

GOVERNMENT OF INDIA
MINISTRY OF COOPERATION

RAJYA SABHA
STARRED QUESTION NO. 111
ANSWERED ON 13/12/2023

Formation of FPOs through PACS

111 # Dr. Anil Jain:

Will the Minister of COOPERATION be pleased to state:

- (a) whether Farmers Producers Organizations (FPOs) are being formed through Primary Agricultural Credit Societies (PACSs);
- (b) if so, the number of such FPOs being formed; and
- (c) the tasks to be performed by these FPOs?

ANSWER

MINISTER OF COOPERATION
(SHRI AMIT SHAH)

(a) to (c): A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (c) in respect of Rajya Sabha Starred Question no. 111 for reply on 13th December, 2023 regarding Formation of FPOs through PACS asked by Dr. Anil Jain.

(a): Yes Sir.

(b) & (c): The Government of India has launched the Central Sector Scheme for “Formation and Promotion of 10,000 Farmer Producer Organizations (FPOs)” in the year 2020 with a total budgetary outlay of Rs.6,865 crore which aim at enabling farmers to enhance their bargaining power, leverage economies of scale, reduction in cost of production and enhancing farmers’ incomes through aggregation of their agricultural produce, thus playing a major role towards sustainable incomes.

Under the scheme, FPOs are being provided financial assistance upto Rs.18.00 lakh per FPO for a period of 3 years. In addition to this, provision has been made for contribution of matching equity grant upto Rs. 2,000 per farmer member of FPO with a limit of Rs.15.00 lakh per FPO and a credit guarantee facility upto Rs.2 crore of project loan per FPO from eligible lending institution to ensure institutional credit accessibility to FPOs. Further, Rs.25 Lakhs are given to Cluster Based Business Organisations (CBBOs) for hand holding each FPO over a period of five years.

Formation & Promotion of FPOs are to be done through Implementing Agencies (IAs) which further engage CBBOs to form & provide professional handholding support to FPOs for a period of 5 years. So far, 14 IAs have been approved for formation & promotion of FPOs which includes Small Farmers' Agri- Business Consortium (SFAC), National Bank for Agriculture and Rural Development (NABARD), National Cooperative Development Corporation (NCDC), National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) etc.

As per the set target, 10,000 FPOs have been allocated to Implementing Agencies under 10,000 FPOs scheme out of which 7597 FPOs have been registered in 34 States/Union territories, including 672 by NCDC.

Further, to strengthen the Primary Agricultural Cooperative Credit Societies (PACS) a target of additional 1,100 Farmer Producer Organizations (FPOs) has been allocated to NCDC by the Government of India for formation and promotion of FPOs in cooperative sector under the Central Sector Scheme “Formation and Promotion of 10,000 FPOs”.

Against the target of 1,100 FPOs, selection and allocation of 645 blocks has been completed.

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

- i. Supply quality production inputs like seed, fertilizer, pesticides and such other inputs at reasonably lower wholesale rates.

- ii. 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.
- iii. 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.
- iv. Undertake higher income generating activities like seed production, bee keeping, mushroom cultivation etc.
- v. Undertake aggregation of smaller lots of farmer-members' produce; add value to make them more marketable.
- vi. Facilitate market information about the produce for judicious decision in production and marketing.
- vii. Facilitate logistics services such as storage, transportation, loading/unloading etc. on shared cost basis.
- viii. Market the aggregated produce with better negotiation strength to the buyers and in the marketing channels offering better and remunerative prices

The integration of PACS with FPOs would strengthen the existing PACS through remunerative prices for their produce by providing them necessary market linkages through District, State and National level federations. It would also lead to diversification in the economic activities of PACS, thus enabling them to generate new and stable sources of income.
