



**SMALL FARMERS' AGRIBUSINESS CONSORTIUM**  
**DEPARTMENT OF AGRICULTURE**  
**DEVELOPMENT & FARMERS' WELFARE**  
**GOVERNMENT OF KERALA**



**OPERATIONAL GUIDELINES**  
**FOR FARMER PRODUCER**  
**ORGANISATIONS IN KERALA**





**1) Operational Guidelines for Farmer Producer Organisations in Kerala**

***Page No - 1 to 47.***

**As per TM(1)11560/2020 Dated 30-06-2020 the Director, Department of Agriculture Development and Farmer's Welfare approved RKVY 2019-20-Operational Guidelines for FPO's in Kerala.**

**2) Kerala Farmer Producer Organisations (FPO) Policy, 2020**

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**G.O (Rt) No-431/2020/AGRI Dated 15-05-2020**

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# **Operational Guidelines for FPO's in Kerala**

## **1. Introduction**

As per G.O(Rt) No.431/2020/AGRI Dated 15/05/2020 Government of Kerala have sanctioned the Kerala Farmer Producer Organizations Policy-2020. Farmer Producer Organization Policy of the State will enable creation , guiding ,strengthening and streamlining the functions of FPO's in the state by establishing forward and backward linkages for aggregation of inputs, produce, value chain development and better marketing opportunities resulting in higher returns for the farmers. As per Letter No-28011/I/2020-M-II(Pt) dated 29-02-2020 Ministry of Agriculture, Co-operation and Farmer's Welfare, Government of India have approved Central Sector Scheme "Formation of Farmer Producer Organizations " with a vision to develop 10,000 economically sustainable FPOs in India. Aim of this Operational Guidelines is to initiate 50 new FPO's in Kerala and strengthen existing 50 FPO's and bring all FPO's in Agricultural Field in Kerala under a single umbrella to create a favorable ecosystem for the creation, development , growth and expansion of FPO's for the benefit of farmers in Kerala.

The Concept of 'Farmer Producer Organizations, (FPOs)' consists of collectivization of Producers especially small and marginal farmers so as to form an effective alliance to collectively address many challenges of agriculture such as improved access to investment, technology, inputs and markets. Farmer Producer Organizations are groups of rural producers coming together to form organizations in order to pursue specific common interests of their members, developing technical and economic activities that benefit their members by maintaining relations with partners operating in their economic and institutional environment. Farmer Producer Organizations are essential institutions for the empowerment and advancement of farmers.

Supply of inputs (such as seed, fertilizer and machinery), market linkages, training networking , financial and technical advice etc are among the major activities of FPO. There is a need to evolve synergy by developing partnership between the stakeholders including the State and Central Governments, Local Self Governments , officials, financial institutions, private sector organizations, civil society groups and others to popularize the FPO concept.

**Vision** of the FPOs is to build a prosperous and sustainable member owned producer organizations that enable farmers to enhance productivity through efficient, cost effective and sustainable resource use and realize higher returns for their produce, through collective action. Regaining the lost glory of Kerala in Agriculture and allied sectors is to be achieved by facilitating new technologies, infrastructure facilities, managerial and administrative skills , access to credit and finance to farmers through creation, strengthening and streamlining of FPOs.

In order to promote the activities in the agriculture and allied sectors the State Government desires to have a favorable environment for FPOs by creating new FPOs and

strengthening the existing ones by providing necessary technical and managerial skills along with necessary marketing infrastructure facilities. This will be achieved through the integration of various schemes and programmes of the government and other agencies involved in the development of agriculture.

## **Mission**

Kerala will be positioned as a hub for agri processing and investment destination for food processing sectors. FPO's will be linked with the Agro Parks and Food parks established in the state. FPOs will have the mandate for production, aggregation, storage, processing ,marketing and export of agricultural produce.

Farmer Producer Organization (FPO) is a legal entity which consists of only the practicing farmer. FPOs will be formed by the actual primary producers of a specified commodity/ commodities under as a Farmer Producer Company (FPC) under section 581(C) of the new provision of the Indian companies Act 1956 amended in 2013 or Co-operative Societies Act 1965 or Charitable Societies Acts. An FPO/FPC is regarded as the most appropriate institutional form around which the Government can mobilize farmers for capacity building in production as well as marketing of surplus of sizeable lot. These organizations can be created at cluster, Panchayath, block, district or state levels depending upon the needs of the producers for economic growth and social benefits.

*It is expected that a minimum of 100 primary producers would be there in a FPO at the beginning and it may gradually be enhanced to 500- 1000 in 3 years. Producers will be organized into Farmer Interest Groups(FIGS) consisting of 10-20 Farmers.12-50 Farmer Interest Groups will joined together to form an FPO. Separate FPO's can be formed for marketing, export, apex FPO of existing FPO's and also for empowering women and farmer's engaged in tribal agriculture.*

## **2. Promotion of FPO by Department of Agriculture Development and Farmer's Welfare**

It is targeted to form 50 new FPO's in three years and strengthening 50 existing FPO's /FPC's. For strengthening of existing FPO's /FPC's preference will be given to organizations not received any funds for FPC's from State/Central Government Institutions and International Agencies. The existing FPOs registered under the CDB , NABARD, SFAC GOI etc can be covered for strengthening , value addition support of SFAC and production and extension support of Department under State and Central Sector Schemes. In the case of FPO's with similar product Lines an apex body at District or State Level will be constituted for better planning and implementing of Marketing Strategies and promote mutual co-operation. In Apex Bodies , FPO's formed by other agencies can be included to ensure greater benefit for the farming community.

FPOs are required for further strengthening the group activities for augmenting income of the farmers by efficient marketing of produce, production and distribution of various inputs

like seeds and seedlings, bio control agents, organic inputs at reasonable and affordable costs to farmers etc.

### **3) Abbreviations:**

|        |                                                   |
|--------|---------------------------------------------------|
| ABPA   | : Agribusiness Promoting Agency                   |
| BOD    | : Board of Directors                              |
| CEO    | : Chief Executive Officer                         |
| FIG    | : Farmer Interest Group                           |
| FPC    | : Farmer Producer Company                         |
| FPO    | : Farmer Producer Organization                    |
| KSIDC  | : Kerala State Industries Development Corporation |
| LRP    | : Local Resource Person                           |
| LSGD   | : Local Self Government Department                |
| PMU-CA | : Project Monitoring Unit –Consultant Agency      |

### **4) Objectives of promoting FPO's in Kerala**

4.1 Formation of 50 new Farmers Producer Organizations across the length and breadth of the State of Kerala based on Crop Spectrum in the Agro Ecological Unit/ Agro Ecological Zone /Block /District after assessing the feasibility. Along with formation of new FPO's 50 existing FPO's/FPC's will be strengthened by offering consultancy and schemes of SFAC and Department of Agriculture Development and Farmer's Welfare. FPO's will be facilitated with new technologies, infrastructure facilities, managerial and administrative skills, access to credit, finance etc for their better functioning which in turn will increase the income of the farmers.

4.2 FPO's will have the mandate for production, aggregation, storage, processing and marketing ,exporting of agricultural produce in addition to engage in activities beneficial to their members and farming community.

The resources of the agriculture and allied sectors will be utilized to achieve this goal. Support and encouragement will be given for the formation of FPOs for the mutual benefit of farmers as well as the industry. This will ensure enhanced production and productivity and higher unit value realization for the farmers along with the assured supply of quality raw materials in a cost effective manner to the industry. Thus a better forward and backward linkage can be established between farmers and industry benefitting both. FPOs will act as an aggregator and use the collective strength in planning and bargaining for production, procurement of inputs and marketing of the produce. This will also add quality and value to the produce. Facilitating access to fair and remunerative markets including linking of producer groups to marketing opportunities through market aggregators and exporters will be encouraged.

4.3 To mobilize the farmers in groups at Panchayath level/Block Level and federate them at appropriate levels. Mobilizing farmers into groups of **10-20** members on Crop Spectrum basis (called **Farmer Interest Groups or FIGs**) and building up their associations to an appropriate federating point i.e. Farmer Producer Organizations (FPOs) will be formed at appropriate level so as to plan and implement product – specific cluster/commercial crop cycles etc. Ensuring access to and usage of quality inputs and services for intensive agriculture production and enhancing cluster competitiveness is essential. Planning and implementation of crop/ product specific clusters/cropping system based enterprises will be encouraged. Strengthening farmer capacity through bench marking agricultural best practices for enhanced productivity is another objective.

4.4 Maximizing direct and indirect employment generation through the establishment of marketing outlets, creation of necessary infrastructure facilities for grading, sorting, warehousing, cold storage, transportation etc.

4.5 To attract youth, NRK's and new technologies to farming and developing farming as an enterprise .

## **5 Coverage**

The New 50 FPO's will be selected within Kerala State based on Agro Climatic Advantages in production of crops. For Strengthening 50 existing FPOs ,those registered under the CDB and NABARD ,SFAC GOI etc can also be covered if sufficient numbers of FPO/FPC's not received funding from State ,Central and International institutions are not available for strengthening. How ever value addition support of SFAC Kerala, Extension and Production Support of State and Central Sector can be offered to all FPO's or FPC's irrespective of source of funding.

## **6 Strategy**

Various organizations like NABARD and Central SFAC have different modalities for operationalization of FPOs. Ministry of Agriculture and Co-operation and Central SFAC guidelines envisage Resource Institutions (RIs) to carry out the task of formation and operationalization of FPOs. Whereas, NABARD entrusts Producer Organization Promoting Institutions (POPIs) in the formation and handholding of FPOs.

SFAC, Kerala is entrusting the forming, norming, grooming and handholding of FPOs to reputed National and International Consulting agencies with experienced staff, which have proven credentials and expertise in such activities. For this purpose, an e-tender will be called for in an open and transparent manner to select Agribusiness Promoting Agencies (ABPAs) and they will be entrusted with the task on zonal basis. The State will be divided into five zones and 10 FPOs will be formed in each zone. The activities of each zone will be entrusted to one ABPA.

A **Project Monitoring Unit (PMU)** will be set up at State Level and Project Monitoring Consulting Agency (PMU-CA) will be selected from participating ABPA's with Global Exposure and Expertise to be a Knowledge Partner and to run Project Monitoring Unit and develop support systems by benchmarking with global best practices.

Farmers will be grouped into **Farmer Interest Groups (FIGs)** comprising **10 - 20** members/producers/farmers. FIGs will be aggregated based on various factors like geographic area, crops cultivated etc. into **Farmer Producer Organizations**. These are production based groups. The Collective Farming FPOs are unique in the sense that collectivization of cultivation, credit mobilization, value addition and marketing are taken up at Farmer Producer Group level with an aim to enhance the profitability of the farming. Each FPO will have ideally around **500-1000 members** or more based on field level potential. Only producer farmers who belong to the specific area and carries out cultivation of intended crops will be given membership in the FPO.

## 7 Time Line of Operational Guideline and Revisions

Operational Guidelines for 2020 will remain in operation for 3 years from the date of notification.

State Level Consultative Committee (SLCC) can modify the guidelines based on field level challenges and performance. Where ever more clarification is required and information is not available in this Operational Guideline The Policy and Process Guidelines-2013 issued by Ministry of Agriculture, Government of India , Guidelines of Central SFAC, NABARD and relevant best practices will be modified to suit the conditions of Kerala by FPO-PMU of SFAC Kerala for field level implementation. ABPA's and FPO's can obtain clarification from FPO- PMU at SFAC Kerala.

## 8 FPO Promotion and Development Process

The following process steps to be completed by ABPA in consultation with SFAC Kerala /FPO-PMU, District Level PAO and ATMA Teams.

### 8.1 Cluster Identification

Through Online application Agro Ecological Unit/ Zone based Clusters to be identified in consultation with District Level Principal Agricultural Officers and ATMA Team. Cluster areas are to be selected by the ABPA in consultation with the District PAO, ATMA Team and FPO-PMU of SFAC Kerala . However, it should be ensured that a cluster of **500-1000 farmers** based on field level potential (Number can be more in case of high potential in proposed area) should be formulated, within one or two blocks/District identifying 2 to 25 or field requirement based contiguous villages of a particular agro ecological unit/Zone/Panchayath / Block/ District Level. Initial Stages FPO can be started with minimum of 100 producers/members /farmers.

## 8.2 Feasibility Study and Analysis

Feasibility Study and Analysis of field problems and suggested solutions and Action Plans with time line will be prepared by ABPA based on instructions from FPO-PMU of SFAC Kerala . Feasibility study should cover aspects such as financial, technical, legal, political, socio-cultural, environmental, economic and resource feasibility and Value Chain Analysis. The Report then will be appraised by experts in various technical areas .The Feasibility Analysis will establish a case for promotion of FPCs/Co-operative Society /Charitable Societies in the prevailing specific regional environmental context of the FPOs.

## 8.3 Baseline Assessment

Field Situation Analysis based Baseline Survey and Assessment will be prepared by ABPA. Baseline Assessment will help in generating data related to the current prevailing situation of farming of small, marginal and tenant farmers. Baseline assessment will cover a variety of factors to identify the potential interventions to plan development and business plans and to establish the base figures based on future outcome indicators that can be measured to understand the change contribution.

## 8.4 Farmer Community Participation based Value Chain Analysis and Business Plan Preparation with Specific Time Line for each activity

Business Planning will be carried out by ABPA with the help of selected farmers' representatives and Agricultural Depart Officials at appropriate levels. Business planning is a process through which the strategic and operational orientation of an emerging FPO is shaped. While baseline assessment figures will be important inputs to understand the level from which products and services for farmer members should be developed, more importance will be given for the collective visualization of the future of the FPO. Using a variety of tools and systematic collective reflections, a business plan with proper projections on various aspects needs to be developed. The key is to develop business plans in detail with at least 10% of FPO farmer members to provide a clear vision.

## 8.5 Mobilization of Farmers

Once a strong case has been established by ABPA with the help of a select group of farmers through the business planning process, it is time to mobilize farmers into Farmer Interest Groups ( FIGs) with 10-20 or more farmers based on field level potential and geographic area. 12-50 Farmer Interest Groups in the geographic area of 2-25 continuous villages/or Block / District will eventually become farmer-members of FPO. In Farmer Interest Groups mobilization of farmers should be done with a variety of communication aids like – pamphlets, documentary movies, posters, regular village-level meetings, proper vision development of promoter farmer-members. Promoter farmer-members are those who are eager to form a FPO on voluntary basis having

understood the importance and potential benefits of forming FPOs obtained through training programmes and exposure provided by ABPA.

