

**ODISHA FARMER PRODUCER
ORGANISATIONS (FPOs)
POLICY, 2018
(Draft)**



**DEPARTMENT OF AGRICULTURE
AND FARMERS' EMPOWERMENT
GOVERNMENT OF ODISHA**

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ODISHA FARMER PRODUCER ORGANISATIONS POLICY, 2018 (DRAFT)

1. Preamble

The Government of Odisha plans to create a conducive environment for FPOs by integrating and promoting the activities involved in the field of Agriculture and allied sector, Food Processing, Agri-Business, Warehousing and Logistics sectors through focused attention, global technologies and necessary infrastructure facilities.

Collectivisation of producers, especially small and marginal farmers, into producer organisations has emerged as one of the most effective pathways to address the many challenges of agriculture but most importantly it will lead to improved access to investments, technology, inputs and markets.

This FPO policy shall be a harbinger of change and will act as a catalyst in the income and economic growth of farmers of Odisha across the State resulting in higher scale employment generation in rural areas through people, public and private partnerships.

2. Definition

A Farmer Producer Organization (FPO) is typically a society/company consisting of only practicing farmers who are also actual producers of a specified commodity/ commodities, and is formed under the Cooperative Societies Act, 1962 or as a

Farmers Producer Company (FPC) under Section 581 (C) of the Indian Companies Act, 1956, as amended in 2013. FPOs have generally been recognised as the most appropriate institutional form around which Government can mobilise farmers and build their capacity to collectively leverage their production and marketing strength. These organizations are created at the cluster, block, district or State level depending upon the needs of the producers considering the demand potential to adopt value chain approach to enhance farmers'/producers' economic and social benefits.

3. Vision

To position Odisha in a sustained growth path and generating higher returns to farming communities by establishment of FPOs in the sector of Agriculture, Horticulture, Fisheries, Dairy, and Animal Husbandry. These Producer Organizations would be facilitated with new technology, infrastructure, knowledge, IT applications, market intelligence & linkage and credit and finance arrangements so that they can ensure availability of end to end services to their members.

4. Mission

To make Odisha the most sought-after investment destination for agribusiness and food processing sectors with focussed attention and handholding support to FPOs in production, aggregation, storage, processing, distribution and marketing of agriculture and allied sector resources for sustainable development thereby generating large scale employment in rural and semi urban areas.

5. Objective

The policy aims to achieve the following objectives:-

- a. The FPOs will successfully deal with challenges and constraints that confront farmers by leveraging collective strength and bargaining power to access financial and non-financial inputs, services and appropriate technologies, reduce transaction costs, tap high value markets and enter into partnerships with private entities on more equitable terms.
- b. The FPOs will offer forms of aggregation and investments in irrigation, storage, processing etc. leaving land titles with individual producers and will use the strength of collective planning and bargaining for production, procurement and marketing, so that considerable value is added to the members' produce.
- c. The Policy envisages the support and encouragement to the formation of FPOs for the mutual benefit of farmers as well as industry. This will ensure improvement of production, productivity, direct linkages, and higher unit value realisation for the farmers and easy and cost effective access to specific quantum and quality of raw material required by the industry.
- d. The Policy aims at maximizing direct and indirect employment generation through establishment of marketing outlets, creating necessary supply chain like

sorting and grading yards, transportation, warehouses and cold storages.

6.Scope and Coverage

The Policy shall provide direction, incentives and exemptions over and above the FPO Policy of Government of India and any other existing Policy in the State.

7. Policy Period

The Odisha FPOs Policy, 2018 will remain in operation from the date of its notification until substituted by another Policy.

8.Framework

8.1 Registration of FPOs

8.1.1 The membership of FPOs will be restricted to real Primary Producers.

8.1.2 A FPO must be a member-owned registered body, administered professionally and the organisation must be focused on activities in the agriculture and allied sectors and its related activities.

