

Formation and Promotion of 10K FPO

(2020-21 to 2024-25)

Operational Guidelines

Ministry of Agriculture , Cooperation & Farmers' Welfare
Government of India

Dr.E.Vadivel Ph.D.,
Erode Precision Farm Producer Company Ltd.,
Svagiri 638 109
erodepfltd@gmail.com

AIMS AND OBJECTIVES OF PROMOTING 10K FPOs

1. To provide appropriate ecosystem to establish 10K FPOs which in turn ensures income generation by farming community

02. To enhance productivity, through efficient, cost effective and sustainable resource use and realize higher returns by establishing market linkage

03. To provide hand holding support to 10K FPOs for 5 years in all aspects

04. To impart entrepreneurial skills and ensure self sustainability of 10K FPOs beyond 5 years

INCORPORATION OF 10K FPOs:

1. Company Act 1956/2013

2. Co Operative Act of State Governments

3. (Including Mutually aided or self reliant co operative Act, provided, the interest of the shareholders are safeguarded and all kinds of interferences including election process and day today management by suitably amending MoA and bye laws

ACTIVITIES AND SERVICES OF 10K FPOs

- 01.To supply quality inputs at wholesale rate
- 02.To provide custom hiring service support and reduce unit cost of production
- 03.To provide PHM support at reasonable cost
- 04.To undertake high income generating businesses
- 05.To aggregate produce and generate volume for better bargaining
06. To provide market intelligence support
07. To facilitate logistics for the produce and products
08. To get linked to better market

Business plan linked development in both medium and long term will be the hallmark of strong business growth for FPOs

STRATEGY FOR FPO FORMATION & IDENTIFICATION OF CLUSTERS

Identify : PRODUCE CLUSTERS where one or two crops are cultivated intensively or in extensive area to obtain economy of scale

PRODUC CLUSTER may consist of different crops but under one production system eg.

- a. Organic Farms cluster
- b. Non Toxic Crop production system
- c. Rainfed Crop production system
- d. GAP certified production system
- e. Protected cultivation system
- f. Production for processing or export

HOW TO ESTABLISH PRODUCE CLUSTER ?

Get inputs from :

- 01.Cluster Based Business Organisations(CBBOs)
- 02.District Level Monitoring Committee (D-MC)
- 03. State Level Consultative Committee (SLCC)**
- 04. Relevant Departments of GoI & States**
- 05.Implementing Agencies(SFAC,NABARD,NCDC)
- 06.Any other GoI institutions

The CBBOs will undertake Diagnostic study including baseline survey in assigned clusters to study exiting gap , identify potential and indicate infrastructure services in the value chain.

The CBBOs will develop Prospective business plan to establish a fit case for formation of FPO

STRUCTURE OF FPOs TO QUALIFY SUPPORT

Sl.No	Particulars	Plains	Hills
01.	No of shareholders (Min) Preferable	300 500	100 200
02.	Member / FIG	15-20	15-20
03.	Jurisdiction	Cluster of adjacent villages	Cluster of adjacent villages
04	Composition	S,M,W,Sc,ST, SHGs,EWS	S,M,W,Sc,ST, SHGs,EWS
05	Target	2 FPOs/Block (5000-7000 Blocks)	2 FPOs/Block (5000-7000 Blocks)

ESTABLISHMENT OF 10 K FPOs : OTHER FEATURES

- 1. One district –One Product approach**
- 2. More than one cluster for one product in one district**
- 3. Cluster also may extend beyond the district boundary**
- 4. To manage risk, additional products may be added**
- 5. Priority for aspirational districts (15% allotment)-
(Ramnad & Viruthunagar)**
- 6. One FPO in each block**
- 7. FPOs may be established in tribal areas**
- 8. FPOs already established are eligible for support
under the 10K Project**

FEDERATION OF FPOs

District level Federation



State level Federation



National Level federation

Purpose:

- 01.To develop common facility for processing branding and marketing**
- 02.Scale up the production and compete**
- 03.Federations are eligible for CGFS to develop infrastructure and strengthen value chain**

**MAC&FW: PROJECT MANAGEMENT ADVISORY &
FUND SANCTIONING COMMITTEE
(N-PMAFSC)**

**SFAC(GoI):National Project Management Agency
(NPMA)**

Technical Team Experts

- i. Agriculture / Horticulture
- ii. Processing & Marketing
- iii. Incubator Service Provider
- iv. IT/MIS specialist
- v. Law & Accounting