## 8.6 Organizing , Formalizing and Registration

Farmer Interest Groups to be formed based on field level situations and this will be federated in to an FPO at appropriate level ( Block /District /State Level). FIGs in an aggregated cluster together form an FPO.

Ideally Farmer Interest Groups (FIGs) should have 10-20 or more farmers based on field level potential and geographic area. Farmer Interest Groups (FIGs) can be registered under Charitable Societies Act for micro financing ,primary processing and value addition activities and to undertake useful activities for Group Members. **12-50 Farmer Interest Groups (FIGs)** in the geographic area of 2-25 continuous villages/ Block / District will form an FPO. Initially FPO can be formed with minimum of 100 producer farmers/members. Ideally there should be 500-1000 or more members in an FPO for viable operation of an FPO based on field level potential. A minimum Share Capital of Rs 2000/-per member to be collected for undertaking various operations of the FPO.

**FPOs can be registered as a Farmer Producer Company (FPC) under the Companies Act /Co-operative Society under Kerala Co-operative Societies Act ,1969 or as a Charitable Society under The Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act, 1955. *Ideally registering as a Farmer Producer Company will enable the farmers to benefit from the national and international marketing and exporting opportunities and various support and assistance offered by different Government and other Agencies. Ideally FPC's provide the most conducive ecosystem for operationalizing the multifaceted activities for the benefit of members and recommended for new FPO's in areas of optimum potential. Since commercial transactions and trading activities are discouraged under Charitable Societies Act FPOs registered under charitable societies act are encouraged to shift to other forms of registration for getting better benefits to members.***

The final form which the FPO assumes must be a decision to be taken by the General Body Members of the FPO at an appropriate time. Any period between 12-18 months may be necessary for the FIGs to settle down and understand the implications of aggregation. Only *then registration should be attempted with the approval FPO-PMU of SFAC Kerala.* All new FPOs formed with SFAC support to be registered within 12-18 months.

For strengthening Farmer Producer Organizations registered as FPC's under section 581(C) of Indian Companies Act 1956 amended in 2013 and Co-Operative Societies registered under Co-Operative Societies Act 1956 can be considered based on successful achievement of selection criteria.

## 8.7 Resource Mobilization

Before initiating the operations of an FPO all required resources should be mobilized by the ABPA with the help of FPO representatives and Board of Directors. Financial, Human (staff), technical and physical resources should be developed during this particular step. Based on the business plan the ABPA should liaise with various financing agencies and mobilize resources for hiring/purchasing and developing various infrastructural /other needs/facility.

## 8.8 Management Systems Development

ABPAs should facilitate the development of management systems in the FPO. Guidelines for management systems should be able to address all requirements related to financial services, input and output management services. Systems related to management of finance, human resources, stock and inventory, procurement and quality management, marketing, internal audit, internal conflict resolution and other important functional areas should be developed. **Standard Operating Procedures (SOPs)** for the same should be established with the help of **FPO-Project Monitoring Unit at SFAC Kerala**. Timely entry/upload of details or milestones/reports in the **FPO Portal of SFAC** is essential to get assistance under the scheme.

## 8.9 Business Operations

Business operations begins with the commencement of production, procurement, processing, marketing and financial service activities of an FPO. Based on the **Standard Operating Procedures (SOPs) finalized by FPO-PMU**, ABPA s should carefully train both the governing and operational structures of the FPO in order to ensure smooth functioning of business operations. The entire value-chain related to various agriculture and allied products and commodities needs to be managed in a transparent and accountable way. Hardware and Software approved by the FPO -PMU to be used to ensure transparency, efficient and effective operation of the Business System.

## 8.10 Assessment and Audit

ABPAs should facilitate constant assessment of performance of various stakeholders like farmer members, Governing Board of Directors and service providers. They should also help FPOs to reflect using **Institutional Maturity Index** approved by FPO-PMU to understand areas of improvement. Internal processes , accounting and timely audits will help to maintain both transparency and accountability. These are key institutional systems for FPO evolution.

## 9 Frame Work

9.1 FPOs can be registered as a Farmer Producer Company (FPC) under the Companies Act /Co-operative Society under Kerala Co-operative Societies Act ,1969 or as a Charitable Society under The Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act, 1955. All new FPOs will be encouraged to register as Farmer Producer Companies under Companies Act to obtain maximum benefits for its members. New FPOs will be registered with the participation of the members of the existing groups like padasekharasamithies,

producers of graded clusters, Block Level Federated Organisations under vegetable development programmes, ATMA groups, pepper samithies, Eco shops and apex body of Eco shops etc.

9.2 Coconut producer Societies ,Kerasamithies under Keragramam etc will be considered for registration as new FPO.

9.3 The Farmers in the fruit villages/flower villages/millet villages in Wayanad, Malappuram, Idukki and Palakkad Districts will also be considered for registration as FPO. Major crop growing areas of cashew, cocoa, medicinal plants etc. under area expansion schemes of State Horticultural Mission will also be considered. Produce like Honey may also be considered.

9.4 The areas for promotion of FPO's in Kerala are suggested based on the priorities of the Department of Agriculture for the development of the sector in the state include Rice and vegetables, spices, Honey, coconut, Fruits, plantation, organic farming, GI products, Tribal Agriculture and Forest Produce etc.

9.5 For promoting effective Marketing ,Export and Value Addition purposes apex FPO of existing FPO's will be formed at District /State/National Level.

9.6 KABCO-Kerala Agri Business Company FPO will be formed for marketing ,value addition and infrastructure development with the participation of FPO's in agriculture and allied sectors , related Government Agencies and other stakeholders.

## **10 Minimum number of farmers required for FPO**

Minimum number of farmers required for an FPO is 100 primary producers/ farmers at the beginning and may gradually enhanced to 500- 1000 or more in 3 years based on field level potential. In case of Tribal Agriculture and Forest Produce Groups /Other exceptional produce /category of beneficiaries SLCC can exempt the member requirement of 500-1000 after assessing field level potential and performance.

## **11 Target Beneficiaries :**

Bona fide legitimate Farmers of the State especially those who are primary producers and rely on farming for livelihood or having farming as a major source of income are the target beneficiaries . The project aims to improve the livelihood of farmers by promoting FPOs through Agribusiness Promoting Agencies (ABPAs) which are internationally reputed consultants who will hand hold FPOs.

## **12. FPO SERVICE MODEL:**

The FPO will offer a variety of services to its members. It will provide almost end-to-end services to its members, covering almost all aspects of cultivation (from inputs, technical services to processing marketing and export) The FPO will facilitate linkages between farmers, processors, traders, and retailers to coordinate supply and demand

and to access key business development services such as market information, input supplies, and transport services. Based on the emerging needs, the FPO will keep on adding new services from time to time. The set of services include Financial, Business and Welfare services.

An indicative list of services includes:

#### 12.1) Financial Services

The FPO will provide loans for crops, purchase of tractors, pump sets, construction of wells, laying of irrigation pipelines etc

#### 12.2) Contract Farming related services

The Farmer's (Empowerment and Protection) Agreement on Price Assurance and Farm Service Ordinance -2020 provides a national framework on farming agreements with various ecosystem partners .FPO will undertake agreements with stakeholders for the benefit of members and share the benefits to producers.

#### 12.3) Input Supply Services

The FPO will provide low cost and quality inputs to member farmers. It will supply fertilizers, pesticides, seeds, sprayers, pump sets, accessories , pipelines etc .Any input can be added based on collective decision making.

#### 12.4) Procurement and packaging services

The FPO will procure agricultural produce from its member farmers; will do collection, grading, sorting, storage/warehousing, packaging, value addition and marketing of produce.

#### 12.5) Marketing Services

The FPO will do the direct marketing after procurement of agricultural produce. This will enable members to save in terms of time, transaction costs, weight losses, distress sales, price fluctuations, transportation, quality maintenance etc.

12.6) Insurance services The FPO will provide various insurance like Crop Insurance, Electric Motors Insurance ,Life Insurance etc.

#### 12. 7) Technical Services

FPO will promote best practices of farming, maintain marketing information system, diversifying and raising levels of knowledge and skills in agricultural production and post-harvest processing that adds value to products.

#### **12. 8) Networking Services**

Making channels of information (e.g. about product specifications, market prices). ICT enabled B2 B and B2 C platforms will be enabled by FPO Portal, E-Nam Nodes of the Department and other Government and Popular Platforms.

#### **12.9) Rental Services**

FPO can undertake rental of farm machinery like Trans planter, Harvester ,Processing and Value Addition equipments, Community Common Service facilities etc at predetermined rates in an efficient and transparent way.

12.10) Any other service for the benefit of members and farming community which will add value to FPO Operations.

### **13. Implementation and Management of Schemes for formation of FPO and Strengthening**

The implementing agency is Small Farmers' Agribusiness Consortium, Kerala. A Project Monitoring Unit (PMU) will be set up for FPO Activities and a Project Monitoring Unit Consulting Agency(PMU-CA) will be selected from the ABPA through e -tender for bringing the global best practices and benchmarking FPO processes with the best in the world and to advise Department, SFAC,ABPAs and FPO's.

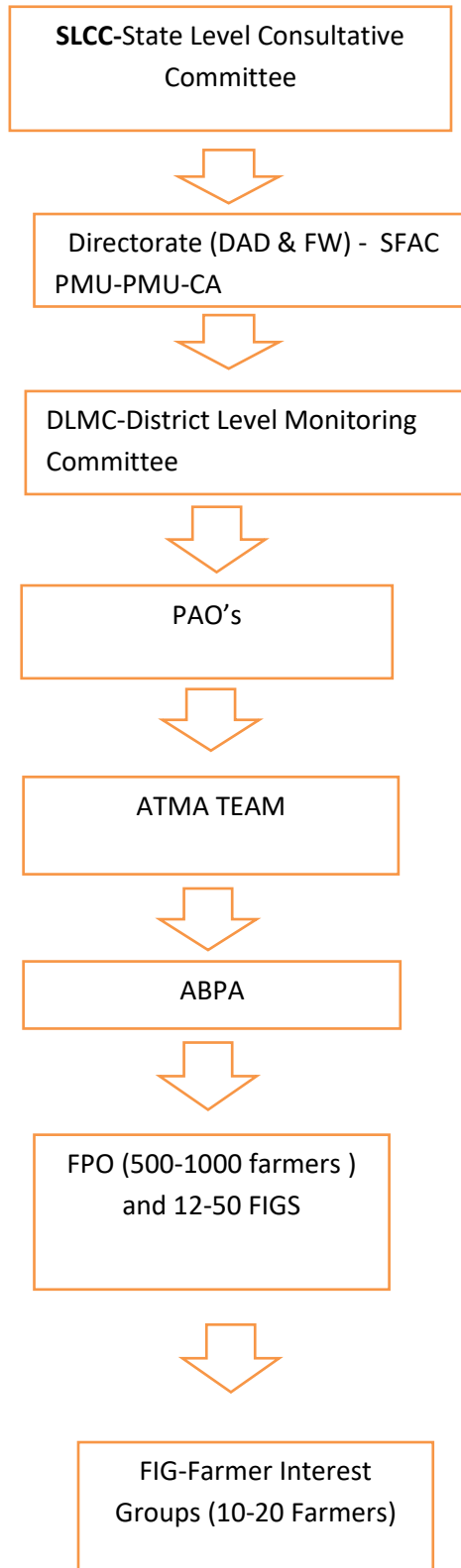
The task of formation and handholding of FPOs will be entrusted to Agri Business Promoting Agencies (ABPA) which have well established credentials and proven record in promoting FPOs and related activities. Five ABPAs will be selected for five zones within the state through e-tender in two cover system. The ABPAs will have experienced faculty at zonal/ regional levels which includes a Co-ordinator/ Agribusiness Specialist, Agribusiness Advisor, Post-Harvest Technology/ Value Chain Specialist, Finance Expert and Technical Expert. They will hand hold the FPOs, CEOs and BODs and impart training to stakeholders on various financial regulatory, technical and marketing aspects.

All the new FPOs will be clustered primarily on Agro Ecological Unit/Zone / Block level and wherever situation necessitates it will be formed at District or State basis. FPOs will provide end to end services to its members covering all aspects of cultivation viz: production, finance, input supply, technology, procurement, cleaning , grading, washing minimal processing, packaging etc

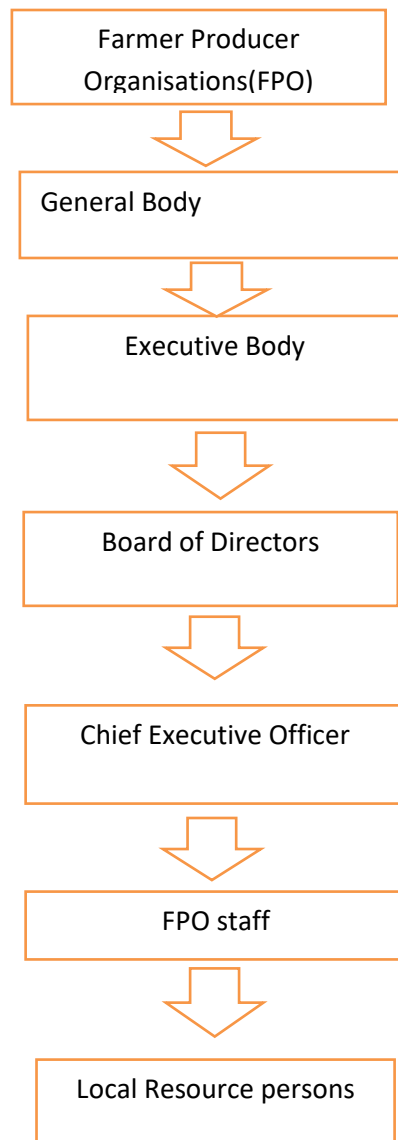
The FPO should build collection centres at major production points of the crops, from where products collected from the farmers should be transported to a Pack house located optimally near the heart of the production centre. The pack house may include an Office cum building, collection yard, grading and sorting units, multiple washing tanks, conveyors with blowers for drying, pre-cooling units, packing tables,

packing/carton strapping units, machineries for minimal processing like vegetable peelers, cutting machines, cold rooms etc. as per the requirement of the products.

