
Turmeric	1.96	13.33	6801
Chilies	0.69	0.65	942

Irrigation potential in the district is created at 78,552 Ha in Kharif season and 32,924 Ha in rabi under irrigation (with a total cultivated area of 1.34 lakh Ha).

The district has a forest area of 2.08 lakh Ha which is populated with forest produce including Babool seed, Sikakai, Talamakhan, Polas, Chakunda, gill, Nageswear seed, Mahua, sesum, Siali,

https://agriodisha.nic.in/content/pdf/OAS_2018-19.pdf

Mango Kernel, Karanja, Bena Chera, Neem seed and large trees of teak, sal among others.

MARKET ANALYSIS

The product

Turmeric is a flowering plant, whose underground stems (called rhizomes) are useful for a variety of purposes. Turmeric is predominantly used as condiment, as a natural dye and is also well known for its medicinal properties since ancient times. To obtain turmeric in usable form, the turmeric rhizomes need to be processed. They are either used as boiled, dried and polished rhizomes or are crushed in to powder to be used as an additive.

Powdered turmeric is used as an additive in almost all cuisines in India and South Asia. In addition to the flavor that gets added to the food, the yellow color as well as the medicinal properties of turmeric make it an essential ingredient of food items.

Turmeric can be cultivated in both Kharif and Rabi seasons. But it is mainly cultivated as a Kharif crop in India. It does not require much inputs in the form of fertilizers and pesticides. Rhizomes also have a natural anti-pest property and hence it is an easier crop for farmers to cultivate.

Chilies are an essential ingredient of cuisines all the world. They give maximum of the flavor to the so-called spicy foods in India as well as other countries. Chilies are generally used as red chili powder or grinded into a sauce and added to food items while preparation. The red chilies are either sun-dried or artificially dried and then crushed in to red chili powder. Similarly, green chilies are grinded to form a sauce which can be added directly to food items while preparation or as a condiment over the top. In addition to the spicy taste, chili powder also gives the traditional red color to multiple food items such as curries.

Small and marginal farmers do not have substantial quantity of turmeric as well as chili due to smaller land holdings. Processing of raw turmeric and chilies to produce powdered turmeric requires specialized machinery such as boilers, driers, pulverizes, and polishers. This machinery entails huge capital investment which individual farmers do not have an easy access to. This limits their ability to add value to the raw turmeric and chilies through primary and secondary processing and thus access potentially profitable markets.

In absence of any value addition, farmers are not able to get good returns from the sale of their produce. Farmers usually sell raw turmeric and chili at around Rs. 20 and Rs. 12 per kilogram to traders / middlemen in the absence of avenues for processing. This raw turmeric and chili are processed into powder and sauce and is sold in nearby larger markets at a whopping price of Rs. 120 and Rs. 70 per kilogram respectively. Hence, the farmer loses out on major portion of the value to other actors along the value chain.

<http://turmericworld.com/production.php>

Spices Board

http://www.fao.org/fileadmin/user_upload/inpho/docs/Post_Harvest_Compodium_-_Turmeric.pdf

Investing in setting up the processing units for raw turmeric and chilies becomes viable only with larger quantities of produce. It is hence imminent that farmers aggregate their produce and set up a processing center to convert raw produce to value added products, thereby enabling them to add get better remuneration for the same.

MARKET POTENTIAL

The global turmeric market is expected to expand to 1.7 million MT with a market valuation of a little more than USD 5.65 billion by the end of 2027, expanding at a CAGR of 5.5% over the forecast period. India is the largest producer of turmeric in the world. Around 80% of the turmeric produced globally is grown in India . About 11.07 lakh tons of turmeric was produced on 2.94 Lakh Ha of land .

