

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE AND FARMERS WELFARE
DEPARTMENT OF AGRICULTURE AND FARMERS WELFARE

LOK SABHA
UNSTARRED QUESTION NO. 2742
TO BE ANSWERED ON THE 2ND AUGUST, 2022

FORMATION OF FPOs

2742. DR. MANOJ RAJORIA:
SHRI SUMEDHANAND SARASWATI:
SHRIMATI RANJEETA KOLI:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण मंत्री be pleased to state:

- (a) whether the grouping of the farmers is being encouraged in the institutional form as of Farmer Producer Organisation (FPOs) by the Government;
- (b) if so, the experience gained by the Government in this regard;
- (c) whether there is any provision for technical and financial assistance to the FPOs in the new central scheme by constituting and promoting 1000 FPOs;
- (d) whether it is necessary to enhance the income of small and marginal farmers under the said scheme by developing the business plant and associating them with the market along with associating the agri-produce to the export market and if so, the details thereof;
- (e) whether all the said things are conceptualized in the above scheme perfectly; and
- (f) if so, the details thereof?

ANSWER

MINISTER OF AGRICULTURE AND FARMERS WELFARE
कृषि एवं किसान कल्याण मंत्री (SHRI NARENDRA SINGH TOMAR)

(a) to (f): Yes Sir. 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.6865 Crores which will leverage economies of scale, reduction of cost of production and enhancing farmers' incomes thus playing a major role towards increasing the income of farmers. Under the scheme, the FPOs are to

be developed in produce clusters, wherein agricultural and horticultural produce is grown / cultivated for leveraging economies of scale and improving market access for members. Formation & Promotion of FPOs are to be done through Implementing Agencies (IAs), which further engage Cluster Based Business Organizations (CBBOs) to form & provide professional handholding support to FPOs for a period of 5 years.

So far, a total of 8716 FPOs produce clusters have been allocated to Implementing Agencies for formation of FPOs out of which a total of 3179 no. of FPOs have been registered.

FPOs will be provided financial assistance upto Rs 18.00 lakh per FPO for a period of 03 years. In addition to this, provision has been made for 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. Suitable provisions have been made for training and skill development of FPOs.

The Small and Marginal Farmers(SMFs) face some challenges both in production and post-production stages like access to production technology, quality inputs at reasonable prices, credit, custom hiring, seed production, value addition, processing, investments and most importantly market access.

Considering the aforesaid constraints being encountered by small and marginal farmers, experiences gained from the existing FPOs and suggestions received during stakeholders` consultation process, the Central Sector Scheme of Formation and Promotion of 10,000 FPOs was conceptualized.

Under the said scheme, a professional agency named as Cluster Based Business Organization (CBBO) is to prepare a business plan with participation of farmer – members. The business plan will cover the entire end to end value chain including those of production, post production, marketing, value addition and exports etc.