### **Implementation & Management of FPO in Kerala**



#### 14. Structure of FPO



#### 15. Geographical area of the FPO

All the new FPOs will be clustered primarily on Agro Ecological Unit/Zone Block basis or business level and wherever situation necessitates it will be formed at District or State basis. This is due to the following reasons:

- a) FPOs should be able to link their activities with business rationale for aggregation.
- b) A strong hand holding and synergy of efforts will facilitate the development of FPOs in the preparation of business plan and its implementation.

### 15.1 District-wise List of FPOs to be formed

| Sl.No. | District           | No. of FPOs to be formed | Zones            |
|--------|--------------------|--------------------------|------------------|
| 1      | Thiruvananthapuram | 4                        | Zone 1 (10 FPOS) |
| 2      | Kollam             | 3                        |                  |
| 3      | Pathanamthitta     | 3                        |                  |
| 4      | Alappuzha          | 2                        | Zone 2 (10 FPOs) |
| 5      | Kottayam           | 4                        |                  |
| 6      | Idukki             | 4                        |                  |
| 7      | Ernakulam          | 4                        | Zone 3 (10 FPOs) |
| 8      | Thrissur           | 6                        |                  |
| 9      | Palakkad           | 4                        | Zone 4 (10 FPOs) |
| 10     | Malappuram         | 3                        |                  |
| 11     | Kozhikode          | 3                        |                  |
| 12     | Wayanad            | 4                        | Zone 5 (10 FPOs) |
| 13     | Kannur             | 4                        |                  |
| 14     | Kasargode          | 2                        |                  |

### 15.2 Schedule and Destination Of ABPA Activities - Zone wise List of FPOs to be formed

| Sl. No | District           | No. of FPOs to be formed | Major prospective production Centres (Indicative)                                 | Zones            |
|--------|--------------------|--------------------------|-----------------------------------------------------------------------------------|------------------|
| 1      | Thiruvananthapuram | 4                        | Vegetables, banana                                                                | Zone 1 (10 FPOS) |
| 2      | Kollam             | 3                        | Vegetables, banana, rice                                                          |                  |
| 3      | Pathanamthitta     | 3                        | Vegetables, banana, jack, exotic fruits                                           |                  |
| 4      | Alappuzha          | 2                        | Paddy, vegetables, sesamum                                                        | Zone 2 (10 FPOs) |
| 5      | Kottayam           | 4                        | Vegetables, banana, rice, nutmeg, turmeric, ginger, pineapple, exotic fruits etc. |                  |
| 6      | Idukky             | 4                        | Cool season vegetables and fruits, mushrooms, fruits like                         |                  |

|    |            |   |                                                                                                                                                               |                         |
|----|------------|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
|    |            |   | passion fruit, strawberry, exotic fruits, jack, pineapple, papaya, cocoa, coffee, tea, spices like cardamom, pepper, turmeric, fruit and flower villages etc. |                         |
| 7  | Ernakulam  | 4 | Pokkali rice, vegetables, pineapple, papaya, flowers etc.                                                                                                     | <b>Zone 3 (10 FPOs)</b> |
| 8  | Thrissur   | 6 | Changalikodan banana, vegetables, turmeric, ginger, spices, nutmeg, clove, papaya, rice etc.                                                                  |                         |
| 9  | Palakkad   | 4 | Paddy, mango, vegetables, banana, spices, millets                                                                                                             | <b>Zone 4 (10 FPOs)</b> |
| 10 | Malappuram | 3 | Rice, vegetables, arecanut, spices etc.                                                                                                                       |                         |
| 11 | Kozhikode  | 3 | Cocoa, spices like turmeric, ginger, pepper, coconut etc.                                                                                                     |                         |
| 12 | Wayanad    | 4 | Scented rice/rice, coffee, tea, flowers, mushrooms, banana, passion fruit, fruits, fruit village                                                              | <b>Zone 5 (10 FPOs)</b> |
| 13 | Kannur     | 4 | Spices like pepper, turmeric, ginger, spices like turmeric, ginger, banana, vegetables                                                                        |                         |
| 14 | Kasargode  | 2 | Cashew, arecanut                                                                                                                                              |                         |
|    |            |   |                                                                                                                                                               |                         |

### **15.3 List of AEZ based Farmer Producer Organisation Opportunity**

| Sl. No | Name of District   | AEU                                  | Prominent         | Crop for FPO                                                    | No. of FPOs to be formed | Zones            |
|--------|--------------------|--------------------------------------|-------------------|-----------------------------------------------------------------|--------------------------|------------------|
| 1      | Thiruvananthapuram | 1,8,9,12,14                          | AEU – 8,9,14      | Coconut, Rice, Tapioca, Banana, Vegetables, Tea, Rubber         | 4                        | Zone 1 (10 FPOs) |
| 2      | Kollam             | 1,3,9,12,14                          | 14,12,9           | Paddy, Gingelly, Coconut, Pulses, Banana                        | 3                        |                  |
| 3      | Pathanamthitta     | AEU- 4,<br>AEU 9<br>AEU 12<br>AEU 14 | AEU -14<br>AEU -9 | Rubber, Paddy, Tapioca, Pulses, Coconut, Banana, Pepper, Ginger | 3                        |                  |
| 4      | Alappuzha          | 1,3,4,5,9                            | AEU – 4 & 3       | Paddy, Coconut, Banana, Vegetables, Sesamum,                    | 2                        | Zone 2 (10 FPOs) |

|    |            |                                   |                      |                                                                                                                             |   |                  |
|----|------------|-----------------------------------|----------------------|-----------------------------------------------------------------------------------------------------------------------------|---|------------------|
|    |            |                                   |                      | Alleppey Green Cardamom                                                                                                     |   |                  |
| 5  | Kottayam   | 4,9,12                            | AEU 14,9,12          | Rice, Rubber, Coconut, Tapioca, Vegetables, Banana, Tubers, Sugarcane, Pineapple                                            | 4 |                  |
| 6  | Idukki     | 12,14,16,17                       | 14,16                | Tea, Cardamom, Coffee, Pepper, Spices, Sugarcane, Millets, cool season Vegetable, Ginger, Garlic                            | 4 |                  |
| 7  | Ernakulam  | AEU 5,9,12,14                     | AEU - 9              | Coconut, Pineapple, Rubber, Vegetables, Paddy (Pokkali), Banana, Tapioca                                                    | 4 | Zone 3 (10 FPOs) |
| 8  | Thrissur   | AEU – 2,5,6,10,14, 15             | AEU – 10, AEU – 6    | Paddy, Millet- Athirappally Coconut, Banana (Chankalikodanndran), Vegetables, Tubers                                        | 6 |                  |
| 9  | Palakkad   | 2.3,3.2,4.1,4 .2,4.5,4.6, 5.1,5.2 | 2.3,4.2,4.5, 4.6,5.1 | Paddy, PalakkadanMatta rice, coconut, Banana, Millets, Vegetables, Tubers                                                   | 4 | Zone 4 (10 FPOs) |
| 10 | Malappuram | 2,6,11,13,15                      | 11,15                | Coconut, Paddy, Rubber, Arecanut, Tapioca, Banana, Vegetable, betelvine, Tirursupari, Tirurvettla, apiculture, Edayurchilli | 3 |                  |
| 11 | Kozhikode  | 7,2,11,15                         | AEU – 11, AEU – 15   | Coconut, Paddy, Banana, tubers, Arecanut, Malabar pepper, apiculture                                                        | 3 |                  |

|    |           |                                                        |                                 |                                                                                                                                   |   |                    |
|----|-----------|--------------------------------------------------------|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|---|--------------------|
| 12 | Wayanad   | AEU – 15<br>AEU – 20<br>AEU – 21                       | 15,20,21                        | Coffee, Tea,<br>Pepper,<br>Cardamom,<br>Arecanu, Ginger,<br>Rubber, Njavara<br>Rice,<br>Gandhakasala<br>rice, jeerakasala<br>rice | 4 | Zone 5(10<br>FPOs) |
| 13 | Kannur    | AEU – 11<br>AEU – 15<br>AEU – 2<br>AEU – 7<br>AEU - 13 | AEU – 11<br>AEU – 15            | Rice<br>(Kaipad),Pepper,<br>Banana, Coconut,<br>Vegetables,<br>Arecanut                                                           | 4 |                    |
| 14 | Kasargode | AEU –<br>11,2,7,13,15                                  | AEU – 11<br>AEU – 15<br>AEU – 2 | Arecanut,<br>Coconut,<br>Cashew, Rice,<br>Rubber, Vegetable                                                                       | 2 |                    |

### **15.4 Suggested List of Farmer Producer Organizations**

1. Coconut based Farmer Producer Organization
2. Rice based Farmer Producer Organization
3. Tuber Crops based Farmer Producer Organization
4. Vegetables and fruit based Farmer Producer Organization
5. Vegetable based Farmer Producer Organization
6. Banana based Farmer Producer Organization
7. Tea based Farmer Producer Organization
8. Cardamom based Farmer Producer Organization
9. Rubber based Farmer Producer Organization
10. Pulses based Farmer Producer Organization
11. Ginger based Farmer Producer Organization
12. Sesamum based Farmer Producer Organization
13. Alleppey Green Cardamom based Farmer Producer Organization
14. Sesamum and rice based Farmer Producer Organization
15. Sugarcane based Farmer Producer Organization
16. Spices based Farmer Producer Organization
17. Millets based Farmer Producer Organization (Agali – Palakkad)
18. Cool Season Vegetable based Farmer Producer Organization

19. Garlic based Farmer Producer Organization – Devicolom Block, Idukki
20. Vazhakulam Pineapple based Farmer Producer Organization
21. Pokkali Rice based Farmer Producer Organization
22. Athirapally millet based Farmer Producer Organization
23. Changalikodan Banana based Farmer Producer Organization
24. PalakkadanMatta based Farmer Producer Organization
25. Arecanut based Farmer Producer Organization (Kasargod, Malappuram, Kozhikode)
26. Betel Vine based Farmer Producer Organization (Tirur)
27. Malabar Garbled Pepper based Farmer Producer Organization
28. TirurSupari based Farmer Producer Organization
29. TirurVettila based Farmer Producer Organization
30. Apiculture & Honey Product based Farmer Producer Organization
31. Edayur Chilly based Farmer Producer Organization
32. Malabar Pepper based Farmer Producer Organization
33. Coffee based Farmer Producer Organization
34. Njavara rice based Farmer Producer Organization (Palakkad)
35. Scented rice based Farmer Producer Organization(Wayanad – Geerakasala, Grandhasala)
36. Kaipad rice based Farmer Producer Organization(Kannur)
37. Cashew based Farmer Producer Organization
38. Floriculture based Farmer Producer Organization
39. Aquaponics/Aeroponics/hydroponics / new technology based Farmer Producer Organization
40. Green house cultivators Producer Organization
41. Hi tech and precision farming based producer Organisation
42. Traditional varieties based farmer producer Organisation
43. Terus Farmers producer Organisation
44. Mango Farmer's Producer Organisation (Muthalamada – Parassala)
45. Seed Producers Organisation (palakkad & Other Places)
46. Palmyrah palm based producer Organisation (palakkad & Trivandrum Other Places)
47. Tribal Agriculture and Forest Produce based FPO
48. Essential Oil Products Farmer Producer Organisation
49. Farmer Producer Organisation for Medicinal Plants

50. Edible Oil based Farmer Producer Organisation
51. Chocolate Production based Farmer Producer Organization
52. State Level/District Level Federation for Marketing -Eco-shops/BLFOs/FPOs
53. Mixed Farming /Haritha Graham/Clean Energy Village based FPO
54. Any Other Crop/Idea based FPO
55. KABCO-Kerala Agri Business Promoting Agency

Provision should be given for supporting FPO's for women, Tribal agriculture and weaker sections of society to be empowered

#### **15.5 One District One Product promotion through FPO's**

#### **One District-One Product - Micro Food Processing Enterprises through FPO's**

The Scheme of Micro Food Processing Enterprises (FME) aims to modernize and enhance the competitiveness of the existing individual micro enterprises ,FPOs and ensure their transition to formal sector. It also supports FPOs/SHGs /Co-operatives for delivery of package of services, creation of common infrastructure along with the value chain, ensure backward & forward linkages, branding & marketing etc. The scheme gives special focus on women entrepreneurs and Aspirational Districts.

- Cluster Approach – One District One Product in the sectors Agro, Fisheries, Dairies, Poultry and Minor Forest Produce
- Support Includes the following
  - a) For individual units including SHGs/FPOs/Co-operatives credit linked subsidy @ 35% of the eligible project cost with a ceiling of Rs 10 lakhs
  - b) For SHGs – Seed capital of Rs 40,000 per member at SHG Federation level
  - c) Common Infrastructure - Common processing centers, labs, incubation center, warehouse, cold storage, etc - Credit linked Grant @ 35%
  - d) Support for Marketing & Branding
- The total outlay of the scheme is to be shared @ 60:40 by GOI and GOK.

### One district, One Product Suggestions

| Sl.No | Districts          | Product                      |
|-------|--------------------|------------------------------|
| 1     | Thiruvananthapuram | Banana                       |
| 2     | Kollam             | Cashew,                      |
| 3     | Alappuzha          | Vegetable                    |
| 4     | Kottayam           | Vegetable, Pineapple         |
| 5     | Pathanamthitta     | Honey                        |
| 6     | Idukki             | Vegetable cool season/Spices |
| 7     | Ernakulam          | Pineapple                    |
| 8     | Thrissur           | Banana, vegetable            |
| 9     | Palakkad           | Millets ,Vegetable, Banana   |
| 10    | Malappuram         | Vegetable                    |
| 11    | Wyanad             | Scented Rice/Banana          |
| 12    | Kozhikode          | Coconut                      |
| 13    | Kannur             | Spices/honey                 |
| 14    | Kasargod           | Vegetable                    |

#### Concept on common infrastructure facility

- Incubators for One District One Product Scheme –KAU,CTCRI etc one per District
- Community Processing Centres at FPO's, Co-Operative Societies
- Single Window Credit Facility
- Technology Enablers Point-CFTRI-Mysore ,DFRL-Mysore, NRCB-TRICHY, Indian Institute of Food Processing Technology-Thanjavur
- Community Pack House
- Primary Processing Infrastructure
- Capacity Building on all components
- Modified Atmospheric Packing and Transportation Vehicles like Refer Vans

#### 15.6 KABCO

Kerala Agro Business Company (KABCO), a special purpose apex FPO for setting up of Agro Parks in various districts with financial assistance of KIIFB (Kerala Infrastructure Investment Fund Board) to be linked to existing FPO's in Agriculture and Allied fields with participation of Government Agencies and other stakeholders . FPO's will be organized and empowered to move towards value addition in the same pattern as AMUL Co-operatives. KABCO to be formed as an apex FPO

#### 15.7 Apex FPO's for Marketing

Sufficient Number of Marketing FPO's will be formed .Government agencies like Agro Super Bazars, HORTICORP,VFPCK Markets KEPCO, MILMA, KERAFED, Public sector units, MATSYAFED, Kerala Forest

Development Corporation etc can be linked to Apex FPO's for effective marketing .