It is an essential ingredient of Indian cuisine and given the population of the country, domestic market for turmeric powder is huge. Around 80% of the turmeric produced in India is domestically consumed whereas the remaining 20% is mainly exported to USA and Europe. Around 97% of the total turmeric imports to USA are from India . The imported turmeric is used mainly as a spice or food color in USA. In UK and Middle Eastern markets, turmeric is imported to be used as condiment. Market for turmeric as a medicine is also expanding across the globe mainly because of its antiseptic properties and presence of powerful antioxidant called Curcumin.

Odisha has around 27,780 hectares of land under turmeric cultivation which produced around 2.18 lakh MT of turmeric annually. Kandhamal, Koraput, Nayagarh, Keonjhar and Kalahandi are top five turmeric producing districts in the state. Input cost such as fertilizers and pesticides for this crop is very less. Moreover, turmeric farms are safe from menace of the wild boars and other animals. Due to these reasons, turmeric is a preferred crop by many farmers.

Globally, 42.6 lakh MT of chili is produced. India is the largest producer and consumer of chilies in the world. It produces 19.88 lakh MT of chilies on 7.32 lakh Ha of land⁶. Majority of the chili production is consumed domestically. India also exports chili powder worth USD 64.29 million to around 140 countries across the globe annually. The top export destinations for Indian chili powder are United States of America, United Arab Emirates, Saudi Arabia, United Kingdom and South Africa . It also exported 24154.6 MT of chili sauce worth USD 4.1 million.

Odisha has around 71,280 hectares of land under chilies cultivation which produces around 69,390 MT of chilies annually. Ganjam, Sambalpur, Keonjhar, Angul and Balasore are top five chili producing districts in the state. Chilies can be produced throughout the year and also have a consistent demand all year round. Also, it is a short duration crop and hence provides farmers with quick returns on investment.

<https://connect2india.com/global/Chilli-Powder-export-from-india/1>

BUSINESS MODEL

FPC DETAILS

Member farmers of Gopalpur Farmer Producer Company Limited have decided to set up a turmeric and chili processing facility.

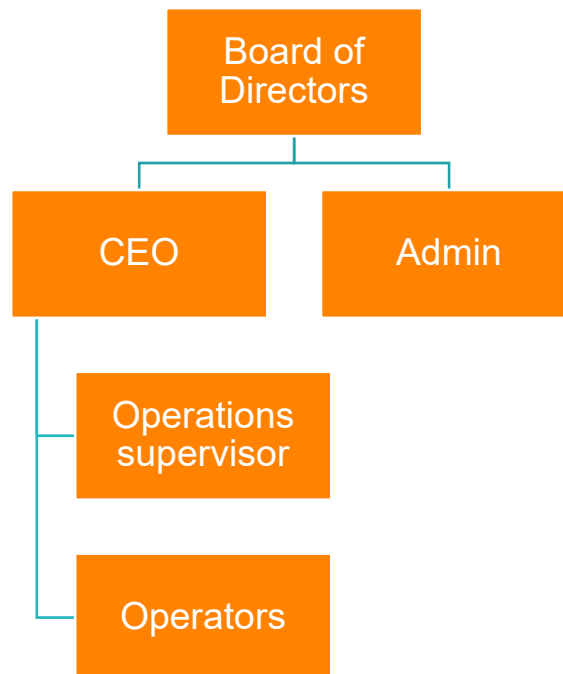
VISION

The vision of the Farmer Producer Company is to become a role model farmer organization by utilizing the true potential of the farming community in their area of influence.

MISSION

FPO intends to leverage the agricultural and allied activities carried out by the member farmers as well as other farmers in the geography. They intend to affect improvements along each stage of the agricultural cycle from pre-cultivation, cultivation and post-harvest through aggregation and thereby entailing advantage of economies of scale as the operations of the FPO mature. This will lead to better prize realization for the agriculture produce and supplementary incomes from allied activities.

