

FARMER PRODUCER ORGANIZATION (FPOs) – A NEW LOOK FORWARD TO DEVELOPMENT IN THE AGRICULTURAL SECTOR.

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WHAT ARE FARMERS PRODUCER ORGANIZATIONS? (FPOs) –

A Producer organization formed by farmers or farmer organizations is called a Farmer Production Organization (FPO). The Government of India has planned to create 10,000 such FPOs across the country. Small Farmers Agri-business Consortium (SFAC), National Cooperative Development Corporation (NCDC), National Bank for Agriculture and Rural Development (NABARD) is the implementing agency for this scheme. The scheme requires a minimum number of farmers of 300 to form an FPO. Cluster Base Business Organization (CBBO) has been appointed by the implementing agency for the smooth running of FPO. Through this training and guidance are provided to the FPO.

BENEFITS OF FARMER PRODUCER ORGANIZATION

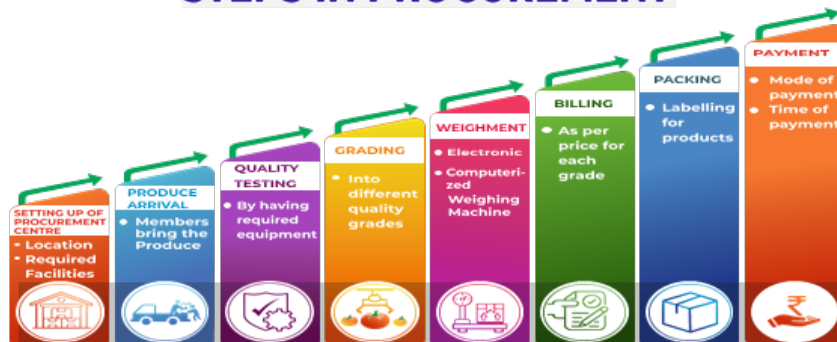
Taking additional income-generating activities like seed production, beekeeping, mushroom cultivation, etc. Provision of logistics services like crop storage, transportation/loading-unloading, etc. facilities through FPOs. Making requirement-based machinery and equipment available through custom hiring centers to reduce per unit cost of production. Aggregate groups of small farmers and increase their value by making them more marketable. Linking up with various marketing channels to add value to farmers' capital.



PRIMARY PROCESSING ACTIVITIES

Creating a market where buyers can price the product well.

STEPS IN PROCUREMENT



ASSISTANCE PROVIDED BY THE CENTRAL GOVERNMENT TO FPOs

- The matching equity grants is Rs. 15 lakh is available in 3 tranches.
- Credit guarantee up to Rs. 2 crores.
- Assistance up to a maximum of Rs. 18 lakhs for three years. In which CEO (max. Rs. 25,000/month) and accountant (max. Rs. 10,000/month) for salary.
- Registration Free (one-time maximum Rs. 40,000 or actuals whichever is less).
- Office rent (up to a maximum of Rs. 48,000/year).
- Utility usage (maximum charges for electricity and telephone bills of FPO office up to Rs. 12,000/year).
- One-time expenses for small equipment (up to Rs. 1,00,000 including furniture and keys, miscellaneous expenses up to Rs. 12,000).
- Travel allowance and meeting expenses up to a maximum of Rs 18,000/year.



ROLE AND RESPONSIBILITIES OF CBBOs

Preparation of baseline survey report for FPO formation. Registration of FPO and engagement of 300 members. Formulation of business plan for FPO. Registration of FPO in e-NAM or electronic platform. Conducting training for FPO members/BOD and exposure visits to FPO. Assisting FPOs in obtaining equity grants from FPOs/farmers. Assisting FPOs in obtaining credit guarantee facilities as per requirement. To inform the FPO about the marketing and processing infrastructure facilities required by the CBBO to develop the business for long-term viability. Various processing activities as per the business plan to increase foothold of FPO.

Roles and Responsibilities

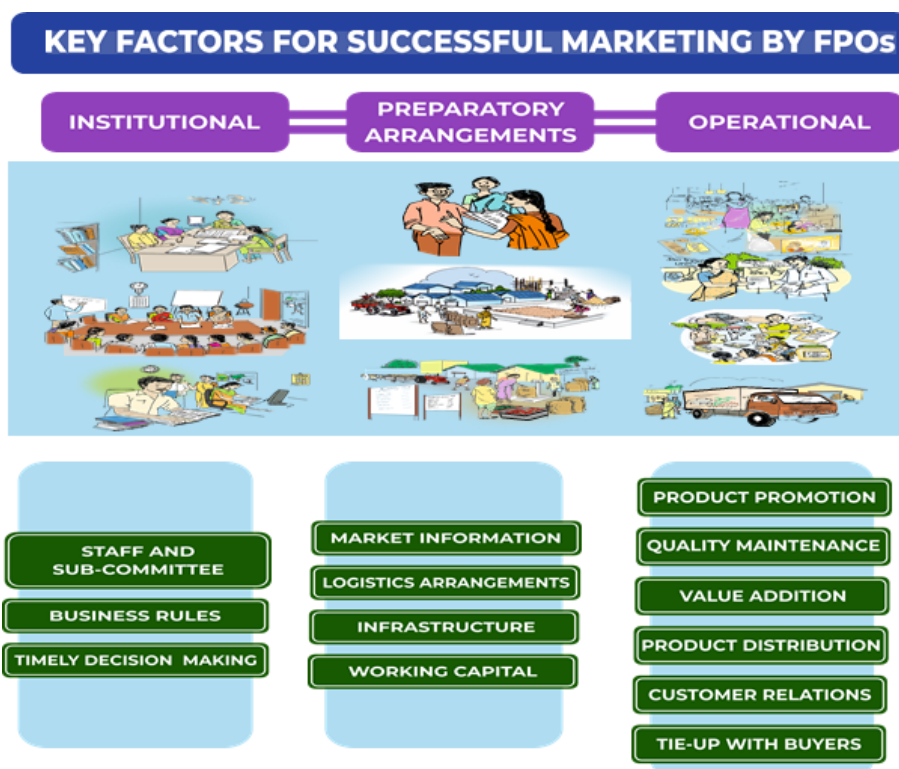
A) Farmer in the journey of an FPO

- As a shareholder** – once the farmer agrees to be a member of the FPO and pays up the share, s/he automatically becomes a voting member of the FPO and is eligible to all rights enjoyed by the FPO.
- As a member of FIG** – the farmer is also a member of the local farmer interest group (FIG) in most places. This enables them to participate actively in local group meetings and follow up from directives sent from