8.1.3 The formation and development of FPOs will be actively encouraged and supported by the State Government and its agencies, using financial resources from various Central and State-funded schemes. This goal will be achieved by creating a coalition of partners by the concerned promoter body, involving civil society institutions, research

organisations, consultants, private sector players and any other entity which can contribute to the development of strong and viable producer-owned FPOs.

8.2 Schemes for FPOs

8.2.1 The primary objective of mobilising farmers into member-owned Producer Organisations (FPOs) is to enhance production, productivity and profitability of agriculturists, especially small & marginal farmers in the State. The participant farmers will be given the necessary support to identify the primary producers through base line survey, arrive at a common plan and intent to come together, identify the activities appropriate and relevant to their context, register themselves under the Cooperative Societies Act, 1962 or as a Producer Company under Section 581 (C) of the Indian Companies Act, 1956, as amended in 2013, prepare business plan, establish office and undertake the activities indicated in their Memorandum of Association (MoA) and Articles of Association (AoA).

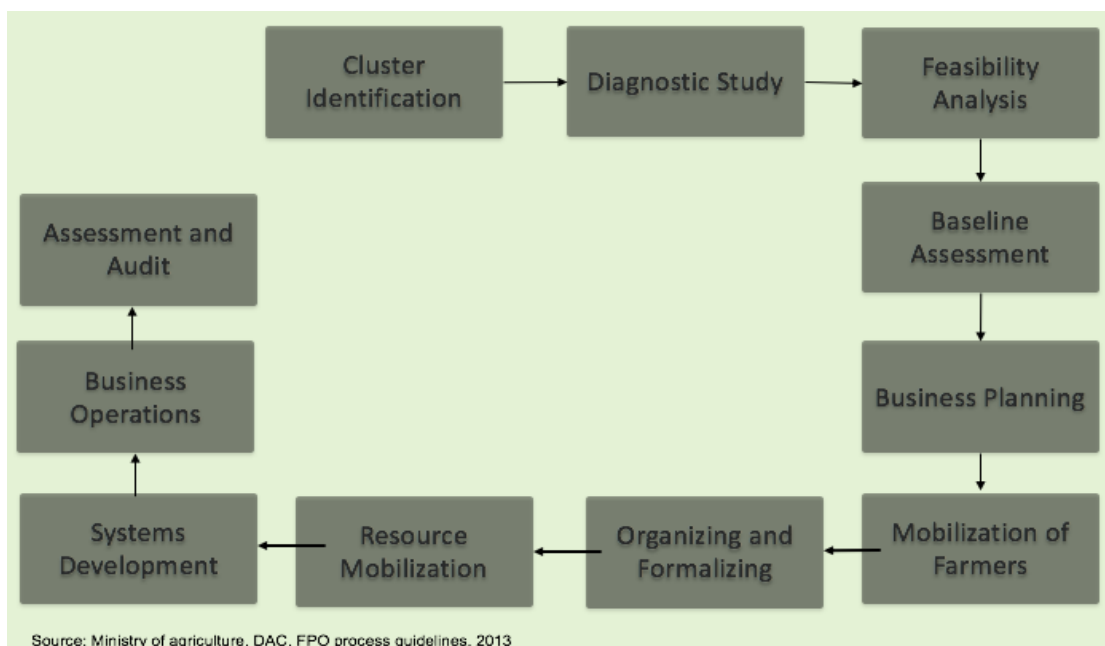
8.2.2 The Government will take proactive steps to mobilise farmers into Producers Groups starting with smaller groups at the village level which will be known as Farmer Interest Groups (FIGs). The Farmers Clubs promoted by NABARD, Producers Groups promoted under the Odisha Livelihood Mission & Directorate of Horticulture will also be eligible for financial and capacity building assistance for limited purpose of implementation of product-specific cluster/

commercial crop cycles provided they are recognised by the respective Departments and Agencies implementing the special schemes and programmes.

8.2.3 For ensuring access to and usage of quality inputs and services for intensive agriculture production and enhancing competitiveness, alternative choices to farmers in the form of FPOs will be encouraged and FPOs will be provided all facilities by the Government.