ORGANIZATION STRUCTURE

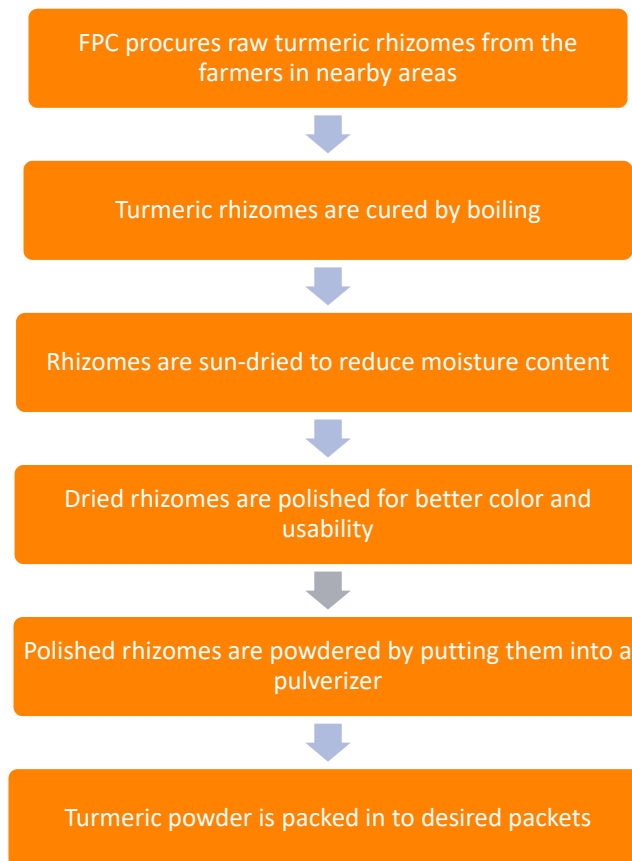


The management structure of the FPC will include mechanisms to ensure that each member farmer has a say in operations as well as the operations are professionally managed for efficiency and effectiveness.

The Board of Directors will consist of elected representatives from the member farmers to ensure decision making is done based on consensus and reflects the priorities of all members. Operations will be managed professionally by the Chief Executive Officer (CEO), who will be responsible to the Board of Directors and eventually the member farmers. The actual operations of the facility will be conducted through the operations supervisor and a set of operators and labor. The FPC will also have an admin staff for carrying out the admin and compliance related activities.

PROCESS FLOW

TURMERIC POWDERING



The FPC will procure raw turmeric rhizomes from the members and other interested farmers in nearby villages at the time of harvest. The rhizomes then will be boiled in water for about 45 minutes to 1 hour until white froth is formed on the surface of the water. This process of curing the rhizomes removes the raw odor from the rhizomes, produces a uniformly colored product and

reduces the drying time of the rhizomes. The curing process is done in a specialized turmeric curing equipment, which operates on steam generated by burning of agricultural waste.

The cured turmeric rhizomes are then sun dried for 10-12 days, based on the moisture content and the weather conditions. This removes the moisture from the rhizomes and hence improves their shelf life. It also makes them ready for powdering process.

The dried turmeric rhizomes are then polished to remove the wrinkles on the surface, improve the shine and hence get a better colored product.

These polished rhizomes will then be put in to the pulverizer for powdering. The powdered turmeric is sieved and then be packed in to pouches of weights ranging from 100 grams to 1 kilogram.

CHILI POWDERING



The FPC will procure raw chillies from its members and other interested farmers in nearby villages at the time of harvest. The stems of the raw chillies will be cut to make the chili pods which will be used for further processing. The pods will be boiled in a steam jacketed boiler. This will soften the chillies and make them ready for grinding. The softened chillies are passed through a grinder-pulper

machine which converts the chilies into a paste like substance. This paste is transferred to a kettle wherein all the other ingredients are added to the paste. This includes onion powder, garlic-ginger powder, salt, starch and some preservatives (sodium benzoate). These ingredients are thoroughly mixed and cooked together in the kettle. This mixture is then passed through a homogenizer which gives the paste a consistent form. This homogenized chili sauce is then packed in to small plastic pouches as desired.