**1000 eco shops** which will be established at the Krishi Bhavan level can be brought under a state level apex FPO for effective Marketing .

### 15.8 Farming Agreements by FPO's

The Farmer's (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance provides the national framework on farming agreements. FPOs and Apex FPO's are authorised to enter on farming agreements for the benefit of their members.

## 16. Financial Assistance for FPO's

### 16.1 RKVY Scheme

For formation of 50 FPOs in 14 districts, funds of Rupees 4063 lakhs will be required for 3 years, starting from 2019-20.

Components wise details are available in the Table given below.

| Sl. No | Component                                                                                                                              | Expenditure per FPO (Rs. in Lakhs) |             |             | Total per FPO (Rs. in Lakhs) | Total for 50 FPOs (Rs. in Lakhs) |
|--------|----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-------------|-------------|------------------------------|----------------------------------|
|        |                                                                                                                                        | I year                             | II Year     | III year    |                              |                                  |
|        | <b>Category A (To FPOs)</b>                                                                                                            |                                    |             |             |                              |                                  |
| 1      | Registration cost                                                                                                                      | 0.4                                | 0           | 0           | 0.4                          | 20                               |
| 2      | Rent, electricity, communication etc.                                                                                                  | 0.4                                | 1.2         | 1.2         | 2.8                          | 140                              |
| 3      | FPO Equity Support                                                                                                                     | 5.0                                | 0           | 0           | 5                            | 250                              |
| 4      | CEO Salary                                                                                                                             | 3.6                                | 3.6         | 3.6         | 10.8                         | 540                              |
| 5      | Minor Equipments and furniture for office (Desktop, Printer, etc)                                                                      | 1                                  | 0           | 0           | 1                            | 50                               |
| 6      | Infrastructure for office                                                                                                              | 5                                  | 0           | 0           | 5                            | 250                              |
| 7      | Establishment of Collection Centres (10 Numbers @ Rs. 1 lakh/CC)                                                                       | 10                                 | 0           | 0           | 10                           | 500                              |
| 8      | Pack house for Packing, sorting, grading, pre-cooling/cold storage, storage, minimal processing and sales facilities, machineries etc. | 5                                  | 10          | 10          | 25                           | 1250                             |
|        | <b>Sub Total</b>                                                                                                                       | <b>30.4</b>                        | <b>14.8</b> | <b>14.8</b> | <b>60</b>                    | <b>3000</b>                      |
|        | <b>Category B (To ABPA)</b>                                                                                                            |                                    |             |             |                              |                                  |
| 1.     | Mobilization of Farmers to form FIG and FPO                                                                                            | 1                                  | 1           | 1           | 3                            | 150                              |

|    |                                                                                                                                                                             |               |               |              |              |             |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|--------------|--------------|-------------|
| 2  | Organizing TOTs and Exposure visits and developing tool kits                                                                                                                | 1             | 1             | 1            | 3            | 150         |
| 3  | Training and exposure visit of BODs                                                                                                                                         | 2             | 1.5           | 1            | 4.5          | 225         |
| 4  | Remuneration to LRPs                                                                                                                                                        | 1.44          | 1.44          | 1.44         | 4.32         | 216         |
| 5  | Travel and subsistence to LRPs                                                                                                                                              | 0.48          | 0.48          | 0.48         | 1.44         | 72          |
|    | <b>Sub Total</b>                                                                                                                                                            | <b>5.92</b>   | <b>5.42</b>   | <b>4.92</b>  | <b>16.26</b> | <b>813</b>  |
|    | <b>Over heads of ABPA</b>                                                                                                                                                   |               |               |              |              |             |
| 1. | Project Coordinator/ Agribusiness Specialist, Agribusiness advisor, Post-Harvest technologist/ Value chain Specialist, Finance expert at zonal levels and technical experts | <b>1.67</b>   | <b>1.67</b>   | <b>1.66</b>  | <b>5</b>     | <b>250</b>  |
|    | <b>Total per FPO/ABPU for each year</b>                                                                                                                                     | <b>37.99</b>  | <b>21.89</b>  | <b>21.38</b> | <b>81.26</b> | <b>4063</b> |
|    | <b>Grand Total for 50 FPOs</b>                                                                                                                                              | <b>1899.5</b> | <b>1094.5</b> | <b>1069</b>  | <b>4063</b>  | <b>4063</b> |

\*Funds in Category A will be issued to the concerned FPOs after proper assessment.

Funds in Category A will be issued to the concerned FPOs after proper assessment of milestones achieved.

\*Funds in category B is meant for the Agribusiness Promoting Agency.

Funds in category B is meant for the Agribusiness Promoting Agency. The funds will be handed over after assessment of the activities of ABPA in terms of the deliverables and Mile Stones. The State will be divided into five zones covering two to three Districts and around 10 FPOs per zone. Activities of each zone will be entrusted to ABPAs. Guidelines of Ministry of Agriculture and Farmers Welfare and Central SFAC will be considered as the base but modified to suit Kerala's conditions.

## **16.2 Disbursement of funds to FPO's & Agencies**

The installments of payments which fall into category A, which is the payments for development of FPO in the initial 3 years will be disbursed by the District level ATMA while the category B funds, which is to be provided to the Agri Business Promoting Agencies will be disbursed by SFAC after evaluating the grading and monitoring sheets received from District level ATMA concerned.

## **16.3 Potential Sources of Funds**

Funds can be channelized from the following agencies and Convergence to be achieved for optimum use of every available opportunity.

- a) Value Addition schemes of SFAC, Government of Kerala
- b) Schemes of Department of Agriculture Development and Farmers Welfare, Micro Small and Medium Enterprises Department (MSME), PMEGP, Ministry of Food Processing Industries (MOFPI) etc.
- c) NABARD/ NABKISAN Finance Limited.
- d) Schemes of ATMA /SHM for assistance for FIG may be extended to FPO whenever necessary for convergence
- e) ATMANIRBHAR and Other Schemes of GOI and Other Agencies.
- f) Corpus Fund : A FPO Fund with an initial corpus of Rs. 25.00 Crore shall be setup with Department of Agriculture and Farmer's Empowerment to support FPOs. The maximum timeline for promotion of FPO will be 3 years.
- g) Investment Promotion Subsidy: FPOs will be eligible for all the existing investment promotion subsidy of the Government of Kerala either through RKVY or SFAC scheme
- h) Interest Subsidy: Interest subsidy of 3% per annum on working capital will be provided to FPOs for a period of 6 months. The total amount of subsidy in a year would be limited to Rs. 1 lakh per year. This interest subsidy is payable to financial institutions like NABARD and Banks on behalf of the FPOs only if the FPOs has not defaulted in payment of either principal or interest installments and fall into category 'A' and 'B' as per NABARD guidelines. The amount of interest subsidy will be effective rate of interest (after deducting interest subsidy receivable by any institution/s under any Government of India or Government of Kerala scheme).
- i) Equity Grant and Credit Guarantee Funds: The successful FPOs will be eligible for Equity Grant and Credit Guarantee Fund Schemes of Government of India.
- j) Assistance of Rs. 2 lakhs in a block per year for 5 years may be provided for preparation and printing of product brochure for each FPO and branding
- k) Assistance of Rs. 1 lakh in a block year of 2 years may be provided for participation in buyer seller meet, trade fairs in India and out of Kerala. (For A and B category of FPO). In case of participation in trade fairs abroad through the organizations of Ministry of Commerce, the assistance would be Rs. 3 lakh in a block year of 2 years. (Only for A category of FPO).
- l) Start up promotion schemes of SFAC
- m) Value Addition Support of Ministry of Food Processing

## **17 Analysis for FPO's**

### **1. Cost Benefit Analysis**

Business Plan of every FPO varies, according to the business activities. Therefore a common cost benefit analysis is not possible. The duration of this FPO project is three years. After the sustainability of the project an FPO can work out cost benefit ratio.

### **2. Risk Analysis**

Community problems, social issues, natural calamities, compliance to rules and regulations are the risk involved at Micro level.

### 3. SWOT Analysis

**Strengths:** High literacy rate/educational standards and hygiene, fragmented operational holdings, GI status of crops, technological advancements like precision farming, fertigation, scientific organic farming etc.

**Weakness:** Small operational holdings, socio-cultural grouping, non-subsistence/part time farming, unmotivated BOD, CEO, poor working capital base, biased selection of FPO, location, crops, products etc.

**Opportunities:** Increased buying capacity of consumers, quality consciousness, demand for organic, certified, graded, packed and ready to use indigenous/ethnic, GI – tagged products.

**Threats:** Selection of Cut throat competition, financial mismanagement, unrealistic and non-feasible business plan, concentrating on unrealistic targets and disproportionate spending on buildings and machineries, faulty and fraudulent MoUs etc.

### 18. FPC's / FPOs Eligible for Registration and scoring under Strengthening Support

1. Farmer Producer Company under section 581(c) of the new provision of Indian companies Act 1956 amended in 2013 who are actively engaged in promoting farmer groups in the State.
  2. Any farmer organization registered under co-operative Societies Act 1965/Charitable Societies Act which are engaged in supporting Agriculture and allied activities as per MOA/AOA and whose primary shareholders are Producers of the Agriculture Product .
  3. Registered Farmer Extension Organization (FEO) promoted by the Department of Agriculture.
  4. Coconut Producer Companies/societies/federations
  5. Farmer Producer Companies supported by different Agencies
  6. Padasekharasamithies with processing/branding initiatives
  7. Graded vegetable clusters with marketing activities and Block Level Federated Organisations
  8. Organic farming Samithies
  9. Pepper Samithies with input supply and marketing activities
  10. ATMA facilitated farmer organizations
  11. KVK facilitated farmer organizations if any
  12. All Geographical Indications (GI) promoting organizations
  13. Honey producing and marketing farmer organizations
  - 14 .Any other farmer organizations developed by the Department of Agriculture
  15. Kerasamithies under Keragramam
  16. The farmers in the fruit villages/flower villages/ millet villages in Wayanad, Malappuram, Idukki and Palakkad Districts will also be considered for registration as FPO. Major crop growing areas of cashew, cocoa, medicinal plants etc. under area expansion schemes of State Horticultural Mission will also be considered. Produce like Honey may also be considered
- It is suggested to have atleast a turn over of Rs. 5 lakhs in the previous year to consider for scoring. The GI based FPOs/Tribal Agriculture and Forest Produce based FPO's are

exempted from any financial minimum turn over in scoring. The loss making FPOs need not be considered for any project based assistance/strengthening Support.

## 19. Performance Indictors of Existing FPOs/FPC's for Strengthening

The existing FPOs will be selected for strengthening Support from the functioning FPOs registered under different legal forms with performance indicators. The performance indicators based score card is given below.

The break up of the scores and criteria under each dimension -Age of FPO/FPC, Governance, Management, Infrastructure, Membership, Collection and contribution of Share Capital, Training, Business Plan , Financial Aspects, Percentage of Members availing services, Market Linkages, Convergence with Other Schemes, MIS, Compliance and Record Keeping are indicated below. The items are very simple to score based on the available records with the FPO/FPC's.

### 19.1 Performance Measurement (Grading) Tool-1 for Farmer Producer Organizations (FPOs) /FPC's as on \_\_\_\_\_

Name of FPO/FPC :

| Sl.No    | Max Marks<br>(Category wise) | Parameter                                                                                                                                                                                    | Max<br>Marks | Obtained<br>Marks |
|----------|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------------|
| <b>A</b> | <b>5</b>                     | <b>Age Profile FPO</b>                                                                                                                                                                       |              |                   |
| i        |                              | > 5 Years                                                                                                                                                                                    | 5            |                   |
| ii       |                              | 4-5 Years                                                                                                                                                                                    | 4            |                   |
| iii      |                              | 2-3 Years                                                                                                                                                                                    | 3            |                   |
| iv       |                              | <1 Year                                                                                                                                                                                      | 2            |                   |
|          |                              |                                                                                                                                                                                              |              |                   |
| <b>B</b> | <b>10</b>                    | <b>Governance</b>                                                                                                                                                                            |              |                   |
| i        |                              | Composition of Board (no blood relatives/representation to women/SF/MF), Experience/professional qualifications of Board Members/representative of Farmers' association, etc.) Range 3 to 0) | 3            |                   |
|          |                              |                                                                                                                                                                                              |              |                   |
|          |                              |                                                                                                                                                                                              |              |                   |

|          |           |                                                                                                                                                                              |   |
|----------|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| ii       |           | Extent of strategic support from promoter or promoting organisation to FPO (Range 2 to 0)                                                                                    | 2 |
| iii      |           | Regular conduct of Board Meetings & Quorum (Range 3 to 0)                                                                                                                    | 3 |
| iv       |           | Quality of agenda and discussion/ decision making (Range 2 to 0)                                                                                                             | 2 |
| <hr/>    |           |                                                                                                                                                                              |   |
| <b>C</b> | <b>10</b> | <b>Management</b>                                                                                                                                                            |   |
| i        |           | Availability of Full Time professional CEO -4 marks, part time CEO-3 marks, Non-professional, part time CEO from FPO Members-2 marks; CEO below 10 <sup>th</sup> Std.-1 mark | 4 |
| ii       |           | Availability of paid staff-2 marks, if not-zero marks                                                                                                                        | 2 |
| iii      |           | Training/Experience of staff (CEO & staff trained-4 marks, only CEO of staff trained-2, No training-zero mark                                                                | 4 |
| <hr/>    |           |                                                                                                                                                                              |   |
| <b>D</b> | <b>5</b>  | <b>Infrastructure</b>                                                                                                                                                        |   |
| i        |           | Separate office premises/own/rented (Range 3 to 1) – (0 marks for no office)                                                                                                 | 3 |
| ii       |           | Other infrastructure like computers, furnitures, fixtures, etc-2 marks; onlyfurniture-1 mark, No infrastructure-0 mark)                                                      | 3 |

