



## 10,000 FPOs Achieved under Government's Flagship Scheme

### A Step Towards Atmnirbhar Krishi

(Ministry of Agriculture and Farmer's Welfare)

1<sup>st</sup> March, 2025

#### Introduction

The Central Sector Scheme for “**Formation and Promotion of 10,000 Farmer Producer Organizations (FPOs)**” was launched by Prime Minister Shri Narendra Modi on 29th February, 2020. The scheme was launched with a budget outlay of **₹6,865 Crore** till 2027-28. Since the launch of the scheme, **₹254.4 Crore** in equity grants has been released to **4,761 FPOs** and credit guarantee cover worth **₹453 Cr.** has been issued to **1,900 FPOs**.<sup>1</sup>



2

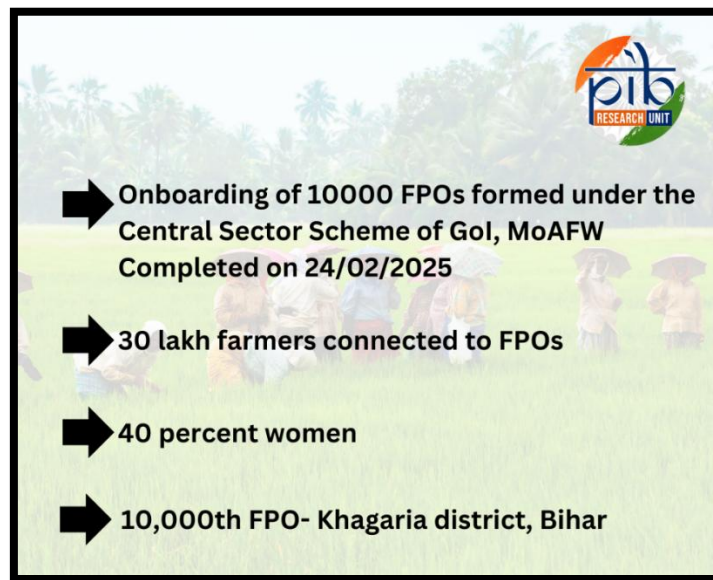
Recently, on the occasion of the release of the 19<sup>th</sup> instalment of PM-KISAN in Bhagalpur, Bihar, Prime Minister Shri Narendra Modi launched the **10,000<sup>th</sup> FPO**. The 10,000<sup>th</sup> FPO has been registered in Khagaria district and focuses on **maize, banana, and paddy**. FPOs are not just organizations but an unprecedented force to increase farmers' income and provide small farmers with direct access to significant market benefits, bargaining power and improving market access. Approximately **30 lakh**

<sup>1</sup> <https://pib.gov.in/PressReleasePage.aspx?PRID=2105462>

<sup>2</sup> <https://x.com/mygovindia/status/1894021468473774517/photo/1>

**farmers** in the country are connected to FPOs, with around **40 percent of them being women**. These FPOs are now conducting business worth thousands of crores in the agricultural sector.<sup>3</sup>

Under this scheme, there is a provision for handholding support for a period of five years to each new FPO formed, and financial assistance to the tune of **Rs.18 lakhs to each FPO** under the scheme towards management cost for 3 years. Additionally, matching equity grant upto Rs. 2,000 per farmer member of FPO with a limit of Rs. 15.00 lakh per FPO and a credit guarantee facility upto Rs. 2 crore of project loan per FPO from eligible lending institutions to ensure institutional credit accessibility to FPOs<sup>4</sup>



## What are FPOs?

Farmer Producer Organisation (FPO) is a generic name, which refers to farmer- producers' organization incorporated/ registered either under Part IXA of Companies Act or under Co-operative Societies Act of the concerned States and formed for the purpose of leveraging collectives through economies of scale in production and marketing of agricultural and allied sector.

The concept behind Farmer Producer Organizations is that farmers, who are the producers of agricultural products, can form groups. To facilitate this process, the Small Farmers' Agribusiness Consortium (SFAC) was mandated by Department of Agriculture and Cooperation, Ministry of Agriculture, Govt. of India, to support the State Governments in the formation of Farmer Producer Organizations (FPOs).<sup>5</sup>

The "Formation and Promotion of 10,000 Farmer Producer Organizations (FPOs)" scheme was launched with the main focus on leveraging economies of scale in production and marketing with a view to enhance productivity through efficient, cost effective and sustainable resource use for ensuring

<sup>3</sup> <https://pib.gov.in/PressReleaseSelfframePage.aspx?PRID=2105822>

<sup>4</sup> <https://sansad.in/getFile/loksabhaquestions/annex/177/AU1443.pdf?source=pqals>

