E-ISSN: 2582–2160, Volume: 4, Issue: 4, July-August 2022

Farm Producers Organisations a Collectiveness Approach, Study & Review of Scheme

Dr. Renu Sharma

Associate Professor, Department of Economics, Vardhman College
Bijnor, Uttar Pradesh, India

Abstract
Small and marginal farmers always face problem in production and income in absence of economy of scale. Farmers and governments always tried to get the advantage of collectiveness to get the both ended advantage of economy of scale. Cooperative societies of farmers were one of the mitigation techniques. SHG, JLG, farmers club etc are the efforts to achieve the economy of scale in production and marketing but distress of the farmers proved all efforts incomplete. In the year 2002 a special structure comprising the characteristics of cooperatives society and company was designed for original farm producers in the form and style of FPOs (farm producer organizations) managed and run by Cluster based Business organization (CBBO).The ownership of the PO (Producer organization) is with its members it is an organization of the producers for the producers. FPO also known as farmers company (FPC) is an legal entity by primary producers. An FPO can be a producer company, a cooperative society or any other form. The small farmers Agri-business consortium (SFAC) developed by Government of India to increase the Income of small and marginal farmers. Central Sector Scheme of "Formation and Promotion of 10,000 Farmer Producer Organisations (FPOs)" is the attempt to accelerate the formation of FPO, Govt. assistance at all level of formation and operation of FPO, hand holding support for five year budget allocation GOI budget 2020-21. The study will evaluate and asses the scheme and role to increase the farm producers' income by way of FPO on account of budget allocation and implementation of central scheme.

Keywords: Farmer, FPO, Farm Producers Organisation

1. Introduction

The small producers do not have the volume individually both inputs and out puts to get the benefit of scale. Hence they need a collective structure to achieve better production and income. The main objective of the FPO (Farm Produce Organization is to ensure the same. Farmers are adopting several ways to adopt the benefit of collectiveness.

Earlier, farmers were brought together in co-operatives to counter some of the above challenges due to aggregation/ collectivization of inputs. These cooperatives were in the form of 3-tier structure, Primary Agricultural Cooperative Societies (PACS) at village level, which were federated at district and state level. These co-operatives mainly focused on providing easy credit and/or inputs like fertilizers and seeds to the farmer-members. Over time, Cooperative societies used their influence for self-serving interests, leading to in general disenchantment among the farmer-members. Consequently, except for dairy sector cooperatives and to some extent in Sugar sector which became highly successful at grass root level, by-and-large cooperatives in agriculture sector have failed.

In 2002, the Companies Act of 1956 was amended and new section 'Part IXA' was inserted for 'Producer Companies', a new form of corporate entity (MCA, N.D). These companies were designed Main Features of Companies Act Amendment (2002) The Producer Company can have unlimited number of shareholder members unlike any other company or form of business but with a condition that the member should only and only be a primary producer/farmer. It can operate throughout India with single registration, including exporting business in contrast to co-operatives. It can enter into JVs, alliances and also have subsidiaries which are not the case for a society. It can distribute its earnings back to members (unlike Non-profit organization / Section 8 companies) in the proportion of contribution and not necessarily as per the share holding pattern. Every member has one vote irrespective of number of shares held by him/her. An independent expert/ professional can be part of the board which is not the case for a society.

2. Objectives of the Study

Study is made with the following major objectives:

- To understand the old way of collectiveness through cooperative societies (PACS etc), SHG, JLG and Kisan Clubs. Constraints of that system.
- To understand whether the company law is as it is applicable to group of farmers or farmer producer needs hybrid model. Detail understanding of model.
- The hybrid model of FPOs, Consisting the characteristics of company and cooperative (both) with direct participation of original farm producer is sustainable.
- The role and responsibilities of N-PMAFSC (Project Management Advisory and Fund Sanctioning Committee), CBBO, NABARD, NCDC, SFAC (small farmers' agri-business) District Level Monitoring Committee (D-MC), State Level Consultative Committee (SLCC), other Ministries/Departments of Government of India to achieve the goal of 10,000 new FPOs.
- Role of FPOs in enhancing the farm producers income in sustainable manner

3. Methodology of the Study

To achieve the objective of study a detailed study of structures N-PMAFSC (Project Management Advisory and Fund Sanctioning Committee), CBBO, NABARD, NCDC, SFAC (small farmers' agri-business) District Level Monitoring Committee (D-MC), State Level Consultative Committee (SLCC) were made from various authentic sources. New scheme announced by the PM studied from the web site of Ministry of agriculture and NABARD. Detail report by NABARD on the scheme 10000 new FPO taken into knowledge. FPO portal of PMAFSC were viewed and understand on regular basis. Many related research papers on the FPO got considered before completion the study. On the basis of detailed studies conclusions were drawn.