8.2.4 For facilitating access to fair and remunerative markets including linking of producer groups to marketing opportunities through market aggregators, storage, processing and distribution, FPOs will be given priority and will be treated at par with cooperatives and corporations.

The Process Guideline to form an FPO will be as follows:-



8.3 Enabling Ecosystem for FPOs

- 8.3.1 The Government of Odisha recognises FPOs at par with cooperatives/self-help groups/ federations/ Corporations for all benefits and facilities that are extended to member-owned institutions from time to time.
- 8.3.2 The State Government will support FPOs by making provisions for easy issue of licenses to FPOs to trade in inputs like seed, fertilizer, farm machinery, pesticides etc. for use of their members as well as routing the supply of agricultural inputs through FPOs at par with cooperatives.
- 8.3.3 The Single Window Clearance System by Department of Agriculture and Farmers' empowerment shall be made applicable to FPOs for issue of licenses for trade in inputs, production, processing, distribution of seeds and saplings.
- 8.3.4 Land will be made available to FPOs at a concessional rate or free for establishment of exclusive storage, sorting, grading yards and processing plants.
- 8.3.5 The FPOs will be supported by using them as producers of certified seeds, saplings and other planting materials and production and marketing subsidies will be extended at par with cooperatives and corporations.
- 8.3.6 The FPOs will be allowed for direct sale of farm produce at the farm gate through FPO owned procurement and marketing centres.
- 8.3.7 The financial nearness to farmers will be assured by linking FPOs to financial institutions like Cooperative

Banks, Regional Rural Banks, Commercial Banks and other Financial Institutions etc., for developing working capital, storage and processing infrastructure and other investments.

8.3.8 Academic Interventions: In order to build a culture of professionalism in the FPOs, the Government shall advise the OUAT, Universities and Private Universities to introduce courses on FPOs education in their syllabus of Rural Management or Agri- Business Management.

8.3.9 The Universities shall be eligible for a one-time grant towards capital items up to a maximum of Rs. 50 lakhs to set up professional course on FPOs.

8.3.10 The Government will encourage students to pursue course on FPOs and their fees to the extent of Rs.10000/- per year will be reimbursed by the Government.

8.3.11 Training Programme of CEOs: Bankers Institute of Rural Development, an autonomous institute promoted by NABARD, has developed training module of 03 months for the CEOs of FPOs. The Government will encourage institutions to provide training on such modules and the course fee to the extent of the 50% will be reimbursed on satisfactory completion of the course.