To provide overall guidance to 10K FPOs formation process
To Provide handholding & mentoring support to CBOs

ROLE OF NATIONAL PROJECT MANAGEMENT AGENCY

- # Develop working model with detailed SoP**
- # Define the cluster to be formed**
- # Provide clear cut SoP to CBBOs**
- # Provide transaction Advisory services to SFAC, NABARD, NCDC & other Implementing Agencies(IAs, if nay approved by DAC&FW)**
- # Post transaction support for effective implementation**
- # KPI based monitoring of CBBOs**
- # Appraise N PMAFSC on formation of FPOs and performance of CBBOs**
- # Handhold CBBOs for effective delivery**

Contd...Next slide

ROLE OF NATIONAL PROJECT MANAGEMENT AGENCY...

- # To provide expert advice to existing FPOs**
- # To interface with various ministries & act as extended arm of N-PMAFSC**
- # To function as National level data and provide analyzed data to Govt**
- # To provide policy interface to Govt**
- # To identify National and State level institutions in the field of Agri Business and get linked thru MoA**

IMPLEMENTING AGENCIES (IA)

10 K FPOs for 5 years

- # SFAC, New Delhi : FPOs under Company Act 1956/2013**
- # NCDC, New Delhi : FPOs under Co Operative Act**
- # NABARD, Mumbai : FPOs under both Acts**
- # States/UT can get their own Agencies but to be approved by DAC&FW**

TARGET (Part or Full) WILL BE ALLOTTED BY N-PMAFSC to all IAs

ROLE OF IMPLEMENTING AGENCIES (IAs)

- # Empanel CBBOs based on criteria to be developed**
- # Work with CBBS to make FPOs sustainable**
- # Monitor CBBOs**
- # Upload CBBO & FPO data on portal**
- # NABARD & NCDC will maintain & manage CGFS**
- # IAs in consultation with DAC&FW formulate rating tools for assessing the viability of FPOs**
- # Develop Annual Action Plan & submit to DAC &FW**
- # Consolidate and put up claims by CBBOs and FPOs along with relevant documents**

PROCESS OF CBBOs SELECTION

- # **Criteria for selection will be formulated by a Committee**
MD-SFAC as Chairman
MD-NCDC &
Chairman NABARD as members & get approved by DAC&FW
(NPNA of SFAC may Assist)

General:

- # **Set up at State /Cluster level by IAs**
- # **CBBOs should be professionally competent and selected and transparently engaged**
- # **There may be one or more CBBOs in a State**
- # **One CBBO may serve in one or more States**
- # **Tenure of CBBOs: 3 Years & extendable for + 2 years based on performance , SAUs, KVK, CAU also may be empaneled as CBBPs**

INDICATED BROAD CRITERIA IN THE GUIDELINES :

Availability of human Resource

Past turn over

Work Experience

Experience in hand holding support

**# Specialist / Experts in Crop Husbandry, Agri marketing ,
Processing and Value addition, Social mobilization,
Law & accounting , IT/MIS , Own Office**

RESPONSIBILITIES OF CBBOs

Assist in implementation of 10K FPOs

Identify cluster

Assist in mobilisation of Farmers

Undertake baseline survey

Incorporation of FPOs

Training Need assessment

Capacity building of FPOs

Workshops & Exposure visits

Preparation and Execution of Business Plan

Mobilize EG and CGFS

Interface with stakeholder institutions

Incubation and hand holding support

RESPONSIBILITIES OF CBBOs ...contd

- # Development of Common infrastructure**
- # Treaceability compliance and global market connectivity**
- # Review and monitor field team**

- # Provide crop advisory and market information**
- # Periodical Reports/portal/MIS**
- # RoC Compliance**

- # Assist IA and NPMA in rating FPOs**
- # Assist in federating FPCs**
- # Assist in Financial management**

PAYMENT TO CBBOs by IA BASED ON PERFORMANCE ASSESMENT

1st YEAR

1-6 Months: Base line survey & Aggregation activities to form FP

6-12 Months: No of FPO formed

: No of farmers Mobilised

: Incorporation of FPO

: Formulation of Business Plan

2nd year : Equity Grant availed by FPOs

: Statutory clearances obtained

: Min 50 % business activities commenced

: No of awareness camps/ Exposure visits

: Credit Guarantee Fund availed

: Institutional Training provided to CEOs

: Registration of FPOs in e NAM

PAYMENT TO CBBOS by IA BASED ON PERFORMANCE ASSESSMENT ...CONTD

3RD & 4TH YEAR :