|          |           |                                                                                           |           |
|----------|-----------|-------------------------------------------------------------------------------------------|-----------|
| <b>E</b> | <b>10</b> | <b>Membership of FPO</b>                                                                  |           |
|          |           | <b>More than 1000</b>                                                                     | <b>10</b> |
|          |           | <b>Between 501 to 1000</b>                                                                | <b>8</b>  |
|          |           | <b>Between 201 to 500</b>                                                                 | <b>6</b>  |
|          |           | <b>Between 101 to 200</b>                                                                 | <b>4</b>  |
|          |           | <b>Between 50 to 100</b>                                                                  | <b>2</b>  |
|          |           | <b>Below 50</b>                                                                           | <b>1</b>  |
| <b>F</b> | <b>5</b>  | <b>% of total members contributing to Share Capital</b>                                   |           |
| i        |           | <b>&gt;90%</b>                                                                            | <b>5</b>  |
| ii       |           | <b>&gt;70%</b>                                                                            | <b>4</b>  |
| iii      |           | <b>&gt;60%</b>                                                                            | <b>3</b>  |
| iv       |           | <b>&gt;50%</b>                                                                            | <b>2</b>  |
| v        |           | <b>&lt;50%</b>                                                                            | <b>1</b>  |
| <b>G</b> | <b>5</b>  | <b>Total share capital collected (Rs Lakhs)</b>                                           |           |
| i        |           | <b>&gt;5 lakh</b>                                                                         | <b>5</b>  |
| ii       |           | <b>3-5 lakh</b>                                                                           | <b>3</b>  |
| iii      |           | <b>&lt;3 lakh</b>                                                                         | <b>1</b>  |
| iv       |           |                                                                                           |           |
| <b>H</b> | <b>10</b> | <b>Training of Board Members</b>                                                          |           |
| i        |           | <b>All Board members trained</b>                                                          | <b>10</b> |
| ii       |           | <b>&gt;80% of Board members trained</b>                                                   | <b>8</b>  |
| iii      |           | <b>&gt;70% of Board members trained</b>                                                   | <b>6</b>  |
| iv       |           | <b>&gt;50% of Board members trained</b>                                                   | <b>4</b>  |
| v        |           | <b>&gt;10% of Board members trained</b>                                                   | <b>2</b>  |
| vi       |           | <b>&lt;10% of Board members trained</b>                                                   | <b>0</b>  |
| <b>I</b> | <b>4</b>  | <b>Business Plan</b>                                                                      |           |
| i        |           | <b>Business plan including financial plan prepared for 3 years</b>                        | <b>4</b>  |
| ii       |           | <b>Business plan including financial plan prepared for 1 year</b>                         | <b>2</b>  |
| <b>J</b> | <b>2</b>  | <b>Financial Aspects</b>                                                                  |           |
|          |           | <b>Availed financial assistance from lending institutions – 2 marks, if not zero mark</b> | <b>2</b>  |
| <b>K</b> | <b>10</b> | <b>Turn over (Annual) (Rs Lakh)</b>                                                       |           |
| i        |           | <b>Above 50 lakh</b>                                                                      | <b>10</b> |
| ii       |           | <b>Between 25 to 49 lakh</b>                                                              | <b>8</b>  |
| iii      |           | <b>Between 10 to 24 lakh</b>                                                              | <b>6</b>  |
| iv       |           | <b>Less than 10 lakh</b>                                                                  | <b>3</b>  |

|            |            |                                                                                           |           |
|------------|------------|-------------------------------------------------------------------------------------------|-----------|
| <b>v</b>   |            | <b>No business</b>                                                                        | <b>0</b>  |
| <b>L</b>   | <b>4</b>   | <b>Market Linkage</b>                                                                     |           |
| <b>i</b>   |            | <b>Market linkage established with corporate buyers/ processors etc</b>                   | <b>4</b>  |
| <b>ii</b>  |            | <b>Dependent on local market/s</b>                                                        | <b>2</b>  |
| <b>M</b>   | <b>10</b>  | <b>% of members availing services (Input supply/Extension, other services to members)</b> |           |
| <b>i</b>   |            | <b>Over 75%</b>                                                                           | <b>10</b> |
| <b>ii</b>  |            | <b>Over 50%</b>                                                                           | <b>8</b>  |
| <b>iii</b> |            | <b>Over 25%</b>                                                                           | <b>5</b>  |
| <b>iv</b>  |            | <b>Over 10%</b>                                                                           | <b>3</b>  |
| <b>v</b>   |            | <b>Less than 10%</b>                                                                      | <b>0</b>  |
| <b>N</b>   | <b>5</b>   | <b>Convergence with Govt. Schemes/Corporates etc</b>                                      |           |
| <b>i</b>   |            | <b>SFAC equity support provided and convergence with Govt/ other agencies achieved</b>    | <b>5</b>  |
| <b>ii</b>  |            | <b>Either SFAC support or Govt convergence achieved</b>                                   | <b>3</b>  |
| <b>iii</b> |            | <b>No convergence</b>                                                                     | <b>0</b>  |
| <b>O</b>   | <b>5</b>   | <b>MIS/Compliance/record keeping</b>                                                      |           |
| <b>i</b>   |            | <b>Regular submission of Audited Balance sheet and other legal compliances</b>            | <b>3</b>  |
| <b>ii</b>  |            | <b>Only audited balance sheet regular &amp; other compliances are irregular</b>           | <b>2</b>  |
| <b>iii</b> |            | <b>Balance sheet not audited and compliances not done</b>                                 | <b>1</b>  |
| <b>iv</b>  |            | <b>No balance sheet, no compliance</b>                                                    | <b>0</b>  |
| <b>v</b>   |            | <b>Maintained all required registers (Range 2 to 1)</b>                                   | <b>2</b>  |
| <b>vi</b>  |            | <b>Registers not maintained</b>                                                           | <b>0</b>  |
|            | <b>100</b> | <b>Total Marks</b>                                                                        |           |

| <b>Grade</b> | <b>Marks Obtained</b> | <b>Remarks</b>                                                |
|--------------|-----------------------|---------------------------------------------------------------|
| <b>A</b>     | <b>&gt;75%</b>        | <b>Ready for credit linkage</b>                               |
| <b>B</b>     | <b>60-75%</b>         | <b>Credit linkage after little capacity building</b>          |
| <b>C</b>     | <b>50-60%</b>         | <b>Need further capacity building</b>                         |
| <b>D</b>     | <b>&lt;50%</b>        | <b>Need detailed assessment for further capacity building</b> |

## 19.2 FPO Assessment Tool-II

| Sl. No | Component                     | Specific Element of the components                                                                                            | Weight     |
|--------|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------|------------|
| 1      | <b>Agribusiness</b>           | Current level of value addition at the FPO Primary processing facilities (Washing, cleaning, Grading, Sorting, Staging room): | <b>10%</b> |
| 2      |                               | Scope for further business growth                                                                                             |            |
| 3      |                               | Product Mix from FPOs farmers                                                                                                 |            |
| 4      |                               | Extent of diversification of crop                                                                                             |            |
| 5      |                               | Diversification of buyers of commodities                                                                                      |            |
| 6      |                               | Connect to marketing channels                                                                                                 |            |
| 7      |                               | Diversification of business plan                                                                                              |            |
| 8      | <b>Financial Management</b>   | Extent of borrowing including commercial borrowing                                                                            | <b>20%</b> |
| 9      |                               | Duration of organisation's dependence on grant for meeting operational expenses                                               |            |
| 10     |                               | Ability to retain staff                                                                                                       |            |
| 11     |                               | Net profit                                                                                                                    |            |
| 12     |                               | Sources of funds (diversity of donors/investors)                                                                              |            |
| 13     |                               | Total net worth (Accrued reserves and surpluses)                                                                              |            |
| 14     |                               | Promoter/member equity                                                                                                        |            |
| 15     |                               | Organisation's ability to service debt repayment on time                                                                      |            |
| 16     | <b>Government project</b>     | Extent of strategic support from promoter or promoting organisation to the producer organisation                              | <b>15%</b> |
| 17     |                               | Strength of producer organisation                                                                                             |            |
| 18     |                               | Part of Govt. Project                                                                                                         |            |
| 19     |                               | Member retention rate as indicator of sustainability of Board strategy                                                        |            |
| 20     |                               | Organisation responsiveness to changing environment and competition                                                           |            |
| 21     |                               | Filing of returns                                                                                                             |            |
| 22     |                               | Compliance with any state and central regulations                                                                             |            |
| 23     | <b>FPO Management</b>         | Source of Revenue                                                                                                             | <b>25%</b> |
| 24     |                               | Experience of CEO/COO in VC and supply chain management and other management functions of organisation                        |            |
| 25     |                               | Education level of BOD                                                                                                        |            |
| 26     |                               | CEO approach to informing Board and promoter to ensure timely and appropriate decision making                                 |            |
| 27     |                               | Frequency of project review meetings and field visits                                                                         |            |
| 28     | <b>Cluster</b>                | Total Area of FPO under Horticulture and Agriculture                                                                          | <b>20%</b> |
| 29     |                               | Major commodities (Horti+Agri) FPO is dealing in                                                                              |            |
| 30     |                               | No. of village in cluster                                                                                                     |            |
| 31     |                               | No. of Horticulture farmers                                                                                                   |            |
| 32     |                               | Area under horticulture crop only                                                                                             |            |
| 33     | <b>Reward and Recognition</b> | Awards                                                                                                                        | <b>10%</b> |

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Secondary feed back from the member farmers, Value Chain based Business Plan , Detailed Project Reports etc can be used by Evaluating Officers. FPC's with high capital formation and not received financial assistance from State, Central Government other International agencies for FPO Activities will be given preference under the component Strengthening of existing FPO/FPC's. FPO-PMU will prepare online application formats and scoring parameters and final scoring.-

## **20. Enabling system for FPOs**

- i. FPOs will enjoy all the benefits and facilities that are extended by the Government of Kerala to cooperatives/Self Help Groups/Federations/corporations from time to time.
- ii. State Government will support FPOs by making provisions for easy issue of registration to FPOs to trade inputs like seed, fertilizer, farm machinery, pesticides etc. for the use of their members as well as routing the supply of agricultural inputs through FPOs at par with cooperatives.
- iii. A single window clearance system by the Department of Agriculture for the FPOs for the issue of licenses for trade
- iv. FPOs will be allowed for direct sale of farm produce at the aggregation centre/Pack Houses through FPO owned procurement, sorting and grading centres and marketing centres.
- v. Financial inclusion for the activities including working capital, infrastructure development etc. through cooperative banks, commercial banks, NABARD etc.
- vi. Online Application formats will be designed by FPO-PMU at SFAC Kerala for selection of new FPO candidates and existing FPO's for strengthening.

## **21. Co-ordination ,Review and Monitoring**

### **21.1 State Level**

State Level Consultative Committee (SLCC) for FPOs: A State Level Consultative Committee will over see the co-ordination, funding , approval and policy guidance for the promotion of FPOs in the state. The SLCC shall be responsible for bringing innovation and review of the activities including business plan of FPOs and suggest ideas for development. The SLCC will be convened by SFAC, Kerala once in six months.

SLCC will be chaired by the Agricultural Production Commissioner and the members include

- a) The Secretary (Agri)
- b) Directors of Agriculture
- c) Registrar of Cooperatives
- d) Director of Industries Department
- a) NABARD representative
- b) Convener SLBC
- c) Associate Director of Research (KAU)
- d) Director PPM Cell
- e) Mission Director SHM
- f) Chairman/Secretary / Representative of Kerala State Prices Board
- g) Director SAMETI
- h) Representative of CII, FICCI, Tie Kerala and Other Business Bodies
- i) MD, SFAC (Convener of the SLCC )

**The SLCC shall perform the functions of;**

- a. SLCC will be the apex decision making body of FPO Schemes in the State. Approval of Project Monitoring Unit – Consulting Agency, Agribusiness Promoting Agencies, Consultants etc.
- b. Monitor the performance of FPOs through periodic reviews
- c. Revisit the policy document and suggest modifications from time to time
- d. Any other function that the committee may wish to perform for the growth of FPOs in the state.

**21.2 District Level Monitoring Committee(DLMC) for FPO's**

A committee chaired by District Collector will co-ordinate the FPOs in the district. The Project Director, ATMA will be the Convener of the Committee and PAO will be the

Vice Chairman of the DLMC. The capacity building and market linkage will be ensured by ATMA. DLMC will meet once in three months. Following are the Other Members of the Association

- a) District Level Officers of Agriculture, AH, Fisheries, Dairy Development
- b) DDM (NABARD)
- c) Lead Bank District Manager
- d) District Industries Officer
- e) President , CEO and a Board Member from each FPO in the District
- f) ABPA Representatives
- g) Members co-opted from Business Bodies like CII, FICCI, Tie, Management Associations etc
- k) Representatives from Agribusiness Bodies-Incubators/KVKs/ICAR Institutes in the area

DLMC will

- a. Review the Progress of FPO Development and activities of Agribusiness Promoting Agencies in the Zone etc.
- b. Monitor the performance of FPOs through periodic reviews and Mile Stone/Key Result Area based Achievement of Important Criteria and Recommend Fund release and submit recommendations to PMU,SFAC ,DA and SLCC
- c. Give Suggestions for Revising the policy document and suggest modifications from time to time based on field level realities
- d. Any other function that is assigned by SLCC,DA,PMU-SFAC.

## **22. Benefits for FPO's proposed by the Department of Agriculture**

The FPOs can play a significant role for the development of agriculture and augmenting income of the member farmers. The services expected are the production and supply of organic inputs, seeds and planting materials, supply of bio control agents, soil ameliorants, nutrients, renting out machines, procurement of produce from the farmers, organizing marketing, setting up and running markets, branding, agro processing and value addition etc.