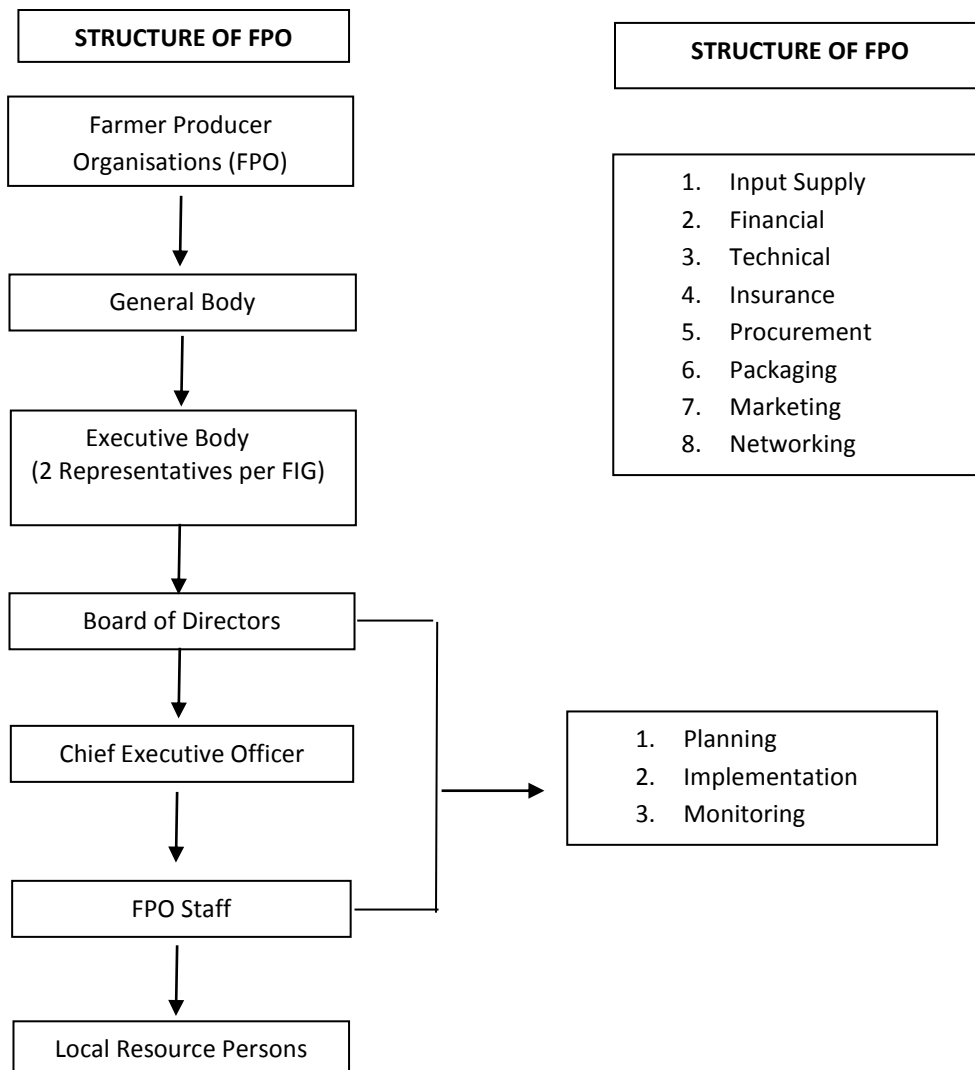
8.3.12 Training of Farmers: Exposure visits would be provided to men and women from project villages/farm practising modern farming techniques. Fund creation to provide training, capacity building and technology adoption by the FPOs in order to ensure scaling up and sustainability will also be done. Steps will be taken to train members and leaders of

FPOs to nurture FIGs and mediate vis-à-vis external resource institutions.

8.4 Services to be rendered by the FPOs

FPOs will provide end-to end services to its members, covering all aspects of cultivation i.e., financial, input supply, technology transfer, procurement and packaging, marketing, insurance and networking services. Based on the emerging needs, the FPOs can add new services with approval of the Government to ensure best interest of the farmer.

FPO service model may be graphically described as follows:-



8.5 Appointment of Nodal Agency

- 8.5.1. The National Policy on FPOs suggests that the Government can appoint a Resource Institution for the promotion of FPOs. Accordingly Director of Horticulture will be the coordinating RI for the State of Odisha. Concerned line Directorates will be the RI for the FPOs in their relevant fields.
- 8.5.2. Each relevant line department (For ex. Agriculture, Horticulture, Fisheries, Animal Husbandry etc.) will have their own RI & PMU at Directorate level. These RIs will be responsible for setting up PMUs in the Directorate, identification of Producer Organisation Promoting Institutions (POPIs), identification of potential of each GP, Diagnostic Study in selected area, Feasibility Study, Baseline Assessment, development of Business and Development Plan of each FPO.
- 8.5.3. All RIs would be expected to submit required reports to the coordinating RI when required.
- 8.5.4. Separate Operational Guidelines for promotion, registration, financial & institutional support & monitoring of FPO will be issued in consonance with the FPO policy.