All these products will be sold primarily in the weekly village markets and nearby wholesale and retail markets. The state capital of Bhubaneswar is only 83 kms from Nayagarh district headquarter and hence these value-added products (especially chili sauce) will find a lucrative market in Bhubaneswar.

FINANCIAL MODEL

PROJECT COST

PARTICULARS		AMOUNT (RS.)
[A] Investment in Plant & Machineries		
Steam Boiler		2,00,000
Polisher		1,00,000
Pulverizer machine		1,20,000
Tray Drier		1,50,000
Local sieving machine		10,000
Grinder-pulper machine		50,000
Blending/mixing tank		50,000
Steam jacketed kettle		50,000
Homogenizer machine		1,00,000
Packaging Machines		2,50,000
Weighing scales		40,000
Office furniture		1,00,000
Purchase Cost of Machines		12,20,000
[B] Factory Shed		-
- Area (sq. ft.)	1,500	
- Rate (Rs per sq. ft.)	400	6,00,000
- Electrification		20,000
Total Investment in Long term uses		18,40,000

PARTICULARS		AMOUNT (RS.)
[C] Working Capital		3,25,000
Total Project Cost		21,65,000
MEANS OF FINANCE		Percentage
A] Debt Finance		
- Term Loan	16,65,000	
Sub Total [A]	16,65,000	
B] Own Contribution		
Share capital	5,00,000	
Sub Total [B]	5,00,000	
Grand Total [A + B]		21,65,000

Notes:

1. Repayment tenure is expected to be 7 years, with first 6 months moratorium

ASSUMPTIONS

Gross profit analysis

S. No	Particulars	Chili powder	Turmeric powder	Chili sauce
1	Output quantity (Kg)	100	100	100
2	Conversion Ratio	80%	32%	90%
3	Raw Material Required	125	313	111
4	Sales Price Per kg	140	120	70
5	Total sales	14,000	12,000	7,000
6	Purchase Cost (per kg)	70	20	12
	Purchase cost (total)	8,750	6,250	1,333
	Additives (per kg)			8
7	Transport Cost (purchase)) per kg	2	2	2
	Transport Cost (sale) per kg	2	2	2
9	Packing Charges (per quintal)	200	200	300
	Total Variable Cost	9,400	7,275	2,944
10	Gross Profit	4,600	4,725	4,056
11	Gross Profit Ratio	33%	39%	58%
	Average gross profit	41%		

Allied costs

Sr No	Particulars	Remuneration per month	No. of labor	Annual Salary
1	Unskilled Labor	5,000	5	3,00,000
2	Admin Staff	7,000	1	84,000

Sales turnover

Sr No	Particulars	Chili powder	Turmeric powder	Chili sauce
1	Raw material input (quintals)	300	200	100
2	Conversion / yield	80%	32%	90%
3	Sales Per Year (quintals)	240	64	90

Sale price of products (Rs per quintal) -

Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Chili powder	14,000	14,700	15,435	16,207	17,017	17,868	18,761
Turmeric powder	12,000	12,600	13,230	13,892	14,586	15,315	16,081
Chili sauce	7,000	7,350	7,718	8,103	8,509	8,934	9,381

Capacity utilization

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
75%	80%	85%	90%	95%	100%	100%

Working capital requirement

Particulars	No of Days outstanding	Amount
a) Investment in Inventories	15	1,46,651
b) Receivable from debtors	30	2,93,301
Less:		
d) Payable to Creditors	20	1,24,286
Net Investment in Working Capital		3,15,666
Approximate Working Capital		3,25,000