The following support will be provided to the FPOs by the Department of Agriculture

1. Licenses could be issued for selling quality bio control agents, bio fertilizers, customized nutrients and organic inputs
2. They will be supported under various schemes for the production of seedlings, and other inputs and other possible scheme components
3. Provide financial support for establishing value addition units, processing, storage, market infrastructure and other project based support based on performance indicators.
4. Support for credit guarantee, equity grant scheme and venture capital assistance of Central SFAC through Kerala State SFAC, provided qualified as per the GOI norms.
5. Capacity building including possible exposure to new technologies
6. Exposure visit to different FPOs and institutions including technology business incubators attached to institutions
7. Facilitation with financial institutions if necessary
8. Entrusting enrolment of farmers under crop insurance schemes
9. Recognition for best performing FPOs based on performance indicators
10. Handholding support through ATMA and other institutions and agencies
11. Facilitating market linkage where ever possible among FPOs on IT platform.

### **23. Training programmes**

- i. CEOs and Executive Member of FPOs will be provided training at various training institutions, Incubation Centres, KAU, KVKs, SAMETIs etc. on different managerial aspects of production, procurement, processing, value addition, administration, finance and marketing.
- ii. The following National Level training facilities are available .
  - NABARD
  - NIRD & PR, Hyderabad
  - ICRISAT
  - Institute of Rural Management Anand (IRMA)
  - MANAGE, Hyderabad
- iii. Training of farmers of FPOs
  - Training and exposure visits will be provided to the select individual farmers in each FPO based on the lead farmer concept by agribusiness promoting Agencies.
- iv. Training for virtual cadre of Department Officers in National and International Institutions.

## **24. Appointment of Nodal Agency and Modalities for implementation**

The national policy on FPOs suggests that the Government can appoint a Resource Institution for the promotion of FPOs. SFAC Kerala will be the Nodal Agency. SFAC will be assisted in PMU setting up by Project Monitoring Unit Consulting Agency (PMU-CA) selected through ABPA e tender. FPO-PMU at SFAC will design and finalize online application formats for selection of new fpo's and existing fpo's for strengthening.

A Project Monitoring Unit will be set up under SFAC, Kerala, Department of Agriculture Development and Farmers Welfare with a Project Monitoring Unit Consulting Agency (PMU-CA) to assist SFAC in coordinating handholding of FPOs for the state of Kerala. SFAC with the help of PMU-CA would coordinate with all other stakeholders with the help of Department of Agricultural Development and Farmer's Welfare.

, Principal Agricultural Officer and Extension wings of ATMA at district level would be actively engaged in the activities of FPOs. PD ATMA will be the Nodal Officer at District Level . Institutional support by Government of Kerala

State Government will establish a Project Monitoring Unit , FPO Portal and information support system for FPOs by the SFAC, Kerala under the Department of Agriculture. The support include website management for providing information to FPOs. The information system shall maintain a database on FPOs and will have information on the activities undertaken by the FPOs in the state.

SFAC will select Consultants who can help in preparing business plan and bankable projects for FPOs for the preparation of training modules and provide other technical support of FPOs. Expression of Interest will be called for to select the consultants/ Agribusiness Promoting Agencies.

FPOs should be able to utilize the facilities of the incubation centers established in various organizations including KAU, KVKs, ICAR institutions like CTCRI, CPCRI and NIIST utilizing the State funds.

## 25. Deliverables, Milestones & Time Frame for Agri-Business Promoting Agency Activities

| Sl. No | Components                                                                                                                                                                                                                                                                                                                                                        | Deliverables                                                          | Time Period | Total amount |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|-------------|--------------|
| 1      | 1. Cluster Identification based on Agro Ecological Unit/Zone , Feasibility Study and Analysis, Baseline Surveys and Assessment , Ground work including publicity, desk reviews, field visit, meeting with clusters, SHGs, NGOs, Cooperatives, VFPC, Horticulture and PSUs in prospective areas,<br>2. Conducting diagnostics studies<br>3. Identification of FPOs | Registration details of FPOs                                          | 3 months    | 10 percent   |
| 2.     | Preparation of Farmer Community Participation based Value Chain Analysis and customized Business Plan Preparation, Mobilisation of Farmers and Organising FIG's                                                                                                                                                                                                   |                                                                       | 2-3 months  |              |
| 3.     | Preparation of Bylaws and Article of association                                                                                                                                                                                                                                                                                                                  |                                                                       | 2-3 months  |              |
| 4.     | Training and Capacity building – exposure visits, training on book – keeping, accounting etc<br>Training to Board of Directors                                                                                                                                                                                                                                    | Submission of Project reports and copy of Licenses, software and apps | 3-6 months  | 15 percent   |
| 5      | Registration of FPOs as FPC<br>Licensing – GST, FSSAI, Pollution Control Board, Panchayath/LSGD/KSIDC/Udhyog aadhar and other mandatory registrations/ Licenses                                                                                                                                                                                                   |                                                                       | 3-6 months  |              |
| 6      | Development of MIS software & process tracking, Apps, Call Centre and database of FPOs                                                                                                                                                                                                                                                                            |                                                                       | 3-6 months  |              |
|        | Interim review and monitoring.                                                                                                                                                                                                                                                                                                                                    |                                                                       | 6 months    |              |
| 7      | Incubation and Marketing support services for implementation of business plan<br>1. Input facilitation                                                                                                                                                                                                                                                            | Establishment                                                         | 6-9 months  | 15 percent   |
|        | 2. Establishment of custom hiring centre,                                                                                                                                                                                                                                                                                                                         |                                                                       | 6-9 months  |              |

|     |                                                                                                                                                                                                                          |                                                                                      |              |            |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------|------------|
|     | linkage with Agro Service Centers, Kerala State Agro Mechanization mission, Preparation of Agro Machinery Bank, Linkage with SMAM etc                                                                                    | of Input centres, Agro service centres, CFC, Linkage with                            |              |            |
|     | 3. Common Facility Centre/ Pack house for procurement, primary, secondary, minimal processing, sorting, grading, packaging, storage, ripening chambers etc.                                                              | schemes, infrastructure, grading and marketing facilities                            | 6-9 months   |            |
|     | 4. Linking with central and state Government schemes like Janakeeyasoothranam, SAMPADA, Agro parks, Special Economic Zones, PMEGP, MSME, incubation centres etc                                                          |                                                                                      | 9-12 months  |            |
|     | 5. Credit guarantee fund, equity grant, Venture Capital Assistance of Central SFAC and other sources                                                                                                                     |                                                                                      | 9-12 months  |            |
|     | Interim review and monitoring. Management and financial audit                                                                                                                                                            |                                                                                      | 12 months    |            |
| 8   | Incubation, Marketing support and forward linkages<br>Linking with e- NAM, e – buy portal, Online marketing chains etc.                                                                                                  | Conduct of buyer seller meet, Brand registration, formal tie-ups                     | 12-15 months | 15 percent |
| 9   | Establishment of Brands, designing Logos and packages, Branding, Registration etc.                                                                                                                                       |                                                                                      | 12-15 months |            |
| 10. | Conduct of Buyer seller meets                                                                                                                                                                                            |                                                                                      | 15-18 months |            |
| 11  | Assessment and Audit , Mid – term evaluation and grading                                                                                                                                                                 |                                                                                      | 18 months    |            |
| 12  | Exploring diversification, Value addition and expansion<br>Exploring export potential, licenses and clearances                                                                                                           | Projects on Value Addition and Buyer seller meet                                     | 21-24 months | 15 percent |
| 13  | Buyer seller meet<br>Management and financial audit                                                                                                                                                                      |                                                                                      | 21-24 months |            |
| 14  | Exploring possibility of Organic and GAP certification and marketing under India/ Kerala Organic or Safe- to- Eat Brands                                                                                                 | Certification, formal agreements and MoUs on trading and volume of business/turnover | 25-30 months | 15 percent |
| 15  | Tie-ups/ linkages with retail change at domestic and international level or developing own retail chains / outlets and developing technology for Block chain in agriculture and setting up of modern supply chain system |                                                                                      | 25-30 months |            |
| 16  | Linkage with NABKISAN, NABFIN etc                                                                                                                                                                                        |                                                                                      | 30-36 months | 15 percent |
| 17  | Final evaluation and grading of FPOs/FPC's<br>Management and financial audit                                                                                                                                             |                                                                                      | 30-36 months |            |
| 18  | Sustainability and Final phase out                                                                                                                                                                                       |                                                                                      | 36 onths     |            |

Payment to be initiated when key mile stones are achieved and deliverables are met.

## **26. Setting up of FPO Project Monitoring Unit at State Level and Selection of PMU-CA**

### **26.1 ) PMU Support for Successful Implementation of FPO Scheme**

PMU will help SFAC to monitor the FPO implementation at State level by offering the following support

1. Evaluation & Monitoring of ABPA to measure the FPO formation progress and report to SFAC in timely manner.
  - a. Number of farmers covered
  - b. Areas covered,
  - c. Crops covered
  - d. Type of Business operations of FPO's
2. Facilitate registration of all FPO state promoted by NABARD, CDB , NGO and farmers directly on a unified FPO portal and facilitate access to state services
3. Monitoring the newly formed FPO's to ensure the sustainability of business operations through ABPA
4. The PMU will establish the credit linkages at State level and assist the SFAC in subsidy / funding distribution
5. Facilitate Setup of rating system of FPO for access to services and credit access from institutions
6. The PMU will Handhold the Department and ABPA , assisting them for the FPO formation and successful operation through creation of enabling ecosystem
7. The PMU will have helpdesk to facilitate new FPO directly promoted by farmers to access the schemes and handholding support of ABPS, POPI/RI/ .The PMU will provide convergence of various State / Central government schemes for FPO's
8. The PMU will establish the Communication mechanism for flow of info and data among the stakeholders through website, social media etc.,
9. The PMU will facilitate the publicity about overall program across the state of Kerala
10. The PMU will facilitate knowledge sharing on FPO's by conducting and participate in various programs / seminars / expo's at State level & national level
11. The PMU will analyze the state & Central level policies of FPO's, and the Policy related issues shall be escalated to the SFAC's for their corrective actions.
12. To establish an FPO Academy at state level for training of key resources required for FPO's
13. The PMU will analyze the different model of FPO's like Private owned, Self-funded FPO's and Value chain FPO etc., and publish success story's for enhancing the performance
14. Facilitate State Awards for Best performing FPO

## 26.2) PMU -Deliverables and timelines for FPO

| Activity # | Activity Description              | Deliverables                                                                                                                                                                                                                                                                           | Key Dates (calendar weeks from the Effective Kick Off Date T)                            |
|------------|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| 1.         | Monitoring & Evaluation of ABPA   | <ul style="list-style-type: none"> <li>▶ FPO's Formed Report</li> <li>▶ Coverage of Farmers in the FPO's</li> <li>▶ Measuring the sustainability of FPO's in terms of Dividends, Profit earned from FPO's etc.</li> </ul>                                                              | T + 4 weeks onwards and till completion of Project                                       |
| 2.         | Scheme Administration             | <ul style="list-style-type: none"> <li>▶ Facilitate coordination with ABPA on FPO formation and deliverables and facilitate their payments</li> </ul>                                                                                                                                  | T + 2 weeks onwards and till completion of project                                       |
| 3.         | Credit Rating                     | <ul style="list-style-type: none"> <li>▶ Measurement of Credit Rating of each of the newly formed FPO's</li> </ul>                                                                                                                                                                     | T + 2 weeks onwards and till completion of project                                       |
| 4.         | Communication & Knowledge sharing | <ul style="list-style-type: none"> <li>▶ State Website on FPO with comprehensive information converged with all Departments and services</li> <li>▶ Publication of Success story's</li> <li>▶ Collate FPO performance data Analyses and provide the compiled report to SFAC</li> </ul> | T + 2 weeks onwards and till completion of project.<br><br>Success story bimonthly basis |

The total duration of assignment is 3 years. 'T' denotes the date of Award of Contract to PMU-CA

## 26.3) Resource Requirement for PMU –CA

PMU Consulting Agency (PMU-CA) should have the following Professionals to offer Services

| Sl. No                   | Position                   | No of Position | Educational Qualification                                                        | Experience                                                                                                     |
|--------------------------|----------------------------|----------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| <b>Key Resources</b>     |                            |                |                                                                                  |                                                                                                                |
| 1                        | Team Lead                  | 1              | Graduate or postgraduate in Agri, Agri allied with MBA                           | 15 years of Experience in FPO Management / FPO Promoting & a management of Projects at State or National Level |
| 2                        | Consultant (FPO)           | 1              | Graduate/Postgraduate in Agri, Horti, Sociology/Rural Development                | 5 years of Experience in Social Mobilization projects in Agri with FPO's handling experience                   |
| 3                        | Consultant (Agri Business) | 1              | Post graduate Horti/Agri with MBA or PGABM experience in Agri Business Marketing | 5 years of Experience in Agri / Agri Allied Marketing                                                          |
| <b>Non-Key Resources</b> |                            |                |                                                                                  |                                                                                                                |
| 4                        | Communication Specialist   | 1              | Graduate or Postgraduate in Communication                                        | 3 years of Experience in handling communication website management and Media                                   |
| 5                        | Analyst                    | 1              | Graduate or Postgraduate in IT Computer applications                             | 2 years entry in IT application, Data management                                                               |

## **26.4 Funds for Running PMU –CA**

For best results Project Monitoring Unit of FPO is to be run by a Project Monetary Unit Consultant with Global Exposure , Expertise and Experience. For this Rs 4.5 Crores to be earmarked for 3 year period @1.5 Crores per year from Atmanirbhar and Other Schemes of GOI in addition to existing funds.

## **27. Empanelment Process of PMU-CA ,and ABPA**

SFAC will

1. finalize criteria for empanelment and prepare e-tender document in 2 cover system .
2. Publish the e-tender in [www.etenderskerala.gov.in](http://www.etenderskerala.gov.in).
3. Short listing of agencies.
4. Presentation by shortlisted agencies.
5. Finalization of agencies based on a pre-determined and pre-disclosed set of indicators as laid down in e-tender document.

### **27.1 Selection of Project Monitoring Unit Consulting Agency (PMU-CA)**

One ABPA with global exposure and expertise who can bring the best practices from all over the world and benchmark them for FPO/ABPA activities for Kerala will be selected through e-tender for running the PMU and to advise Department, SFAC,ABPAs and FPO's and act as a Knowledge Partner. This will be applicable for initiating new FPO's and strengthening existing FPO's.