- : issue of share certificates**
- : Audited Financial Statement of FPOs**
- : MoU & vendor registration, if any**
- : Trading in e NAM**
- : Equity Grant & CGFS 2nd installment**

5th YEAR: Audited statement of FPOs and Filing

- : 100% Business Plan execution**
- : Revenue model development**
- : Detailed Project Completion Report**
- : 3rd tranche of Equity grant & CGFS, if any**

BUDGETARY PROVISIONS

UP TO 23-24	: Rs.4496.00 Crores
Addl. Period up to 2027-28	: Rs 2370.00 Crores
Total :	: Rs.6866.00 Crores

Budget to IAs : 6 monthly basis based on UC

Supervisory Charges to IAs : 3 % of total Budget

Addl Charges : 2% based on performance

(Excluding EG and CGFS)

Performance assessment of IAs by N-PMFSC

FPO FORMATION & INCUBATION COST TO CBBO:

Total Budget ; Rs.25.00 lakhs/ 5 Years

Components :

Baseline survey

Mobilisation of Farmers

Awareness meetings

Exposure Visits

Professional handholding

Incubation

Cost of engaging CBBOs (CBBO cost)

Other overheads

**Budget to NPMA: Manpower, Establishment,
Travel & Advisory, MIS Portal,& maintenance**

FPO MANAGEMENT COST:

Maximum: Rs.18.00 lakhs /FPO/ 3 years

- 1. Salary of CEO/Manager : Rs25,000 PM @ 5 % increment/Year**
- 2. Salary of Accountant : Rs10,000 PM @ 5 % increment/Year**
- 3. Total salary : Rs13,13,000.00 / 3 years**
- 4. Incorporation Charges : Rs.40,000.00 (One time)**
- 5. Office rent @ Rs48,000 PY: Rs.1,44,000.00/ 3 years**
- 6. Utility charges (EB, Net) : Rs.36,000.00/ 3 years
(@Rs12,000 PY)**
- 7. Travel & meeting cost : Rs.54,000.00/3 years
(@ Rs.18,000 PY)**
- 8. Misc/ Stationeries : Rs.36,000.00/ 3 years**
- Total : : Rs.18.00 lakhs**

CEO & ACCOUNTANT :

Qualification:

CEO :

Graduate in Agri/ Hort/ BBM/ or equivalent degree

Locally available candidates may be preferred , if suitable otherwise

Accountant :

Plus 2 with mathematics or commerce, or accountancy

**If any member of FPO meets the above requirement,
they may be considered preferably**

Equity Grant :

Member Contribution : Rs.2000/ Farmer

Equity eligibility : Rs.2000/ Farmer

Maximum EG : Rs.15.00 lakhs ie 750 Farmers

Matching equity Grant: Rs.15.00 lakhs in three tranches

Credit Guarantee Fund:

Rs.1.00 crore term loan ; 85 %

Rs.2.00 Crore term Loan : 75 %

Guideline issued separately with application format

TRAINING AND CAPACITY BUILDING

CEOS:, BODS & OTHER STAKE HOLDERS: 2 training sper Year

**Nodal Training institution in consultation with
DAC& FW through ToT & Innovation**

Vertical and Horizontal aspects of Agricultura Value chain

Aspects of Trainings:

Management aspects

Accounting and auditing

Value addition and Packaging

Processing and Branding

Marketing / Trading

RoC Compliance

Export

Incubation

MIS/IT

MONITORING MECHANISM

National Level Committee : N-PMASC

Secretary, DAC&FW : Chairman

ADS- Marketing

AS&FA , DAC &FW

JS (8 Ministries)

MD-SFAC

MD-NCDC

NABARD (Not below the rank of CGM)

JS (Marketing) DAC &FW : Member Secretary

Co Opted members:

Any two members from States (On rotation)

Two Reputed Farmer/ Representatives of FPO

(To be nominated by GoI

NATIONAL LEVEL COMMITTEE:

Role Play :

- # Coordinate with IAs, SLCC, D-MC and consider feed back**
- # Monitor the progress**
- # Allocate clusters clusters/ districts/ states to IAs**
- # Scrutiny of Action Plan & release of funds based on UC**
- # Policy inputs to DAC &FW**
- # Aid and Advise to IAs**
- # Revise minimum membership norm based on the
need from IAs & States**
- # Seek detailed Report from NPMA and DMI in verification**