Profit & Loss

Particulars	PROJECTIONS						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Revenue							
Sales	35,68,500	39,96,720	44,58,841	49,57,182	54,94,210	60,72,548	63,76,175
Total	35,68,500	39,96,720	44,58,841	49,57,182	54,94,210	60,72,548	63,76,175
Cost of Goods Sold							
Opening Stock		1,46,651	1,64,249	1,83,240	2,03,720	2,25,789	2,49,557
Add: Purchase Cost	22,68,226	23,93,763	26,69,900	29,67,666	32,88,535	36,34,071	38,03,296
Sub Total	22,68,226	25,40,413	28,34,148	31,50,906	34,92,254	38,59,860	40,52,853
Less: Closing Stock	1,46,651	1,64,249	1,83,240	2,03,720	2,25,789	2,49,557	2,62,035
Cost of Goods Sold	21,21,575	23,76,164	26,50,908	29,47,186	32,66,465	36,10,303	37,90,819
Gross Profit	14,46,925	16,20,556	18,07,932	20,09,995	22,27,745	24,62,244	25,85,357
Indirect Expenses							
Labour Charges	3,00,000	3,30,000	3,63,000	3,99,300	4,39,230	4,61,192	4,84,251
Staff Salary	84,000	92,400	1,01,640	1,11,804	1,22,984	1,29,134	1,35,590
Utilities	1,00,000	1,10,000	1,21,000	1,33,100	1,46,410	1,53,731	1,61,417
Repairs & Maintenance	50,000	55,000	60,500	66,550	73,205	76,865	80,709
Audit Fees	15,000	16,500	18,150	19,965	21,962	23,060	24,213
Travelling Expenses	20,000	22,000	24,200	26,620	29,282	30,746	32,283
Printing & Stationery	20,000	22,000	24,200	26,620	29,282	30,746	32,283
Lease rental	36,000	39,600	43,560	47,916	52,708	55,343	58,110
Total Indirect Costs	6,25,000	6,87,500	7,56,250	8,31,875	9,15,063	9,60,816	10,08,856
Operating Profit	8,21,925	9,33,056	10,51,682	11,78,120	13,12,682	15,01,429	15,76,500
Interest Paid	2,06,475	1,92,828	1,70,342	1,45,004	1,16,453	84,281	48,029
PBDT	6,15,450	7,40,227	8,81,340	10,33,116	11,96,229	14,17,148	15,28,471
Depreciation	2,43,000	2,09,550	1,80,818	1,56,125	1,34,893	1,16,627	1,00,905
Book Profit	3,72,450	5,30,677	7,00,523	8,76,991	10,61,336	13,00,520	14,27,567
Income Tax	93,112	1,32,669	1,75,131	2,19,248	2,65,334	3,25,130	3,56,892
Profit after tax	2,79,337	3,98,008	5,25,392	6,57,743	7,96,002	9,75,390	10,70,675

BALANCE SHEET

Particulars	PROJECTIONS						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Owners Funds							
Opening Bal. / Addition	5,00,000	7,79,337	11,77,345	17,02,737	23,60,481	31,56,483	41,31,873
Add: Profit	2,79,337	3,98,008	5,25,392	6,57,743	7,96,002	9,75,390	10,70,675
Closing Balance	7,79,337	11,77,345	17,02,737	23,60,481	31,56,483	41,31,873	52,02,548
Secured Loans							
- Term Loan	16,86,411	15,09,112	13,09,327	10,84,205	8,30,531	5,44,685	2,22,586
	16,86,411	15,09,112	13,09,327	10,84,205	8,30,531	5,44,685	2,22,586
Current Liabilities							
Sundry Creditors	1,24,286	1,31,165	1,46,296	1,62,612	1,80,194	1,99,127	2,08,400
	1,24,286	1,31,165	1,46,296	1,62,612	1,80,194	1,99,127	2,08,400
Total	25,90,035	28,17,623	31,58,361	36,07,297	41,67,207	48,75,685	56,33,534
Fixed Assets							
Opening WDV / Addition	18,20,000	15,77,000	13,67,450	11,86,633	10,30,508	8,95,614	7,78,987
Less: Depreciation	2,43,000	2,09,550	1,80,818	1,56,125	1,34,893	1,16,627	1,00,905
Closing WDV	15,77,000	13,67,450	11,86,633	10,30,508	8,95,614	7,78,987	6,78,082
Current Assets							
Sundry Debtors	2,93,301	3,28,498	3,66,480	4,07,440	4,51,579	4,99,114	5,24,069
Inventory	1,46,651	1,64,249	1,83,240	2,03,720	2,25,789	2,49,557	2,62,035
Cash & Bank Balances	5,73,083	8,57,427	12,72,008	17,40,630	22,56,724	28,41,778	34,09,973
Farmers Advances	-	1,00,000	1,50,000	2,25,000	3,37,500	5,06,250	7,59,375
	10,13,035	14,50,173	19,71,728	25,76,790	32,71,593	40,96,698	49,55,452
Total	25,90,035	28,17,623	31,58,361	36,07,297	41,67,207	48,75,685	56,33,534