4. Genesis of Farmer Producers Organizations (FPOs)

Currently, farmer organisations in India has various legal forms - as a Producer Company (under Companies Act, 2013), as a Cooperative (under Cooperative Societies Act), as a Non-profit entity (under Companies Act, 2013) or as a Trust (under Indian Trusts Act, 1882). The Primary Agricultural

Cooperative Society (PACS) is one of the oldest forms of producer organizations in India. In addition to these, there are many other forms of producer organizations catering to specific or multiple function(s) such as self-help groups (SHGs), Federation of SHGs, Common Interest Groups (CIGs), Joint Liability Groups (JLGs), Farmers' Club, etc. Failure of collectivization of farmers through co-operatives in agriculture sector, growing agrarian crisis and simultaneously rapid growth in private sector through corporatization led to beginning of new thinking of bringing best attributes of co-operatives and the corporate together. In the year 2000, the concept of producer companies was recommended by a committee chaired by Prof. Y.K. Alagh. In 2002, the Companies Act of 1956 was amended and new section 'Part IXA' was inserted for 'Producer Companies', a new form of corporate entity. Hence FPOs 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. FPOs registered under Co-operative Societies Act of the State (including Mutually Aided or Self-reliant Cooperative Societies Act by whatever name it is called) for the purpose of this Scheme, is to be insulated from all kinds of interference including in election process and day today management through suitable provisioning in their Memorandum of Association and Bye-laws with a view to encourage healthy growth and development of FPO.

5. Central Sector Scheme of "Formation and Promotion of 10,000 Farmer Producer Organisations (FPOs)"

The Government of India has launched the Central Sector Scheme of "Formation and Promotion of 10,000 Farmer Producer Organisations (FPOs)" to form and promote 10,000 new FPOs which will leverage economies of scale in production and marketing with a view to enhance productivity through efficient, cost effective and sustainable resource use for ensuring sustainable income oriented farming, thus helping in reduction of cost of farm production and enhancing farmers' earning thus playing a major role towards doubling the income of farmers. Under this scheme, provision is made for professional hand-holding support for a period of five years to new FPOs formed.

6. Budgetary Provisions under Central Scheme for Promotion of 10,000 FPOs

The scheme on formation and promotion of 10,000 FPOs is to be implemented till 2023-24 with budgetary support of Rs. 4,496 crore. Since financial support excepting management cost is to be extended for five years, therefore, FPOs formed will be required to be financially supported till 2027-28, with the additional committed liability for period from 2024-25 till 2027-28 of Rs. 2,369 crore say Rs. 2,370 crore. Thus, the total budgetary requirement up to 2027-28 would be Rs. 6,866 crore. The budget requirement is to be met from overall allocations of DAC&FW.

- **Payment to Implementing Agencies**

DAC&FW will make the advance release to the Implementing Agencies (IAs) on six monthly basis based on recommendation of N-PMAFSC (Project Management Advisory and Fund Sanctioning Committee) , Annual Action Plan (AAP) of IAs and the due utilization certificate submitted to meet out the expenses for engaging NPMA, FPO formation & incubation cost to CBBO and also meeting out the cost of FPO management cost direct to concerned FPOs account on recommendation of concerned CBBO and Equity Grant etc. for effective and timely implementation of the programme. The

Implementing Agencies will develop the payment schedule based on their various stages and component of payment involved. The Implementing Agencies will raise the demand to DAC&FW for release of payment. The Implementing Agencies will submit utilization certificate of last payment released as per GFR for releasing the next payment to them. In case of training, NABARD and NCDC will submit to N-PMAFSC the training schedule for a year with tentative expenditure for training through specialized training institutes organised through their respective nodal training Institute. DAC&FW will make due payment to NABARD and NCDC (National Cooperative Development Corporation) for training through specialised Institutions based on the demand raised by NABARD and NCDC respectively. Further, as regards DAC&FW's share towards Credit Guarantee Fund (CGF) to be maintained and managed by NABARD and NCDC, the DAC&FW will provide its matching share to NABARD and NCDC, as the case may be, which in turn will submit detailed status of utilization to DAC&FW before raising the further demand for next installment of CGFT.

- **Payment of Supervision Charges to Implementing Agency (IA)**

Agencies (viz. SFAC and NCDC) will be given upfront amount computed @ 3% of estimated annual expenditure in the form of supervision charges to meet the expenses incurred in discharge of their duties and responsibilities; while additional amount computed @ 2% will be given to them based on their performance assessment. The supervision amount will be released in two installments and second installment may be released after assessment of performance. The expenditure on this account of supervision charges will be met from the budget of this Scheme.

The performance assessment will be done on quarterly or half yearly basis by N-PMAFSC, as deems fit. The N-PMAFSC (Project Management Advisory and Fund Sanctioning Committee) will recommend to DAC&FW for consideration of release of additional amount @ up to 2%. The performance assessment criteria may be as under:

(1) During the first four quarter, number of FPOs registered will be basis for assessment of performance.
(2) For the remaining period after one year, there may be criteria like (a) activeness of FPO exhibited by their activities; (b) adoption and execution of business development plan; and such other criteria as decided by N-PMAFSC (National-Project Management Advisory and Fund Sanction Committee).
(3) Sustainability of FPOs formed.