STATE LEVEL COMMITTEE

- # **Principal Secretary Agriculture : Chairman**
- # **Director / Commissioner of line departments
(including Fisheries, Animal Husbandry , CO-Op, RD&PR)**
- # **Representative of SFAC**
- # **Representative of NCDC**
- # **Representative of NABARD: Member Secretary**
- # **Convener SLBC**
- # **Two experts from SAU/Institutions**
- # **Two prominent farmers /Reps of FPOs (to be nominated by GOI?)**

State Level Committee : Role play

- # Conduct regular review meeting to monitor the progress**
- # Work out strategy for all stakeholders (IAs,CBBOs , Govt Machineries) for synchronized implementation**
- # Identify constraints in implementation and communicate to DAC&FW**
- # Direct respective departments to identify produce clusters for recommendation to N-PMAFSC**
- # Formulate an effective extension mechanism through existing extension machinery.**
- # Co-ordinate with state Govt departments to facilitate FPOs to get licenses relating to production and post production**
- # Ensure that FPOs get support from all schemes of the Govt**
- # Facilitate making available land at appropriate place for development of common facility centre and Custom hiring centre**
- # Strategize and prioritize for linking Common Facility Centre (CFC) with e NAM or with any other trading platform**

DISTRICT LEVEL MONITRING COMMITTEE (D-MC

District Collector: Chairman

CEO , District Council

Dist Level Officers of Line departments

DDM , NABARD : Member Secretary

Lead Institution manager

Experts from KVK, ATMA, Local FPOs,

Representatives of SFAC/NCDC if available

District Level Monitoring Committee Role Play

- # Closely monitor and review the progress by regular review meetings
- # Will suggest potential produce clusters to N-PMAFSC
- # **Assist IAs CBBOs and other stakeholders in identification of clusters and activities and mobilization of farmers**
- # **Resolve the financial constraints of FPOs thru District Level Bankers Committee and provide feed back to N-PMAFSC**
- # Identify constraints in implementation at ground level and communicate to State Level Committee for appropriate policy decision

EVALUATION

DAC &FW may engage Directorate of Marketing and Inspection (DMI) and third party consultants / IAs to evaluate the implementation process based on :

Mid term evaluation during 4th Year :

End evaluation will be done in term of:

- 1. No of FPOs formed & Registered**
- 2. No. Farmers mobilized category wise**
- 3. Quantum of EQUITY GRANT provided & no of FPOs covered**
- 4. Quantum of CGF provided including Credit linkages**
- 5. No of training programmes conducted**
- 6. Number of persons trained**
- 7. Business turn over of FPOs**

Integrated Portal

e-National Platform for FPOs: NPMA in consultation with DAC &FW configure the portal

The major Domains:

- 1. Vertical and Horizontal e -Market place for business transacti**
- 2. Management Infrastructure System (MIS)**

SFAC will develop this portal thru outsourcing or thru NIC

Special Provision for Corporate Bodies (Agri- value Chain / industry)

- # New FPOs promoted by Corporate bodies , with cluster based approach ,with out CBBOs and professional Agencies shall be encouraged with financial support under this scheme provided 60 % of the produce of the members are processed and marketed for generating enhanced income.**
- # Such FPOs are allowed to avail EG & CGFS**
- # Such FPOs can also avail the services of NPMA**
- # The proposal should be sent to DAC &FW in advance with year wise detailed action plan**
- # Industry should submit the relevant documents for disbursement thru one of the IAs for verification**

Additional Special Features:

- # Convergence of on going Govt Schemes to enhance the cost effectiveness of FPO in production**
- # Agricultural Marketing infrastructure may be converged for extending assistance to FPOs**
- # States/ UTs may avail assistance for development of marketing infrastructure at farm level including Custom hiring Centre, Common facilitation Centre, and GrAMs under AMIF of NABARD,**
- # State may provide top up fund above GoI provision**
- # Govt may prioritize FPOs to undertake procurement operation on MSP**
- # States must actively consider encouraging FPOs for marketing the produce thru e NAM**

The background features a light gray gradient with several realistic water droplets of various sizes scattered in the corners. The droplets have highlights and shadows, giving them a three-dimensional appearance.

Thanks