<sup>5</sup> <https://pib.gov.in/FactsheetDetails.aspx?Id=148588&reg=3&lang=1>

sustainable income-oriented farming, thus helping in reduction of cost of farm production and increase in farmers' income.<sup>6</sup>

### Need for FPOs

- Small, marginal and landless farmers face tremendous challenges during agriculture production phase such as for access to technology, quality seed, fertilizers and pesticides including requisite finances.
- They also face tremendous challenges in marketing their produce due to lack of economic strength.
- FPOs help in collectivization of such small, marginal and landless farmers in order to give them the collective strength to deal with such issues. Members of the FPO will manage their activities together in the organization to get better access to technology, input, finance and market for faster enhancement of their income.<sup>7</sup>

### OBJECTIVES

- i. To provide holistic and broad-based supportive ecosystem to form 10000 new FPOs to facilitate development of vibrant and sustainable income-oriented farming and for overall socio-economic development and wellbeing of agrarian communities.
- ii. To enhance productivity through efficient, cost-effective and sustainable resource use and realize higher returns through better liquidity and market linkages for their produce and become sustainable through collective action.
- iii. To provide handholding and support to new FPOs up to five years from the year of its creation in all aspects of management of FPO, inputs, production, processing and value addition, market linkages, credit linkages and use of technology etc.
- iv. To provide effective capacity building to FPOs to develop agriculture entrepreneurship skills to become economically viable and self-sustaining beyond the period of support from the government.<sup>8</sup>

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<sup>6</sup> <https://sansad.in/getFile/loksabhaquestions/annex/176/AU3505.pdf?source=pqals>

<sup>7</sup> <https://pib.gov.in/FactsheetDetails.aspx?Id=148588&reg=3&lang=1>

<sup>8</sup> <https://pib.gov.in/FactsheetDetails.aspx?Id=148588&reg=3&lang=1>

## OVERVIEW OF SCHEME

- Priority will be given for formation of FPOs in aspirational districts in the country with at least one FPO in each block of aspirational districts
- FPOs will be promoted under "One District One Product" cluster to promote specialization and better processing, marketing, branding & export by FPOs
- There will be a provision of Equity Grant for strengthening equity base of FPOs
- Credit Guarantee Fund of up to Rs. 1,000.00 crore in NABARD (DAC&FW and NABARD) and Credit Guarantee Fund of Rs. 500.00 crore in NCDC (DAC&FW and NCDC)
- States/UTs will be allowed to avail loan at prescribed concessional rate of interest under Agri-Market Infrastructure Fund (AMIF)
- Adequate training and handholding will be provided to FPO

## ADVANTAGES

Movement up the value chain and graduation into primary and secondary processing will be possible as minimum scale economies are reaped

Access to institutional credit against stock, without collateral by virtue of joint liability implicit in the FPO framework

Access to modern technology, extension services and joint training on Good Agricultural Practices (GAP) and ensuring traceability of agriculture produce

Greater bargaining power to farmers and greater quality orientation in production and processing activities

Adverse price fluctuations and distress sale can be managed or avoided

Ease in communication for dissemination of information about prices and volumes in different locations and other farming-related advisories

Aggregation of produce and bulk transport reduce marketing cost, therefore, enhancing the net value accruals to the producer

Building scale through aggregation of commodities lends advantage of economies of scale and attracts traders, processors, and retailers to the farm gate

Post-harvest losses can be minimised through joint storage and value addition facilities

Cost of production or cultivation may be reduced by procuring all necessary inputs in bulk at wholesale rates, as well as use of custom hiring services of farm equipment

910

## Convergence of Ministries for FPOs in India-

1. **Ministry of Agriculture & Farmers Welfare:** Supports FPOs in getting seed, pesticides and fertilizer licenses, and helps in providing dealership through Agri Input companies. With this assistance, FPOs are able to work as dealers/distributors and generate income. The Ministry also supports FPOs by linking them to Institutional buyers and through ecommerce platforms like ONDC, e-NAM etc.<sup>11</sup>
2. **Ministry of Food Processing:** Support for FPOs through financial outlays, such as providing credit-linked capital subsidy @ 35% of the eligible project cost, 50% financial grant for branding and marketing.<sup>12</sup>
3. **Ministry of Micro & Small Enterprises:** Special provisions for FPOs such as access to funds in the form of FPO management cost, equity grant and credit guarantee facility apart from capacity building trainings, market and credit linkages.<sup>13</sup>

<sup>9</sup> <https://pib.gov.in/PressReleasePage.aspx?PRID=1603629>

<sup>10</sup> <https://www.nabard.org/auth/writereaddata/careernotices/2708183505Paper%20on%20FPOs%20-%20Status%20&%20%20Issues.pdf>