- **FPO Management Cost under the Scheme**

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 financial support is not meant for reimbursing the entire administrative and management cost of FPO but it is to provide the financial support to the FPOs to the extent provided to make them sustainable and economically viable. Hence, the fourth year onwards of formation, the FPO has to manage their financial support from their own business activities. The indicative financial support broadly covers (1) the support for salary of its CEO/Manager (maximum up to Rs. 25,000/month) and Accountant (maximum up to Rs. 10,000/month), (2) one time registration cost (one time up to maximum Rs. 40,000 or actual, whichever is lower), (3) office rent (maximum up to Rs. 48,000/year), (4) utility charges (electricity and telephone charges of office of FPO maximum up to Rs. 12,000/year), (5) one-time cost for minor equipment (including furniture and fixture maximum up to Rs. 20,000 (6) travel and meeting cost (maximum up to Rs. 18,000/year), and (7) misc. (Cleaning, stationery etc., maximum up to Rs. 12,000/year). Any expenditure of operations, management, working capital requirement and infrastructure development etc., over and above this, will be met by the FPOs from their financial resources.

FPO requires some professionally equipped Manager/CEO to administer its activities and day to day business with a sole objective to make FPO economically sustainable and farmers' benefiting agri-enterprise. Not only for business development but the value of professional is immense in democratizing the FPOs and strengthening its governing system. To substantiate the fact, the most successful example is of dairy co-operative in India where professional managers have contributed immensely to make it a success. There are other so many examples which prove the absolute requirement of professional managers. However, an FPO should have minimum a CEO/Manager and an Accountant.

The CEO/Manager is to be appointed by the executive body of the FPO who should be either graduate in agriculture or agriculture marketing or agri-business management or BBA or equivalent. Preferably diploma in agriculture or agriculture marketing or agri-business management or in such other related areas may be preferable. If any members of the FPO meet the above criteria, they may be considered preferably in the selection process.

In order to create interest of good professional activities of CEO/Accountant, the FPO may also offer higher payment with their own sources of funds on above of Govt. support. One CEO will provide full time services to one FPO at a time only. It will be duty and responsibility of respective Board of Directors (BoDs) and CBBO that quality of services is rendered by CEO for developing the business for sustainability of the FPO.

7. Aims and Objectives of the Scheme (To Form New 10,000 FPOs)

- 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 well-being 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 hand-holding 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.

8. Broad Services and Activities to be undertaken by FPOs

The FPOs may provide and undertake following relevant major services and activities for their development as may be necessary:

E-ISSN: 2582–2160, Volume: 4, Issue: 4, July-August 2022

(1) Supply quality production inputs like seed, fertilizer, pesticides and such other inputs at reasonably lower wholesale rates.
(2) Make available need based production and post-production machinery and equipment like cultivator, tiller, sprinkler set, combine harvester and such other machinery and equipment on custom hiring basis for members to reduce the per unit production cost.
(3) Make available value addition like cleaning, assaying, sorting, grading, packing and also farm level processing facilities at user charge basis on reasonably cheaper rate. Storage and transportation facilities may also be made available.
(4) Undertake higher income generating activities like seed production, bee keeping, mushroom cultivation etc.
(5) Undertake aggregation of smaller lots of farmer-members' produce add value to make them more marketable.
(6) Facilitate market information about the produce for judicious decision in production and marketing.
(7) Facilitate logistics services such as storage, transportation, loading/unloading etc. on shared cost basis.
(8) Market the aggregated produce with better negotiation strength to the buyers and in the marketing channels offering better and remunerative prices.
(9) Facilitate logistics services such as storage, transportation, loading/unloading etc. on shared cost basis and
(10) Recommendation for execution, policy and research on FPOs For policy execution, Independent governance of FPOs, Holistic development of FPOs optimal size of FPOs and Equity building, Marketing lands and meeting credit needs.

9. Size of the FPO under the Scheme

FPO with a minimum farmer-members' size of 300 shall be eligible under the scheme in plains, while in North-Eastern and Hilly areas (including such other areas of UTs) size of 100 shall be eligible farmers (Hilly area means area at a height of 1,000 metre or above MSL).

Farmer-members cohesively located with almost same interest are to be mobilized to form a group of 15-20 Members, calling the group as Farmer Interest Group (FIG) or Self Help Group (SHG), Farmers Club (FC), Joint Liability Group (JLG), Rythu Mitra Group. Such 20 or more groups from a produce cluster area or a village or cluster of neighboring villages based on certain commonalities are to be put together to form an FPO with a minimum farmer-members size of 300 to be eligible under this scheme in plains while in Hilly and North Eastern regions, 7-8 are to be put together to form an FPO with a minimum farmer-members size of 100. It may provide special focus to include small, marginal and women farmers/women SHGs, SC/ST farmers and other economically weaker categories etc. as members to make FPOs more effective and inclusive.

However, efforts will be made to achieve an average membership size of 500 farmers in plain areas and 200 farmers in Hilly and North-Eastern regions to make them sizable for economic sustainability and profitability. Based on experience/ need, Department of Agriculture, Cooperation and Farmers Welfare (DAC&FW) may revise the minimum membership norm per FPO, with the approval of Union Agriculture Minister. Efforts will be made to form on an average two FPOs in at least each of potential

5,000 blocks out of existing about 7000 blocks. However, efforts will be made to cover all blocks in the country.