PMU-CA will be from the applicants of ABPA and should serve as ABPA in the assigned Zone. ABPA can not apply only for the post of ABPA-CA. From the applicants of ABPA one will be selected for PMU-CA through e-tender based on the following criteria.

The services of the technical expert teams of PMU-CA and ABPAs should also be rendered to SFAC, Kerala and the value addition units supported by SFAC for the preparation of business plan, bankable projects, feasibility studies, consultancy services etc.

- Minimum 3 years experience in promoting producers' institutions: Any resource institution which has promoted or in the process of promoting ( FPOs/FPC's/Co-operative Societies) are eligible to apply.
- Consultants with proven track record and successful experience in National Level and State Level FPO Promotion experience
- Global Expertise, Exposure and Experience in Different Countries in similar activities
- Willingness to work in Kerala and experience in local language and culture or willingness to employ resource persons with experience in local language and culture
- Staff more than 50 with proven effectiveness in India.
- Annual Turn over of 50 crores or above
- Experience in preparing FPO Strategic Plans for Nation/States.
  - Experience in organizing or facilitating FPO Events/ Seminars/Workshops directly or as knowledge Partners in National or International Levels.
  - Publications of FPO Knowledge Leadership Products or Tools or Software
- Willingness to work for 3 years as per the programmes and policies of the SFAC to meet the specific objectives and milestones of the scheme
- Qualifying the ABPA Conditions

## **27.2 Details related to Selection of ABPA**

### **a) Empanelment of ABPA must take into consideration the following aspects**

- Their past experience in promoting producers' institutions: Any resource institution which has promoted or in the process of promoting ( FPOs/FPC's/Co-operative Societies) are eligible to apply.
- Well established Agri Business Promoting Agencies /Consultants with proven track record and successful field experience in promoting FPO's and related activities in India for past 3 years .
- Operational Experience in Kerala /Willingness to work in Kerala and experience in local language and culture/willingness to employ resource persons with experience in local language and culture
- Staff more than 25 with proven effectiveness in FPO Operations.
- Offices in different parts of Kerala to provide effective service in allotted zones/willingness to set offices in allotted Zones
- Registered Firm/Legal Status
- Annual Turn over of 10 crores or above

- No of FPO's and FPC's formed in India for different Agencies / No of FPO's and FPC's formed in Kerala or Other States in India/Similar operational experience in a global scale.
- Willingness to work for 3 years as per the programmes and policies of the SFAC to meet the specific objectives and milestones of the scheme
- **Quality Certification-ISO/BIS/ISI or similar International Quality Certifications will be an added advantage**
- GST Registration
- Willingness to work in all 5 zones comprising 14 districts in all mentioned crop based system

**b) Documents related to ABPA**

- Documents evidencing legal existence of the entity and Details of shareholders/members/trustees along with documentary evidence
- Full details of the governing council members/board of directors/management team looking after day-today affairs of your entity(s) along with documentary evidence
- Details of registration with tax/other authorities for the purpose of exemptions, if any
- Address of the registered office/corporate/branch offices along with documentary evidence like copy of the registration certificate of the company, lease deeds, property papers etc.
- Audited Financial Statements for the last 3 years
- Details of legal compliances and an undertaking by the Chief Authority confirming compliance
- Minutes of the Annual General Body Meetings (1-3 Numbers)
- A consortium agreement, if applicable. (If not applicable, write N/A on the letter head duly certified)

**c) Extra documents related to FP/FPC's promoted by ABPA**

- 1) Value Chain Analysis based Business Plan and Activity Plan of at least one FPO/FPC duly authorized by ABPA
- 2) Details of Board of Directors and management teams of the FPO/FPC
- 3) Details of Incorporation and Bye-laws, MOA, AOA

- 4) Documents related to business transaction (if the FPO is more than 2 years old)

## **28. Expectations from the FPOs**

The following are the expectations from the FPOs for the development of Agriculture in the state. FPOs can play an important role in augmenting income of the farmers. Besides, the FPOs should have a common business rationale for aggregation and should have a good, feasible participatory value chain analysis based business plan and to steer them towards profitability and sustainability. The following two deliverables should be assured by all FPOs for which Government support is received.

- A minimum turn over of Rs. 50 lakhs over a period of three years. The FPO should be sustainable (function actively for at least 5 years ) and profitable in the long run (Farmer's subscription /Share should double within 3 year period ) and meet the needs of the producers.
- Substantial benefit to all farmer members in terms of input supply, marketing of produce or other services and doubling of farmer's income within the five year period.
- The FPO will take over the responsibility of a group of activities in the value chain of the produce right from input supply, procurement of raw material to delivery of the final product at the ultimate consumer's doorstep. The FPO could undertake a combination of the following activities:
  - Procurement/ production and supply of inputs to all farmer members
  - Disseminating market information
  - Dissemination of Meteorological inputs
  - Dissemination of technology and innovations
  - Facilitating credit / finance for inputs and production activities
  - Facilitating Crop Insurance
  - Aggregation and storage of produce
  - Primary processing like drying, cleaning , grading, Minimal Processing , modified atmospheric packing etc
  - Value addition
  - Brand building, Packaging, Labeling and Standardization
  - Quality control and ensuring traceability
  - Marketing to institutional buyers
  - Involvement in agricultural Export after achieving professional competence

## **29. Outcomes**

The primary outcome will be better price realization and enhancing the income of farmers by increasing production, productivity and profitability of farming. This will lead to assured markets and market-led production and enhancing profitability by better post harvest handling ,processing and use of innovative and modern value addition technologies. This will enable building forward and backward linkages and create an assured market for farmers' produce. Adopting warehousing, cold chains and value addition will lead to higher profits for the farmers. The food processing and value addition industries will receive an assured supply of raw materials which will lead to flourishing food processing industry in the state. The consumers will receive quality produces at reasonable prices. The transparency and business ethics followed by collective agency monitored and supported by Governmental organizations will ensure quality of the produce. It will also contribute to food security of the State.

### **Economic**

- Higher profit and net income to farmers/Producers
- Better bargaining power through aggregation and collectivization
- Increased productivity
- Higher share of consumers price
- Regular supply of Quality inputs
- Possibility to ensure credit and insurance support
- Streamlined supply chain ensured
- Assured supply of raw materials to Value Addition units
- Avoiding exploitation by middle men
- Possibility to ensure better markets
- Higher income through Value Addition and reducing loss of produce

### **Social**

- Participatory farming system and mutual experience sharing
- Empowerment and financial security at grass root level
- Stability in income and living standards
- Nutritional and food security
- Ecologically and environmentally safe practices
- Emergence of farmer entrepreneurs

## **30 . Promoting the FPO Ecosystem in Kerala**

- a) Development of an FPO Portal for registering , supporting and monitoring all Agri based FPO's under one umbrella in Kerala and sharing the Kerala based

success stories .Online reporting of progress of new FPO's being initiated and FPO's being strengthened will be updated by FPO's. FPO's and ABPA's meeting the key result criteria/Milestones will be selected for payment of eligible subsidy. Other FPO's registered and updating through the portal will be given extension and production support and mentoring by the Virtual Cadre of Agricultural Professionals for fostering FPO's in Kerala. FPO's duly updating details in the portal will be considered for space and e-trading terminals in Markets and other infrastructure of Department. They will be also offered eligible subsidies under SFAC and other Department Schemes.

#### Registration of FPOs with Department of Agriculture

All FPOs should be registered with the department of Agriculture for any kind of Assistance from the Government of Kerala in the agriculture sector. An Online format for registration and digital registration Certificate with unique ID code will be developed by SFAC. Online Registration through SFAC website will be arranged for support to new and existing FPO's /FPC's for strengthening.All the existing FPOs registered under Companies Act, Coconut Development Board, or Charitable societies Act should take a registration from the Department of Agriculture which should be displayed in the office of FPO/FPCs. The registration number is a prerequisite for any assistance from the Department of Agriculture.

b) Creation of a Virtual Cadre of Agricultural Professionals for fostering FPO's in Kerala (Agricultural Officers to Deputy Directors) .They are to be trained in national and international institutes to help FPO's in their area in extension , production and marketing related activities.

c) Development of an FPO Academy cum FPO Knowledge Centre in Department of Agricultural Development and Farmer's Welfare

All Information for FPO development in Kerala will be available here as Offline and Online Library. Trainings for FPO functionaries and Department Staff will be organized through SAMETI, RATTCS, RTTC and FTC's and other National and International Resource Institutions.FPO Academy will facilitate knowledge sharing on FPO's by conducting and participate in various programs / seminars / expo's at state level & national level.

FPO Information sharing through Karshika Vivara Sanketham Toll free Number Call Centre Executives will be specially trained to answer queries regarding this.

### 31. Extra Fund Requirement

| Sl No | Item                                                                                                                                                                                                 | Amount Required (Crores) | Remarks |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|---------|
| 1)    | PMU-CA Operational Expenses @1.5 Crores /year for 3 years                                                                                                                                            | 4.5                      |         |
| 2)    | Initial FPO Corpus Fund with Department to support FPOs                                                                                                                                              | 25.00                    |         |
| 3)    | FPO Portal Development and Maintenance                                                                                                                                                               | 10.00                    |         |
| 4)    | Funds for strengthening 50 existing FPO's<br>[ 17 Lakhs per year for FPO & 3laks per year for ABPA, Total 20Lakhs X3 years x 50 FPOs ]                                                               | 30.00                    |         |
| 5)    | Interest Rate Subsidy @ 1 Lakh/FPO for first year @ 3% annum on working capital for 50 new and 50 strengthening FPO's                                                                                | 1.00                     |         |
| 6)    | Assistance of Rs. 2 lakhs in a block per year for 5 years may be provided for preparation and printing of product brochure for each FPO and branding [2 lakhs x152 blocks x 5 years                  | 15.20                    |         |
| 7)    | Assistance of Rs. 1 lakh in a block for 2 years may be provided for participation in buyer seller meet, trade fairs in India and out of Kerala.[ 100 FPOsx 1Lx 2 Years]                              | 2.00                     |         |
| 8)    | In case of participation in trade fairs abroad through the organizations of Ministry of Commerce, the assistance would be Rs. 3 lakh in a block /year for 2 years [3L x 50 FPO/yr or block X 2 Years | 3.00                     |         |
|       | Total Funds                                                                                                                                                                                          | 90.7                     |         |
|       |                                                                                                                                                                                                      |                          |         |

Total of 90.7 Crores will be required from other sources for promotion of FPOs

### **32. Evaluation**

The evaluation of the project will be done based on deliverables. Periodic reviews will be done by State Level Consultative Committee (SLCC) based on PMU Reports and decisions of District Level Monitoring Committee (DLCC) to monitor the process and necessary streamlining and control. FPOs will be graded based on criteria prepared by PMU.

### **33. Dispute Resolution Team**

A Joint Committee comprising of Agricultural Production Commissioner, MD SFAC ,Director of Agriculture and CEO of ABPA will discuss disputes and resolve them amicably in the best interests of the project through consensus. In case they are not able to reach a consensus, then the majority decisions of the Team will be presented in

State Level Consultative Committee (SLCC) for FPOs. The decision of the State Level Consultative Committee (SLCC) for FPOs will be final.

### **34. Conclusion**

For formation of 50 new FPOs in 14 districts funds of Rupees 4063 lakhs will be required for 3 years, starting from 2020-21. ABPA's have to give support , train and give consultancy services for strengthening 50 existing FPC's/FPO's. The expenditure will be met from RKVY Scheme 19-20 Value Chain linked Production & Growth. Cost for 2020-21 is Rs.1899.5 Lakhs ,Cost for 2021-22 is Rs. 1094.5 Lakhs and Cost for 2022-23 is Rs. 1069 Lakhs. In addition to this Rs 90.7 Crores is needed for the operations envisioned in the scheme. Successful implementation of FPO ecosystem in Kerala will ensure growth of farming sector and welfare of farming community and help in regaining the lost glory of the state in Agriculture and allied sectors.



## GOVERNMENT OF KERALA

### Abstract

Agriculture (PPM-Cell) Department –Kerala Farmer Producer Organizations (FPO) Policy, 2020– Sanctioned – Orders issued.

### Agriculture(PPM Cell)Department

G.O.(Rt)No.431/2020/AGRI

Dated,Thiruvananthapuram, 15/05/2020

- Read 1 Minutes of the meeting of the FPO Technical Committee held on 06.02.2019 under the Chairmanship of the Agriculture Production Commissioner
- 2 Letter No. TM (2) 37873/19 dated 18.10.2019 of the Director of Agriculture
- 3 Lr. No. 28011/1/2020-M-II (Pt) dated: 29.02.2020 of Ministry of Agriculture, Coöperation & Farmers Welfare, Government of India.

### ORDER

Farmer Producer Organisations (FPOs) have emerged as one of the most effective concepts enabling farmers to enhance production and productivity through efficient, cost-effective and sustainable resource use and realizing higher returns for their produce, through collective action. Farmer Producer Organisations pursue specific common interests in developing technical and economic activities that benefit their members and in maintaining relations with partners operating in their economic and institutional environment. Farmer Producer Organisations have become essential institutions for the empowerment and advancement of farmers.

Government of India as per letter read (3) above, have approved a Central Sector Scheme on 'Formation and Promotion of Farmer Producer Organizations' for the formation of 10000 new FPOs across the country and to provide adequate hand-holding and professional support to develop economically sustainable FPOs while facilitating adequate market and credit linkage.

Government is of the view that a Farmer Producer Organizations (FPO) policy for the State will help in guiding and streamlining the functions of FPOs in the State and will establish forward & backward linkages for the aggregation of inputs, produce, value chain development and better marketing opportunities resulting in higher returns to farmers.

The Technical Committee chaired by the Agriculture Production Commissioner, in its meeting held on 06.02.2019 entrusted the Managing Director – Small Farmers' Agri Business Consortium (SFAC) to formulate the draft FPO policy. The draft policy modified with the inputs received from the Director, Agricultural Development & Farmers Welfare Department was placed before the 26<sup>th</sup> State Level Sanctioning Committee (SLSC) held on 23.07.2019. The State Level Sanctioning Committee recommended the draft Farmer Producer Organizations (FPO) Policy for consideration by the Government for sanction.

Government after detailed examination of the matter are pleased to approve the Kerala Farmer Producer Organization Policy, 2020 for promoting Farmers Producer Organisations in the state. The FPO Policy is annexed to this Order.