<sup>11</sup> [https://sansad.in/getFile/loksabhaquestions/annex/183/AU2975\\_gCf9k8.pdf?source=pqals](https://sansad.in/getFile/loksabhaquestions/annex/183/AU2975_gCf9k8.pdf?source=pqals)

<sup>12</sup> <https://pmfme.mofpi.gov.in/pmfme/#/Home-Page>

<sup>13</sup> [https://sansad.in/getFile/loksabhaquestions/annex/183/AU2975\\_gCf9k8.pdf?source=pqals](https://sansad.in/getFile/loksabhaquestions/annex/183/AU2975_gCf9k8.pdf?source=pqals)

4. **Ministry of Fisheries, Animal Husbandry, and Dairying:** Benefits and schemes tailored to FPOs, such as "Supporting Dairy Cooperatives and Farmer Producer organizations engaged in dairy activities" with a total allocation of Rs. 500 Cr during 2021-22 to 2025-26.<sup>14</sup> Additionally, forming and promoting 100 Fodder Plus FPOs through NDDB (National Dairy Development Board).<sup>15</sup>
5. **APEDA (Agricultural & Processed Food Products Export Development Authority):** APEDA provides assistance to APEDA registered FPOs for export and MSME under its scheme of Fund for Regeneration of Traditional Industries (SFURTI), which provides assistance for setting up enterprises.<sup>16</sup>
6. **Spices Board:** The Sustainability in Spice Sector through Progressive, Innovative and Collaborative Interventions for Export Development (SPICED) scheme is designed to expand area and improve productivity of Cardamom (small & large). It also aimed at generating an exportable surplus of quality spices through post-harvest improvement, export promotion of spices, increasing the share of value-added spices in the export basket, evaluating compliance of export consignments with applicable standards of quality and safety, capacity building & skill development of stakeholders etc.<sup>17</sup>



18

<sup>14</sup> <https://dahd.gov.in/sites/default/files/2023-07/SdcfpoAA2023-24English.pdf>

<sup>15</sup> [https://sansad.in/getFile/loksabhaquestions/annex/183/AU2459\\_0QWK0D.pdf?source=pqals](https://sansad.in/getFile/loksabhaquestions/annex/183/AU2459_0QWK0D.pdf?source=pqals)

<sup>16</sup> [https://agriwelfare.gov.in/Documents/HomeWhatsNew/National\\_policy\\_onFPOs\\_18Jun2024.pdf](https://agriwelfare.gov.in/Documents/HomeWhatsNew/National_policy_onFPOs_18Jun2024.pdf)

<sup>17</sup> <https://www.indianspices.com/sites/default/files/Guidelines%20for%20implementation%20of%20SPICED%20Scheme-signed.pdf>

<sup>18</sup> <https://sansad.in/getFile/loksabhaquestions/annex/176/AU3505.pdf?source=pqals>

## Services and Activities undertaken by FPOs

The FPOs provide and undertake following relevant major services and activities for their development:

1. Supply quality production inputs like seed, fertilizer, pesticides and such other inputs at reasonably lower wholesale rates
2. Make available need-based production and post-production machinery and equipment like cultivator, tiller, sprinkler set, combine harvester and such other machinery and equipment on custom hiring basis for members to reduce the per 2 unit production cost
3. Make available value addition like cleaning, assaying, sorting, grading, packing and also farm level processing facilities at user charge basis on reasonably cheaper rate. Storage and transportation facilities may also be made available
4. Undertake higher income generating activities like seed production, bee keeping, mushroom cultivation etc
5. Undertake aggregation of smaller lots of farmer-members' produce; add value to make them more marketable
6. Facilitate market information about the produce for judicious decision in production and marketing
7. Facilitate logistics services such as storage, transportation, loading/un-loading etc. on shared cost basis.
8. Market the aggregated produce with better negotiation strength to the buyers and in the marketing channels offering better and remunerative prices<sup>19</sup>

## Initiatives under the scheme

**Credit Guarantee Fund:** FPOs need finance, both grants and loans, to quickly establish input collectivisation, working capital, marketing and improved services to member farmers. Considering FPOs' need for credit from formal financial institutions, a dedicated Credit Guarantee Fund (CGF) has been created under the Central Sector Scheme for Formation and Promotion of 10,000 FPOs. CGF provides credit guarantee cover to financial institutions for extending loans to FPOs.<sup>20</sup>