The FPOs can federate at district level and State level based on their need of processing, branding and marketing of produce or trading of commodities, which are essential for scaling up for survivability and growth in an era of competition based on their need, success and product, they can federate at the National level also to promote packaging/branding and domestic/international trading of quality produce. Such Federation may avail advisory of National Project Management Agency (NPMA) as well as will be eligible for Credit Guarantee facility under the Scheme to strengthen their activities relating to setting up of infrastructure and supply chain for value addition and marketing.

10. Cluster Area Approach for Formation of Farmers Producer Organisation (FPO)

Ministry of Agriculture & Farm welfare issued guidelines for formation and promotion of FPO is based on Produce Cluster Area. This is broadly as under:

- 'Produce Cluster Area' for purpose of FPO formation and management herein means a geographical area wherein agricultural and allied produce of similar or almost similar nature is grown/cultivated therefore, an FPO can be formed for leveraging economies of scale in production and marketing. Organic Produce and Natural Farming are also covered in FPO operations.
- Produce cluster area is to be identified with the input of District Level Monitoring Committee (D-MC), State Level Consultative Committee (SLCC), other Ministries/Departments of Government of India and the States as well as with recommendations of Implementing Agencies with input from Cluster-based Business Organization (CBBO) and suggestions of relevant Government of India Organizations.
- CBBO (Cluster-based Business Organizations) will undertake Feasibility Study in assigned clusters which will include the (1) Diagnostic study & baseline assessment, (2) Business planning, (3) Mobilization of farmers, (4) Organizing and formalizing, (5) Systems development, and (6) Business operations and assessment and audits.

(1) **Diagnostic study including baseline survey:** To find out produce and socio-cultural similarity, existing gap and potential activity, interventions in terms of infrastructure, services, etc. required in the value chain of agricultural and horticultural produce including post-harvest management and marketing. Baseline survey should also identify current situation of farming, small, marginal and landless farmers for aggregation, to identify minimum geographical area for potential interventions etc.

(2) **Prospective business planning:** In order to establish a fit case for formation of an economically sustainable FPO.

(3) **Mobilization of farmers:** Farmer-members cohesively located with almost same interest are to be mobilized to form a group of 15-20 Members, calling the group as Farmer Interest Group (FIG). Such 20 FIG will homogeneously merged to form FPO in plane and 7-8 in special areas.

Concerted efforts will be made to prioritize formation of FPOs in aspirational districts through intense awareness programmes and making FPOs economically sustainable through adequate support, hand-holding, training & skill development. However, intensive efforts will be made to form and promote at least 15% of the total targeted 10,000 FPOs (i.e. 1,500 FPOs) in next 5 years in aspirational districts with at least one FPO in each block of aspirational districts of the country for their development. In order to promote the forest and minor forest produce by the tribal communities, intensive efforts will be made by the implementing agencies to prioritize formation and promotion of FPOs in the notified tribal areas in the country. The benefits of quality input, technology, credit and value addition and processing as well as better market access should reach the tribal community and North-East Region through the Scheme in co-operation with Tribal Affairs Ministry, DONER and North Eastern Council (NEC).

(4) **Organizing and formalizing:** Formation Executive committee to form board, appointment of CEO, appointment of accountant, makes the office operational as per norms and direction of NABARD/NCDC are to be completed. Better formation and organization structure will provide financial viability and sustainability to FPO.

(5) **Systems development, Business operations:** A geographical area wherein agricultural and allied produce of similar or almost similar nature is grown / cultivated therefore, an FPO can be formed for leveraging economies of scale in production and marketing. The FPO management with the help DMC/CBBO will seek the supply chain logistics and market for the produce of producer farmer to achieve the goal of better income to the producer member farmer. Day to day operations is noted properly in legal form as per company law or cooperative act as the case may be.