CASH FLOW

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Cash Flow from Operating Activity							
Profit after Tax	2,79,337	3,98,008	5,25,392	6,57,743	7,96,002	9,75,390	10,70,675
Add: Depreciation	2,43,000	2,09,550	1,80,818	1,56,125	1,34,893	1,16,627	1,00,905
Operating Cash flow before change in working capital	7,28,812	8,00,386	8,76,552	9,58,873	10,47,348	11,76,299	12,19,608
Add/Less Change in Working capital	(3,15,666)	(1,45,916)	(91,843)	(1,20,123)	(1,61,127)	(2,21,118)	(2,81,286)
Net Cash Flow from Operating Activity	4,13,147	6,54,471	7,84,709	8,38,749	8,86,221	9,55,180	9,38,323
Cash Flow from Investing Activity							
Fixed assets	(18,20,000)						
Net Cash Flow from Investing Activity	(18,20,000)						
Cash Flow from Financing Activity							
Increase/Decrease in Capital	5,00,000						
- Term Loan (new)	16,86,411	(1,77,299)	(1,99,785)	(2,25,123)	(2,53,674)	(2,85,846)	(3,22,098)
Net Cash Flow from Financing Activity	19,79,936	(3,70,127)	(3,70,127)	(3,70,127)	(3,70,127)	(3,70,127)	(3,70,127)
Net Cash Flow	5,73,083	2,84,344	4,14,582	4,68,622	5,16,094	5,85,053	5,68,195
Opening Cash & Cash Equivalent		5,73,083	8,57,427	12,72,008	17,40,630	22,56,724	28,41,778
Closing Cash & Cash Equivalent	5,73,083	8,57,427	12,72,008	17,40,630	22,56,724	28,41,778	34,09,973

FINANCIAL RATIOS

Year	Reference	Cash Flow	DF @ 10%	DCF
0	Cash Outflow	(21,65,000.00)	1	(21,65,000.00)
1	Cash flow after tax	5,22,337	0.9091	4,74,852
2	Cash flow after tax	6,07,558	0.8264	5,02,114
3	Cash flow after tax	7,06,209	0.7513	5,30,586
4	Cash flow after tax	8,13,868	0.6830	5,55,883
5	Cash flow after tax	9,30,895	0.6209	5,78,013
6	Cash flow after tax	10,92,018	0.5645	6,16,415
7	Cash flow after tax	11,71,580	0.5132	6,01,206
	Terminal Value		0.5132	-
Net Present Value / Value of the Business				38,59,069
IRR				27.69%
Payback Period in Years				4.18

EBIT	3,72,450	5,30,677	7,00,523	8,76,991	10,61,336	13,00,520	14,27,567
Capital employed							
Owners Capital	7,79,337	11,77,345	17,02,737	23,60,481	31,56,483	41,31,873	52,02,548
Bank Finance	16,86,411	15,09,112	13,09,327	10,84,205	8,30,531	5,44,685	2,22,586
Total	24,65,749	26,86,458	30,12,065	34,44,685	39,87,014	46,76,558	54,25,134
ROCE	15.10	19.75	23.26	25.46	26.62	27.81	26.31