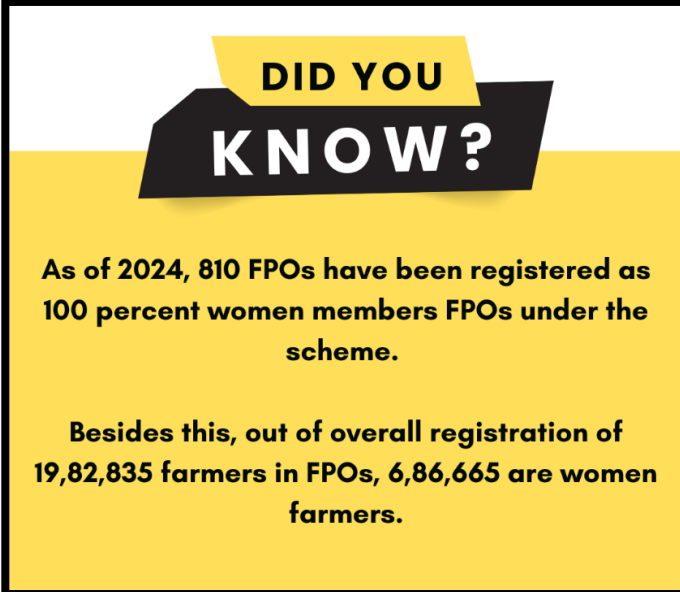
**ONDC platform:** Almost 5 thousand out of 8,000 registered Farmer Producer Organizations (FPOs) have been registered on Open Network for Digital Commerce (ONDC) portal for selling the produce online to consumers across the country. The onboarding of FPOs on ONDC to reach out to their buyers in any part of the country is in line with the Central government objective of providing growers with

<sup>19</sup> [https://dmi.gov.in/Documents/FPO\\_Scheme\\_Guidelines\\_FINAL\\_English.pdf](https://dmi.gov.in/Documents/FPO_Scheme_Guidelines_FINAL_English.pdf)

<sup>20</sup> <https://sfacindia.com/UploadFile/Statistics/Letter%20and%20annex%20-%20CGF.pdf>

better market access. The move aims to empower FPOs with direct access to digital marketing, online payment, business-to-business and business-to-consumer transactions.<sup>21</sup>

**MoU to convert 10,000 FPOs into CSCs:** An MoU between **CSC SPV (Common Services Centres Special Purpose Vehicle)** and **Ministry of Agriculture & Farmer's Welfare** was signed to convert FPOs registered under 'Formation & Promotion of 10,000 FPOs scheme' into CSCs and help them to deliver citizen-centric services. As per the MoU, 10,000 FPOs will be converted into CSCs. CSC SPV will enable them to provide the services that are available on the Digital Seva Portal. The delivery of CSC services through FPOs is aimed at increasing employment opportunities in rural areas.<sup>22</sup>



**DID YOU KNOW?**

**As of 2024, 810 FPOs have been registered as 100 percent women members FPOs under the scheme.**

**Besides this, out of overall registration of 19,82,835 farmers in FPOs, 6,86,665 are women farmers.**

23

FPOs provide special focus to include small, marginal and *women farmers/women SHGs*, SC/ST farmers and other economically weaker categories etc. as members to make FPOs more effective and inclusive.

## How to Apply

FPOs/FPCs can register on e-NAM Portal via website ([www.enam.gov.in](http://www.enam.gov.in)) or mobile app or providing following details at nearest e-NAM mandi:

- Name of FPOs/ FPCs
- Name, address, email Id and contact no. of authorized person (MD/CEO /Manager)
- Bank account Details (Name of Bank, Branch, Account no. IFSC Code)<sup>24</sup>

<sup>21</sup> <https://pib.gov.in/PressReleaseframePage.aspx?PRID=2010600>

<sup>22</sup> <https://pib.gov.in/PressReleasePage.aspx?PRID=2023445>

<sup>23</sup> <https://pib.gov.in/PressReleaseframePage.aspx?PRID=2037661>

<sup>24</sup> <https://enam.gov.in/web/stakeholders-Involved/fpos>

## Conclusion

Formation & promotion of FPOs is the first step for converting Krishi into Atmanirbhar Krishi. The successful formation of 10,000 Farmer Producer Organizations (FPOs) under the Central Sector Scheme marks a transformative milestone for the agriculture sector. By fostering collectivization, enhancing market access, and providing financial and institutional support, this initiative has empowered millions of small and marginal farmers, including women and economically weaker sections. This achievement not only boosts agricultural productivity and income but also contributes to rural job creation and economic resilience. As India moves forward, the continued support and expansion of FPOs will be instrumental in shaping a self-reliant, efficient, and prosperous agricultural ecosystem.

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