FPO. In reverse, decisions made by FPO members, can be communicated to the FPO board through a representative member who is also in the local FPO.

- c. **Member of the FPO Board of Directors** – a farmer can also be nominated or elevated on to the Board of Directors of the FPO. CEO who is appointed by the Board cannot be a member of the board and he/she has no voting rights.

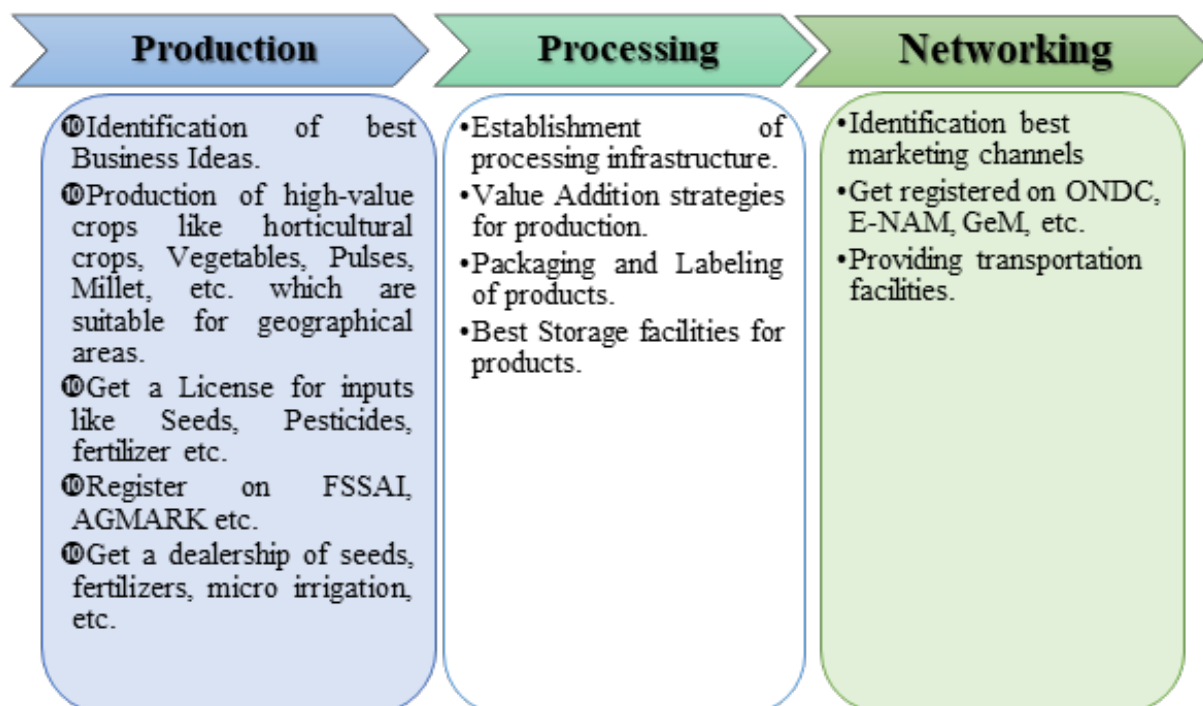


B) Board of Directors

- Encourage members to participate in the activities of the FPC and to make use of FPC's services.
- Get Approval of decisions taken by the Board of Directors in the General Body Meeting, and implement activities as per the decision of General Body.
- To monitor and supervise the activities of the FPC
- To appoint and supervise the activities of the CEO and other FPC employees.
- Sanction any loan or advance, in connection with the business activities of the Producer Company to any Member. A Director cannot sanction a loan for self or Director's relative;
- Decide the dividend payable to members
- Decide the withheld price payable to members
- Purchase or sale of FPC property, and investment of the funds of the Producer Company for its business
- Check whether proper books of account are being maintained
- Other activities to be done as per the decisions taken at the General Body meeting by members

C) Chief Executive Officer

- Ensure efficient and timely services from FPC to members. Be part of various committees like the procurement committee, marketing committee, etc., formed by the BoD.
- Take decisions required for day-to-day functioning of the FPC. Get Approval of decisions taken by the CEO in the Board of Directors Meeting, and implement activities as per the decision of the Board of Directors.
- Sign all business-related documents, like invoices, Purchase Orders etc., on behalf of the FPC.
- Responsible for providing timely information to the company's members and Board of Directors for FPC meetings, including emergency or urgent meetings.
- Responsible for maintaining proper books of account, and preparing annual accounts.
- Shall operate the bank accounts as a joint signatory of a Director. He/she shall decide for safe keeping of cash and other assets of the producer company.
- Any other task or responsibility as decided by the Board of Directors for the smooth functioning of the company.



HOW FPO CAN BE DEVELOPED BETTER?

INPUT MARKETING CYCLE FARMER PRODUCER ORGANIZATIONS



OUTPUT MARKETING CYCLE FARMER PRODUCER ORGANIZATIONS