ANNEXURE

Sr. No.	Title	Details	
1	Name of company	Gopalpur Farmer Producer Company Limited	
2	Address of company	House No. – 31, C/O- MinatiPratihari, At- Itamati, Nayagarh, Odisha, Pin-752068	
3	CIN of company	U01100OR2018PTC029196	
4	Date of Registration	19 th July 2018	
5	Details of BoD	Name	Age
		Anant Pradhan	55
		Nihar Ranjan Pattanaik	44
		Banamali Sahoo	45
		KamaliniSamantsingh	52
6	Details of chairman	Jyosnarani Jena	
			45

LIST OF ABBREVIATIONS

APICOL	The Agricultural Promotion & Investment Corporation of Odisha Limited
APC	Agriculture Production Cluster
AMUL	Anand Milk Union Limited
APEDA	Agricultural and Processed Food Products Export Development Authority
BOD	Board of Directors
BIN	Business Identification Number
BRLF	Bharat Rural Livelihood Foundation
CBBO	Cluster-Based Business Organizations
CIF	Cost, insurance, and freight
CGF	Credit Guarantee Fund
CHES	Central Horticultural Experiment Station
CoE	Centres of Excellence
DA&FE	Department of Agriculture & Farmers' Empowerment
DPMU	District Project management Unit
DAFP	Directorate of Agriculture & Food Production
DSC&WD	Department of Soil Conservation & Watershed Development
DLC	District level Committee
ECGC	Export Credit Guarantee Corporation Ltd.
EDI	Electronic Data Interchange
FSSAI	Food Safety and Standards Authority of India
FPO	Farmer Producer Organization
FPC	Farmer Producer Company
FIG	Farmer Interest Group
FISA	FPO Implementation & Stabilisation Agency
FDRVC	Foundation for Development of Rural Value Chains
GAP	Good Agricultural Practices ICAR - Indian Council of Agricultural Research
IT	Income Tax IEC - Importer-Exporter Code
IA	Implementing Agencies
IFFCO	Indian Farmers Fertilizer Cooperative Limited
KVK	Krishi Vigyan Kendra KRIBHCO - Krishak Bharati Cooperative Limited
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MoA	Memorandum of Association
MKUY	Mukhyamantri Krishi Udyog Yojana
MFA	Market Facilitation Agency

MSP	Minimum Support Price
MCA	Ministry of Company Affairs
MT	Metric Ton
MIDH	Mission on Integrated Development of Horticulture
NABARD	National Bank for Agriculture and Rural Development
NAFED	National Agricultural Cooperative Marketing Federation of India Ltd.
NCDC	National Cooperative Development Corporation
NHM	National Horticulture Mission
NGO	Non-Government Organization
NMSA	National Mission on Sustainable Agriculture
OHDS	Odisha Horticulture Development Society
OUAT	Odisha University of Agriculture & Technology
ORMAS	Odisha Rural Development and Marketing Society
OMM	Odisha Millet Mission
PG	Producer Group
PACS	Primary Agricultural Credit Societies
PSFPO	Promotion & Stabilisation of Farmer Producer Organization
PRADAN	Professional Assistance for Development Action
PC	Producer Company PO - Producer Organization
POPI	Producer Organization Promoting Institution PKVY - Paramparagat Krishi Vikas Yojana
PMFME	Pradhan Mantri Formalization of Micro Food Processing Enterprises Scheme
RKVY	Rashtriya Krishi Vikas Yojana
RCMC	Registration-cum-Membership Certificate
SLC	State Level Committee
SPMU	State Project Management Unit
SFAC	Small Farmers' Agribusiness Consortium
SHG	Self Help Group
VIUC	Vegetable Initiative for Urban Cluster



DEPARTMENT OF AGRICULTURE
AND FARMERS' EMPOWERMENT
GOVERNMENT OF ODISHA

Agriculture Information wing
Bhubaneswar - April 2022-100