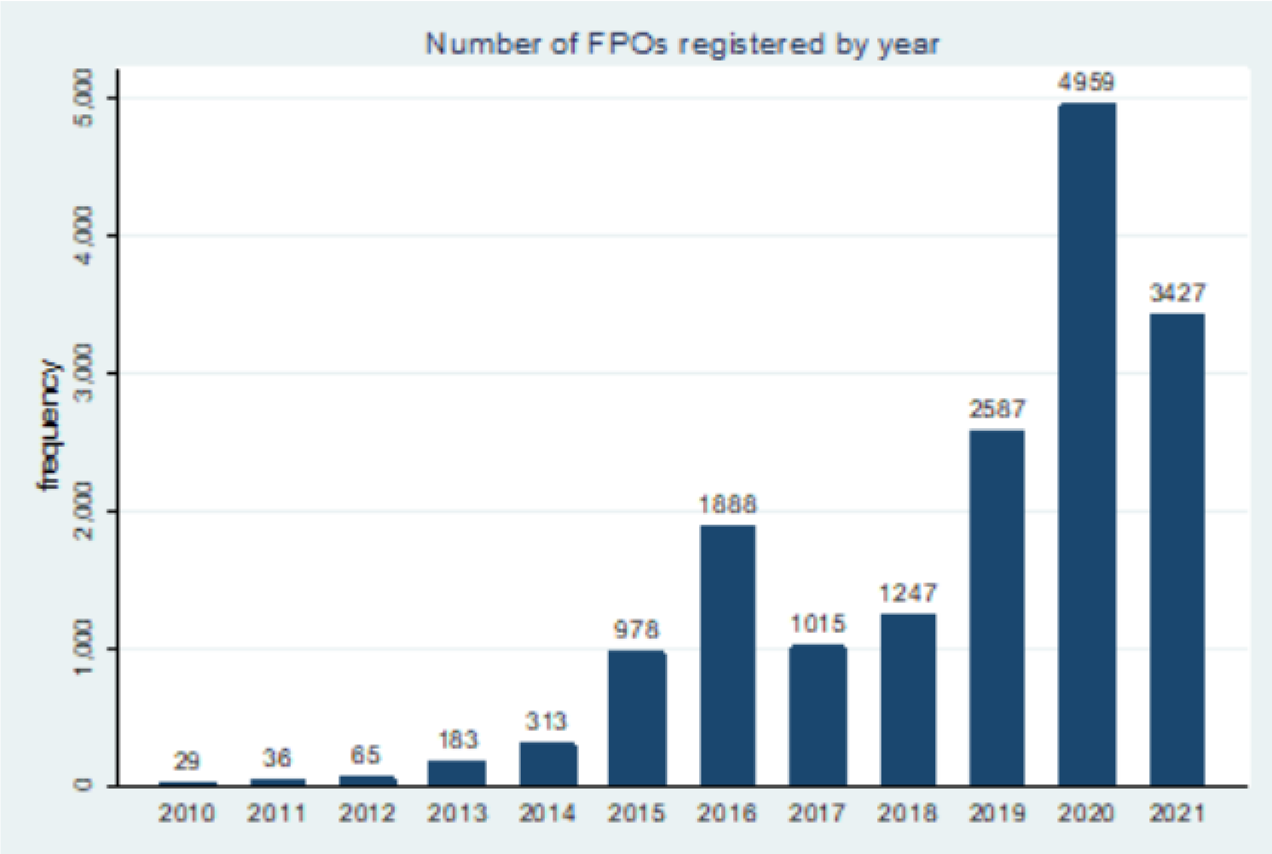
(6) **Assessment and audits:** Financial audit and management audit of FPO on prescribed intervals are necessary. Management audit will examine office location, Status under INC-22A, registered office address, change in board if any, mandatory registrations, display of registration and license, Copy of MOA-AOA etc. In case of digital support system of FPO system (IT) audit is also the part of audit.

11. Status of Scheme Formation FPOs

Most of the FPOs formed in the past two decades were registered after 2014, which aligns with the more favorable policy environment created by a massive push for FPO promotion through various central and state government schemes. The largest spike occurred in the last three years, during which time 65% of FPOs were registered.

The number of FPOs registered varies widely across states. Six states account for two-thirds of the total FPOs registered in the country, with Maharashtra alone accounting for one-third. This can be partly attributed to the state's successful history of agricultural cooperatives and structural marketing reforms.

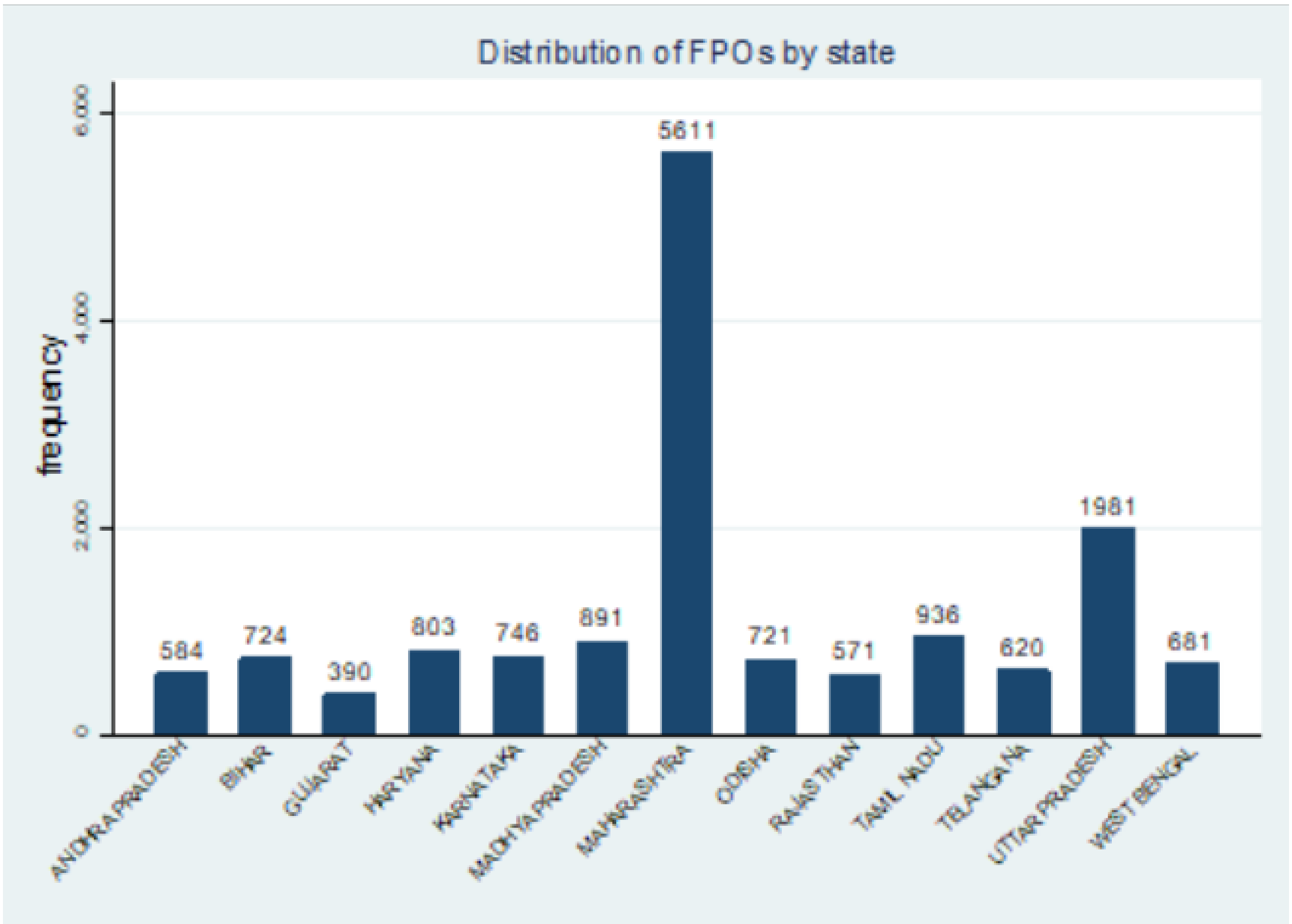
E-ISSN: 2582–2160, Volume: 4, Issue: 4, July-August 2022