Kerala Farmer Producer Organisations Policy 2020 will remain in operation for three years from the date of this order and the policy period may be extended based on evaluation of the programme. SFAC Kerala will serve as the implementing and monitoring agency of the programme.

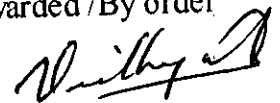
The modalities for implementation of the Kerala Farmer Producer Organisations Policy 2020 at the State and District levels will be detailed in the Operational Guidelines that will be issued by the Director, Department of Agriculture Development and Farmers Welfare.

(By order of the Governor)  
**DEVENDRA KUMAR SINGH IAS**  
**ADDITIONAL CHIEF SECRETARY & APC**

To:

1. The Director, Agriculture Development & farmers Welfare Department, VikasBhawan, Thiruvananthapuram.
2. The Managing Director, Small Farmer's Agri Business Consortium, Thiruvananthapuram.
3. The Mission Director, State Horticulture Mission, Thiruvananthapuram.
4. The Principal Accountant General (A&E), Kerala, Thiruvananthapuram.
5. Information & Public Relation Department.
6. Stock File/Office Copy.

Forwarded /By order



Section Officer

## **KERALA FARMER PRODUCER ORGANISATIONS POLICY, 2020**

### **1. PREAMBLE**

Government of Kerala in its endeavour to ensure the livelihood security of farmers plans to create more opportunities in the agriculture sector. In order to promote the activities in the agriculture and allied sectors the State Government desires to have a favourable environment for FPOs by creating new FPOs and strengthening the existing ones by providing necessary technical and managerial skills along with necessary marketing infrastructure facilities. This will be achieved through the integration of various schemes and programmes of the Government and other agencies involved in the development of agriculture.

The Kerala Farmer Producer Organisations Policy 2020 will set the guideline for the functioning of FPOs in the state and also will ensure income generation of the farmers in the State through the collective efforts of various public-private partnerships.

### **2. DEFINITION**

Farmer Producer Organisation (FPO) is a legal entity which consists of only the practicing farmer. FPOs will be formed by the actual primary producers of a specified commodity/commodities under the Co-operative Societies Act 1965 or as a Farmer Producer Company (FPC) under section 581(C) of the new provision of the Indian Companies Act 1956 amended in 2013 or under Charitable Societies Act. An FPO is regarded as the most appropriate institutional form around which the Government can mobilise farmers for capacity building in production as well as marketing of surplus of sizeable lot. These organisations can be created at cluster, Panchayath, Block, District or State levels depending upon the needs of the producers for economic growth and social benefits.

A minimum of 100 primary producers would be there in a FPO at the beginning and it may gradually be enhanced to 500 - 1000 in 3 years, depending on the commodities.

### **3. VISION**

The economy of Kerala is dependent on agriculture and allied sectors. The state produces a wide range of agricultural commodities from its diverse agro climatic conditions ranging from the plains to the hills. Globalisation resulted in the change of consumer behaviour as well as consumption patterns. Price advantage is another factor that is needed for the success of every enterprise and our products are facing tough competitions in this regard. Regaining the lost glory of the State in the Agriculture and allied sectors is to be achieved through the FPOs. FPOs will be facilitated with new technologies, infrastructure facilities, managerial and administrative skills, access to credit and finance etc. for their better functioning which in turn will increase the income of the farmers.

### **4. MISSION**

Kerala will be positioned as a hub for agri processing and investment destination for food processing sectors. The FPOs will be linked with the Agro Parks and Food parks established in the state. FPOs will have the mandate for production, aggregation, storage, processing and marketing of the agricultural produce. The resources of the agriculture and allied sectors will be utilised to achieve this goal.

### **5. OBJECTIVE**

1. To mobilise the farmers in groups at Panchayat level and federate them at appropriate levels.
2. Support and encouragement for the formation of FPOs for the mutual benefit of farmers as well as the industry. This will ensure enhanced production and productivity and higher unit value realisation for the farmers

along with the assured supply of quality raw materials in a cost effective manner to the industry. Thus a better forward and backward linkage can be established between farmers and industry benefiting both.

3. Plan and implement crop/product specific clusters/cropping system based enterprises.
4. FPOs will act as an aggregator and can use the collective strength in planning and bargaining for production, procurement of inputs and marketing of the produce. This will also add quality and value to the produce.
5. Maximising direct and indirect employment generation through the establishment of marketing outlets, creation of necessary infrastructure facilities for grading, sorting, warehousing, cold storage, transportation etc.
6. To attract youth to agriculture and agricultural entrepreneurship.

## **6. SCOPE AND COVERAGE**

The policy will cover the whole state of Kerala. It will provide direction, incentives and exemptions over and above the FPO policy of the Government of India and any other policy of the state.

## **7. POLICY PERIOD**

Kerala Farmer Producer Organisations Policy 2020 will remain in operation for three years from the date of its notification. Policy period may be extended based on evaluation of the scheme.

## **8. FRAMEWORK**

### **a. Registration of FPOs**

1. FPOs can be registered under Companies Act, Co-operative Societies Act or under Charitable Societies Act.
2. The existing FPOs registered under the CDB and NABARD will also be covered under this policy.

3. New FPOs registered initially under Charitable Societies Act could be later converted under Co-Operative Societies Act / Companies Act depending on their performance and compliance of stipulated requirements if any, for availing financial assistance under GoI.
4. New FPOs will be registered with the participation of the members of the existing groups like Padasekhara Samithies, producers of Graded Clusters under Vegetable Development Programmes, ATMA Groups, Pepper Samithies etc.
5. Coconut Producer Societies registered with Coconut Development Board already come under the purview of FPOs facilitated by NABARD. Kera Samithies under Kera gramam also will be considered for registration under new FPO.
6. The farmers in the fruit villages/flower villages/millet villages in Wayanad, Malappuram, Idukki and Palakkad Districts will also be considered for registration as FPO. Major crop growing areas of cashew, cocoa, medicinal plants etc. under Area Expansion Schemes of State Horticultural Mission will also be considered. Produce like honey may also be considered.
7. Block Level Federated Organisations (BLFOs) under Vegetable Development Programme, Ecoshops and Apex Bodies of Ecoshops /Clusters under Jeevani Project of the Agriculture Department will also be considered for registration under new FPOs.
8. All FPOs should also register under the Department of Agriculture. SFAC will issue a Unique Registration Number to these FPOs. This will be a pre-requisite for availing assistance from the Department.

**b. Geographical Area of the FPO**

All the new FPOs will be clustered primarily on Block basis or business level and wherever situation necessitates it will be formed at District or State basis. This is due to the following reasons:

1. FPOs should be able to link their activities with business rationale for aggregation.
2. A strong hand holding and synergy of efforts will facilitate the development of FPOs in the preparation of business plan and its implementation.

**c. Financial Schemes for FPOs**

1. RKVY project on the formation of 50 new FPOs
2. Value Addition schemes of SFAC, Government of Kerala
3. Schemes of Department of Agriculture Development and Farmers Welfare, Micro Small and Medium Enterprises Department (MSME), PMEGP, Ministry of Food Processing industries (MoFPI) etc. under GoI
4. Equity Grant and other support as per the Central Sector Scheme on "Formation and Promotion of Farmer Producer Organizations" by the Department of Agriculture, Co-operation & Farmers Welfare (Agriculture Marketing Division), Government of India.
5. NABARD / NABKISAN Finance Limited.
6. ATMA Schemes for assistance to FIGs extended to FPOs for convergence.

**d. Enabling System for FPOs**

1. FPOs will enjoy all the benefits and facilities that are extended by the Government of Kerala to Co-operatives/Self Help Groups/Federations/Corporations from time to time.
2. State Government will support FPOs by making provisions for easy issue of registration to FPOs to trade inputs like seed, fertilizer, farm machinery, pesticides etc. for the use of their members as well as routing the supply of agricultural inputs through FPOs at par with co-operatives.

3. A Single Window Clearance system by the Department of Agriculture for the FPOs for the issue of licences for trade in inputs, production, processing and distribution of seeds and saplings.
4. FPOs will be allowed for direct sale of farm produce at the aggregation centre / pack houses through FPO owned procurement, sorting and grading centres and marketing centres.
5. Financial inclusion for the activities including working capital, infrastructure development etc. through co-operative banks, commercial banks, NABARD etc.

**e. Training Programme of CEOs**

1. CEOs and Executive Member of FPOs will be provided training at various training institutions, Incubation Centres, KAU, KVKs, SAMETIs etc. on different managerial aspects of production, procurement, processing, value addition, administration, finance and marketing. There are other training facilities available which are the following :

- NABARD Program
- NCDC Program
- ICRISAT Program
- Institute of Rural Management Anand (IRMA)
- MANAGE, Hyderabad
- RSETIs

**f. Training of Farmers of FPOs**

1. Training and exposure visits will be provided to the select individual farmers in each FPO based on the lead farmer concept by agri-business promoting Agencies.
2. Leadership training shall also be imparted to the FPO members especially young farmers, so that they will be capacitated and encouraged to hold the leadership of the FPOs.

**g. Services to be rendered by the FPOs**

1. FPOs will provide end to end services to its members covering all aspects of cultivation viz: production, finance, input supply, technology, procurement, grading, minimal processing, packaging etc. Based on the emerging needs FPOs can add new services for FPOs to ensure best interest of the farmer, with the approval of the Department of Agriculture.

**h. Appointment of Nodal Agency**

The national policy on FPOs suggests that the Government can appoint a Resource Institution for the promotion of FPOs. Accordingly SFAC, Kerala under the Department of Agriculture Development and Farmers Welfare will be the co-ordinating agency for hand holding of FPOs for the State of Kerala. They would also co-ordinate with all other stakeholders.

**i. Financial Support from Government of Kerala**

1. Corpus Fund: A FPO Fund with an initial corpus of Rs. 25.00 Crore shall be setup with Department of Agriculture and Farmer's Empowerment to support FPOs. The maximum timeline for promotion of FPO will be 3 years.
2. Investment Promotion Subsidy: FPOs will be eligible for all the existing investment promotion subsidy of the Government of Kerala either through RKVY or SFAC scheme.
3. Interest Subsidy: Interest subsidy of 3% per annum on working capital will be provided to FPOs for a period of 6 months. The total amount of subsidy in a year would be limited to Rs. 1.00 lakh per year. This interest subsidy is payable to financial institutions like NABARD and Banks on behalf of the FPOs only if the FPOs have not defaulted in payment of either principal or interest instalments and fall into category 'A' and 'B' as per NABARD guidelines. The amount of

interest subsidy will be effective rate of interest (after deducting interest subsidy receivable by any institution/s under any Government of India or Government of Kerala scheme).

4. Equity Grant and Credit Guarantee Funds: The successful FPOs will be eligible for Equity Grant and Credit Guarantee Fund Schemes of Government of India.
5. Assistance of Rs. 2.00 lakhs in a block year of 5 years may be provided for preparation and printing of product brochure for each FPO and branding.
6. Assistance of Rs. 1.00 lakh in a block year of 2 years may be provided for participation in buyer seller meet, trade fairs in India and out of Kerala. (For A and B category of FPO). In case of participation in trade fairs abroad through the organisations of Ministry of Commerce, the assistance would be Rs. 3.00 lakh in a block year of 2 years. (Only for A category of FPO).
7. In case of FPOs registered under Co-Operative Societies / Charitable Societies Act, they will be graded by SFAC, by an Expert Group on transparent criteria; and interest subvention and assistance on buyer-seller meet or participation in trade fairs will be provided directly by SFAC to the eligible FPOs / lending banks.

**j. Institutional support by Government of Kerala**

1. State Government will establish an information support system for FPOs by the SFAC, Kerala under the Department of Agriculture.
2. The support includes website management for providing information to FPOs. The information system shall maintain a database on FPOs and will have information on the activities undertaken by the FPOs in the state.
3. SFAC will select Consultants who can help in preparing business plan and bankable projects for FPOs for the preparation of training

modules and provide other technical support to FPOs. Expression of Interest will be called for, to select the Consultants/Agri-business Promoting Agencies.

4. FPOs should be able to utilise the facilities of the incubation centres established in various organisations including KAU, KVKs, ICAR institutions like CTCRI, CPCRI and NIIST utilising the State funds.

## 9. Review and Monitoring

### a. State Level Consultative Committee (SLCC) for FPOs:

- i. SLCC will be formed for providing necessary guidance. The SLCC shall be responsible for bringing innovation and review of the activities including business plan of FPOs and suggest ideas for development. The SLCC will be convened by SFAC, Kerala once in six months.
- ii. SLCC will be chaired by the Agricultural Production Commissioner and the members include the Secretary(Agri), Directors of Agriculture, Animal Husbandry, Dairy and Fisheries Departments, Registrar of Co-operatives, Registrar of Companies, Representative of SFAC, Representative of NCDC, Managing Director, SFAC Kerala, NABARD Representative, Convenor SLBC, Associate Director of Research (Agri-Engi) KAU, Chairman/Secretary, State Agricultural Prices Board, Director PPM Cell, Mission Director SHM and Director SAMETI. Convenor of the SLCC will be the MD, SFAC Kerala.
- iii. The committee shall perform the functions of;
  - a. Approval of Agri-business Promoting Agencies, Consultants and PMUs.
  - b. Monitor the performance of FPOs through periodic reviews.
  - c. Revisit the policy document and suggest modifications from time to time.

- d. Any other function that the committee may wish to perform for the growth of FPOs in the state.

**b. District Level Monitoring Committee (DLMC) for FPOs:**

- i. DLMC will be formed for monitoring of the schemes at the District / Cluster level with effective co-ordination among the stakeholders. The DLMC will be convened once in 3 months.
- ii. DLMC will be chaired by the District Collector. The members shall include District level Officers of the line Departments (Agriculture, Animal Husbandry, Fisheries, Co-operation), DDM (NABARD), Lead District Manager, Expert from KVK, Project Director (ATMA) and 3 members from Local Producers Organizations. Chairman may co-opt additional members as per requirement. Project Director (ATMA) shall be the Convenor of the Committee.

**10. Modalities for Implementation**

The modalities for implementation of the FPO policy at the State and District levels will be governed by this policy and subsequent operational guidelines issued if any by the Director, Department of Agriculture Development and Farmers Welfare.