8.6 Financial Support by Government of Odisha

- 8.6.1 **Corpus Fund:** A FPO Fund with an initial corpus of Rs. 100.00 Crore per year shall be setup with Department of Agriculture and Farmers' Empowerment to support FPOs, RIs, POPIs and PMU in all sectors. The maximum timeline for promotion of FPO will be 7 years.

8.6.2 Investment Promotion Subsidy: FPOs will be eligible for all the existing investment promotion subsidy of the Government of Odisha. Further, FPOs will be eligible for Investment promotion subsidy @ 50% of the value of fixed assets (VFA) for purposes not specified and if relevant for development of FPOs.

8.6.3 Exemption from Stamp Duty: Stamp duty to be paid in respect of (i) loan agreements, credit deeds, mortgage and hypothecation deeds executed for availing loans shall be waived and (ii) for lease deeds, lease-cum-sale and absolute sale deeds executed in respect of purchase of plots, sheds, godown shall be exempted @100% if used for the office, retail/ wholesale outlets, godown, processing, sorting and grading yard or similar purpose by FPOs.

8.6.4 Concessional Registration Charges: For all loan documents, lease deeds and sale deeds entered into by FPOs, the registration charges shall be at a concessional rate @ Rs.0.50 per Rs.1000 irrespective of size of FPOs. The exemption of stamp duty and concessional registration charges shall also be applicable to lands purchased and also for converted lands proposed to be used by FPOs for the specified purpose of setting of office, godown, and processing, sorting, grading and similar activities.

8.6.5 Interest Subsidy: Interest subsidy of 6% per annum on term loans will be provided to FPOs for a period of 7 years. This interest subsidy is payable to financial institutions like NABARD, SIDBI etc. on behalf of the FPOs only if the FPOs has not defaulted in payment of either principal or interest

instalments. 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 Odisha scheme).

8.6.6 Equity Grant and Credit Guarantee Funds:

The successful FPOs will be eligible for Equity Grant and Credit Guarantee Fund Schemes of Govt. of India.

8.7 Institutional Support by Government of Odisha

8.7.1 The Government of Odisha will establish an Information and Support Centre for FPOs at the Directorate of Horticulture under Department of Agriculture and Farmers' Empowerment in association with other Departments.

8.7.2 This support shall include website management containing information relevant for FPOs. The Information Centre shall maintain databases on FPOs and will have information on the activities undertaken by the FPOs in the State of Odisha. NABARD and respective line departments shall take a proactive approach of sending brochures/white papers/publications to the target FPOs in order to educate them with relevant information.

8.7.3 The PMUs at different Directorates will empanel consultants who can prepare Business Plan for FPOs, bankable project reports, training modules, MIS

development, website design and other technical support to FPOs.

8.7.4 Apex level institutions like National Bank for Agriculture and Rural Development (NABARD), Odisha University of Agriculture and Technology (OUAT) and other accredited institutions shall be pooled to the fold of the Information & Support Centre.

8.8 Review and Monitoring of RIs & POPIs

- (i) **State Level Consultative Committee (SLCC) for FPOs:** To foster growth and higher employment generation a State Level Consultative Committee will be set up. The Committee shall be responsible to bring innovation, review the progress of formation of FPOs & their Business Plan, suggest and guide the Departments with inputs from NABARD. The SLSC meeting would be convened by Directorate of Horticulture once in every quarter.
- (ii) The SLCC will be chaired by the Principal Secretary, Departments of Agriculture and Farmers' Empowerment & shall have representatives from the Department of Fisheries and Animal Resources Development, Cooperation, OLM, ORMAS, APICOL, NABARD, OUAT, a few progressive FPOs & NGOs and Convener, SLBC.

- (iii) The committee shall perform the functions of :-
- A.** Approval of empanelled POPIs, Consultants and PMUs
 - B.** Monitor performance through periodic review
 - C.** Revisit the Policy document and suggest modifications from time-to-time.
 - D.** Any other function that Committee may wish to perform for growth of FPOs in the state.
- (iv) The modalities of implementation at Directorate and District level will be mentioned in detail in the Operational Guideline.