Number of FPO registered in the year 2020 reached to 4,959 from 29 in the year 2010, but reduced to 3,427 in the year 2021 (Impact of COVID-19).

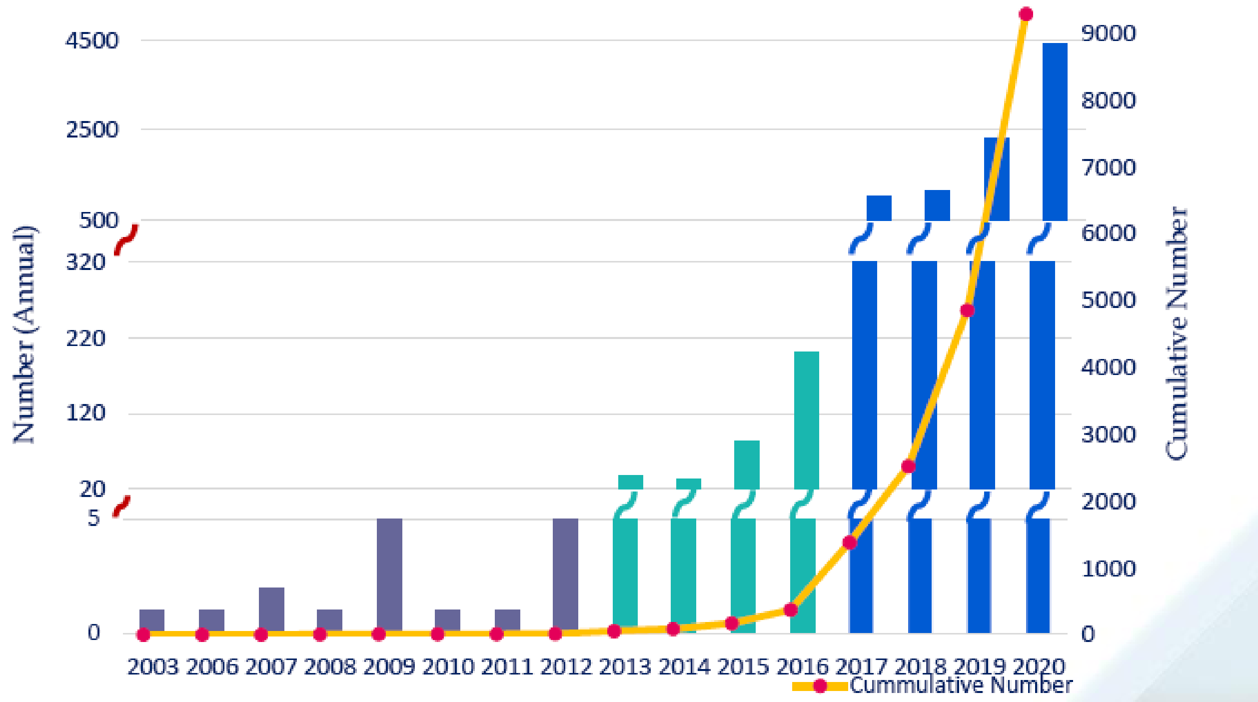
State wise, Maharastra is leading by forming and managing 5,611 FPOs, followed by UP 1,981 FPOs. Other major states are Bihar (584), Haryana (803), Karnataka (746), Odisha (721), M.P. (891), Tamil Nadu (936) West Bangal (681), Gujarat (390) etc.

E-ISSN: 2582–2160, Volume: 4, Issue: 4, July-August 2022



So far, a total of 16,811 FPO registered in India in last 20 years until July 2021. Produce clusters have been allocated to Implementing Agencies for formation of FPOs, out of which a total of 632 of FPOs have been registered.

E-ISSN: 2582–2160, Volume: 4, Issue: 4, July-August 2022



Source: Authors' estimation using data from mca.gov.in

Figure 1. Farmer Producer Companies (FPCs) incorporated with MCA

12. Credit Facilities Eligible under the Scheme: (Under CGF, NABARD and NCDC, as the case may be, shall cover as under):

- 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 onward lend to FPOs with a moderate spread between their cost of capital and lending rate.

13. Non-Eligibility of Credit Facilities from Credit Guarantee Fund

The following credit facilities shall not be eligible for Guarantee Cover under the Scheme:

(1) Any credit facility which has been sanctioned by the ELI against collateral security and/or third party guarantee.

(2) Any credit facility in respect of which risks are additionally covered under any scheme operated/administered by Reserve Bank of India or by the Government or by any general insurer or

any other person or association of persons carrying on the business of insurance, guarantee or indemnity.

(3) Any credit facility, which does not conform to, or is in any way inconsistent with the provisions of any law, or with any directives or instructions issued by the Central Government or the Reserve Bank of India, which is, for the time being, in force.

(4) Any credit facility granted to any borrower, who has himself availed of any other credit facility covered under this scheme or under the schemes mentioned in three clauses mentioned above at any point in time.

(5) Any credit facility that is overdue for repayment/NPA taken over by the ELI from any other lender or any other default converted into a credit facility.

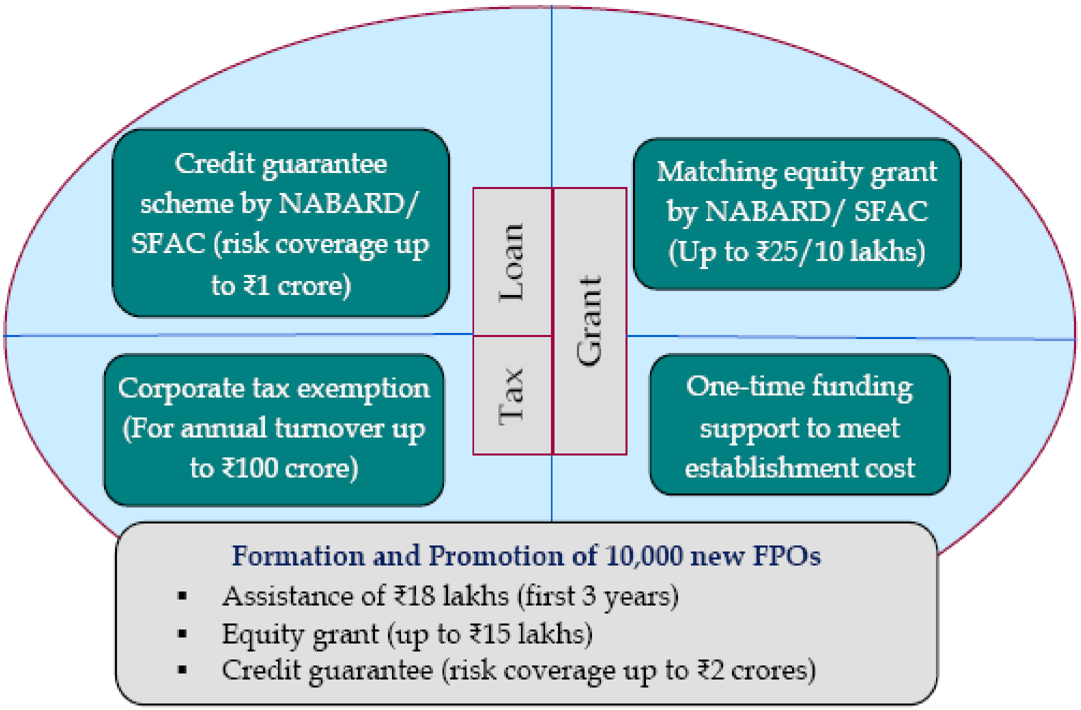
(6) Any credit facility which is overdue for repayment.

(7) Any credit facility which has been rescheduled or restructured on becoming overdue for repayment.

14. Eligible Project Loan Amount for Credit Guarantee Cover and its Period

(1) 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 sufficient and no collateral is warranted.

(2) Existing FPOs will also be allowed to avail relevant benefits, if not earlier availed in any scheme of Government of India, such as Credit Guarantee Fund and advisory services from National Project Management Agency (NPMA) under the scheme.



15. National Project Management Agency (NPMA)

At national level, a National Project Management Agency (NPMA) will be set up by SFAC through transparent manner for providing overall project guidance, data maintenance through integrated portal and information management and monitoring. The NPMA will be equipped with the technical team with five categories of specialization in Agriculture/Horticulture, Marketing and Processing, Incubation Service Provider, IT/MIS and Law & Accounting to provide overall guidance at all India level.

- **Criteria for Identification of NPMA**

The NPMA will be expected to provide hand holding support and mentoring support to CBBOs, and need to have extensive experience in performing strategic roles, preferably in the agricultural domain at the national and state level. SFAC may, while formulating the criteria for selection of NPMA, take into account the appropriate qualifications and experience of requisite experts, relevant experience of organization/entity in guiding both companies and co-operative organizations as reasonably required for discharge of role envisaged for NPMA under the Scheme including the minimum net worth for suitability. The strength and experience may include strategic inputs around organizational management, processing, value addition, marketing & market linkage in agriculture/horticulture, accounting & auditing, compliance issues, ICT & MIS experience, incubation services and providing project management support to central and state governments, transaction and post transaction management support, and qualification of experts proposed for the work. The period of engagement of NPMA is to be decided suitably.

- **Duties and Responsibilities of NPMA**

The role of the NPMA shall, inter alia, include the following.

16. Drawing Contours of the Program Including Structuring of Clusters

NPMA would start the assignment by chalking out program with detailed SOPs for each stakeholder in the value chain. Identification of target value chains required would be steppingstone for development of the road map.

- **Post Transaction Support for Effective Project/Programme Implementation**

After selecting CBBOs as per the requirements, NPMA will be responsible to support SFAC (Small Farmers' Agri-business), NCDC (National Cooperative Development Corporation), NABARD and other Implementing Agencies including State nominated Implementing Agencies in effective implementation and monitoring of the project execution. Key Performance Indicators (KPIs) based monitoring of CBBOs would be conducted regularly by NPMA. NPMA in turn will appraise N-PMAFSC regarding the performance of CBBOs, formation of FPOs hand-holding support provided by CBBOs etc. through detailed MIS submitted on monthly basis for which ICT based MIS Integrated Portal will also be developed. Further, NPMA may also handhold CBBOs in effective delivery of the project. NPMA should work in tandem with CBBOs and Professional Agencies, if any, and ensure that adequate support is extended to States of North-East and hilly regions to offset deficiency in specialized manpower and expertise available in such areas including even extending support directly to FPOs/Federation of FPOs for their promotion wherever required. It will also provide suitable professional advisory to existing FPOs who approach for advice. It may also provide professional advisory to new FPOs being promoted by Value Chain Organisations.

17. Transaction Advisory for Selection of CBBOs

NPMA would provide Transaction Advisory services to Implementing Agencies (those who seek their support) for selection of CBBOs. After preparation of action plan for project execution, NPMA may assist Implementation Agencies in carrying out transaction for engagement of CBBOs for said clusters. Alternately, Implementing Agencies may carry out the selection process on their own. Such step requires delineating detailed scope, team requirement with relevant qualifications & experience.

18. Conclusion and Suggestions

- Farmer Producer Organisations (FPOs) are playing the role in Doubling Farmers' Income which is one of the major economic goals for the sustainability of Indian agri-system.
- Expertise available to support directly to FPOs/Federation of FPOs for their promotion wherever required is still short. Most of the experienced corporate experts are not available for FPO at limited remuneration.
- Agriculture ministry issues new guidelines for new FPOs that at least 50% farmers should be Small, Marginal and land less tenant farmers. FPOs which will be formed under new guidelines will be given Rs18 lacs in the formative years apart from an equity grant of Rs.15 lacs and a kitty for meeting small expenses including salaries of Key persons. It shows the clear determination of government to increase production and income of the weaker segment of farmers which are more than 85% of total agri -work force.
- The FPOs are replacing the old cooperative structure for collectivization of producers in better way which were relatively non transparent and inefficient. Cooperative societies could not digitize there working hence poor supply chain and MIS. While FPOs working is highly digitalized with strict monitoring through all levels via portal.
- SFAC (Small Farmers' Agri-business), NCDC (National Cooperative Development Corporation), NABARD and other Implementing Agencies including State nominated Implementing Agencies are serving FPOs in all possible ways to achieve higher production and better income and to make FPOs sustainable.
- Landing institutions, based on their past experiences are still not coming out to fulfill the working capital and invest credit needs of FPOs hence under financing and delayed financing is an issue to be resolve.

References

1. Ranjit Kumar, Sanjiv Kumar, R.S. Pundir, V. Surjit, Ch. Srinivasa Rao, (2022) "FPOs in India: Creating Enabling Ecosystem for their Sustainability". ICAR-National Academy of Agricultural Research Management, Hyderabad, India.
2. "Genesis of Farmer Producers Organizations", FP Case Study of FPO in India by Prof. Amar KJR Nayak, Xavier Institute of Management, XIM University, Bhubneshwar.
3. "Farmers' Producer Organiztions in India - A Study Report", Institute of Livelihood Research and Traning, Hyderabad.
4. Dr. E. Vadivel, "Management Audit for Farmer Producer Companies by and Others".
5. Ekta Joshi, (2022, May 10) "Assessing India's FPO Ecosystem", Tata Cornell Institute.
6. Preeti Srivastav, (2015) "Case study of Farmer Producer Organization in Maharastra in the Era of Globalization", IBMRD's Journal of Management & Research, Volume 4, Issue 2.

7. Ameer Mohd., Jitendra Pratap, R.A. Siddique, (2021, June) “Farmers producer Organisation (FPO): Empowering Indian Farming community”, International Journal of Current Microbiology and Applied Science, 11, 2089-2099.
8. Vekatesh Tagat, Anirudh Tagat, (2016, January) “The potential of farmer producer organization in India”, SSRN Electronic Journal. https://doi.org/10.2139/ssrn.2972488