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# FPO POLICY RAJASTHAN

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DEPARTMENT OF AGRICULTURE  
Government of Rajasthan



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## ACRONYMS

1. **A/C:** Account
2. **APMC:** Agriculture Produce Marketing Committee
3. **ATMA:** Agricultural Technology Management Agency
4. **BoD:** Board of Director
5. **CA:** Chartered Accountant
6. **CBO:** Community Based Organization
7. **CEO:** Chief Executive Officer
8. **CGF:** Credit Guarantee Fund
9. **CSR:** Corporate Social Responsibility
10. **CWC:** Central Warehousing Corporation
11. **DIN:** Director Identification Number
12. **EGCGFS:** Equity Grant and Credit Guarantee Fund Scheme
13. **EGF:** Equity Grant Fund
14. **EGSC:** Equity Grant Sanction Committee
15. **eNAM:** electronic National Agriculture Market
16. **FIG:** Farmer Interest Group
17. **FPC:** Farmer Producer Companies
18. **FY:** Financial Year
19. **GoI:** Government of India
20. **HO:** Head Office
21. **ICT:** Information and Communication Technology
22. **IFSC:** Indian Financial System Code
23. **INR:** Indian Rupees
24. **KYC:** Know Your Customer
25. **LI:** Lending Institution
26. **MACS:** Mutually Aided Cooperative Society
27. **MD:** Managing Director
28. **MOFPI:** Ministry of Food Processing Industries
29. **MTG:** Multi-Tasking Group
30. **NABARD:** National Bank for Agriculture and Rural Development
31. **NCDC:** National Cooperative Development Corporation
32. **NCDEX:** National Commodities And Derivatives Exchange
33. **NER:** North Eastern Region
34. **NGO:** Non-Government Organization
35. **NHB:** National Horticulture Board
36. **NPA:** Non Performing Asset
37. **PC:** Producer Company
38. **RI:** Resource Institutes
39. **RKVY:** Rashtriya Krishi Vikas Yojana
40. **RoC:** Registrar of Companies
41. **RSAMB:** Rajasthan Agriculture Marketing Board (RSAMB)
42. **RSWC:** Rajasthan State Warehousing Corporation
43. **SFAC:** Small Farmers' Agribusiness Consortium
44. **SHG:** Self-help Group
45. **SLBC:** State Level Bankers Committee
46. **SLCC:** State level Consultative committee
47. **TL:** Term Loan
48. **WC:** Working Capital



## CHAPTER 1: Introduction

### BACKGROUND

Rajasthan State has a demographic presence in rural areas with 75% share. 60% of State population is dependent on agriculture and allied sectors. As such agriculture plays a vital role in the economic development of the State and continues to be the backbone of our economy. Agriculture contributes about 25 per cent of the State Domestic Product. The average size of land holding is 2.73 ha in the State compared to 1.08 ha. at all India level. Agriculture generates employment opportunities for 13.61 million cultivators, 4.93 million agricultural labourers and addition of 0.6 million workforce every year.

Even after the remarkable achievements in total production in many crops but making agriculture profitable for the farmer and ensuring the remunerative price for his agri produce is still a challenging task. **Small and marginal farmers** in the state constitute more than 58.40 per cent share in total area facing regular challenges on account of uneconomic holding in purchase of inputs and services and also in disposal of produce. On the other hand, farmers with holding size of 10 hectares or more held 33.33 per cent of the total area. This highly skewed distribution of land itself is a major barrier to make effective intervention in the advancement of agriculture.

Member based FPOs offer a proven pathway to successfully deal with a range of challenges that confront farmers today, **especially small producers**. Overcoming the constraints imposed by the small size of their individual farms, FPO members are able to leverage 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. **With further fragmentation of holdings** due to inheritance laws is unlikely to abate and the majority of farmers continue to bear the might of market forces. FPO offer a form of aggregation irrespective of land titles with individual producers and uses the strength of collective planning for production, procurement and marketing to enhance market access and customise supplies of members'

produce. International and national experience in the performance of FPOs makes a strong case for policy support to member-based farmer bodies, to significantly increase their power in the marketplace, reduce risks and help them move up the agricultural value chain.

During the last couple of years, there has been a growing interest in promoting an enabling environment for the FPOs. Several initiatives have been taken by the Central and State Government to support the growth of the FPOs and facilitate their emergence as successful business enterprises.

### Present scenario of FPOs in the Rajasthan

Initially the FPO movement in Rajasthan was started by few philanthropic organizations in year 2009. However, the term FPO as a concept has started gaining popularity with the launching of FPO promotion schemes by Small Farmers' Agribusiness Consortium (SFAC), National Bank of Agriculture and Rural Development (NABARD) and Department of Agriculture under Rashtriya Krishi Vikas Yojana (RKVY) and later under Rajasthan Agricultural Competitiveness Project (RACP). Overall, around 270 FPOs have been formed in the state with support from different promoting agencies as stated above and around 2,00,000 farmers are members of these FPOs. Several of these FPOs are at their nascent stage dealing mostly in trading of agri-inputs. They need handholding support in terms of access to quality inputs at economic cost, demand oriented production planning, efficient accounting, FPO management, warehouse, primary/secondary processing facilitates, market development, skills for business growth and sustainability.

The proofing of concept of FPO as a vehicle of doubling farmers' income has been done very well in the first decade of FPO development in Rajasthan. Many FPOs in the state have been able to undertake bulk procurement from member farmers for pulses at MSP/PSS for the public procurement system. Apart from this, many examples of direct linkages with large processors and institutional buyers have further consolidated the role of FPO as an efficient tool for developing direct supply chain and reducing market expenses. Many FPOs are also using online market platforms to auction their produce providing

a larger landscape to farmers. Now time has come that these FPOs further foray into primary and secondary value addition to further enhance farmers' share in consumer rupee.

Rajasthan State Agricultural Marketing Board has already taken up a firm step in this direction by launching Rajasthan Agro-processing, Agri-business and Agri-exports Promotion Policy, 2019 and by provisioning of higher leverage to FPOs through financial and procedural measures so that they may prompt to initiate action and then enable the member farmers of collaboration of efforts for augmenting their income.

### Potential of FPOs in Rajasthan

Agriculture including livestock plays an important role in economy, especially in the rural areas. Though a lot need to be done, still agriculture productivity has gained a remarkable growth in the state. The small lot of makeable surplus coupled with varietal differences and qualitative issues, it remains the biggest hurdle in bulk buying by processors and exporters. The FPO may provide an answer to these issues. Majority of food produced is consumed in our own country provides ample opportunities to develop efficient domestic supply and value chains. This may help in bringing the additional income to farmers and quality produce at relatively economic cost to the consumers. Farmer community has potential to get organized themselves as FPOs and engage in primary and secondary value addition activities and be a tool in making agriculture self-reliant and improving farmers' income in real sense. Thus, to boost demand driven agriculture production, FPOs can be an effective medium for cluster-based approach.

### Positive Impact of FPO Promotion:

To enhance farmers' income and empower small and marginal farmers, promotion of FPOs has evolved as an intervention strategy in the state. The impact of related initiatives may be summarily considered as follows: -

- 1) Through operating inputs shops, FPOs are successfully reducing their procurement cost of insecticides, pesticides, fertiliser and seeds.

- 2) Through providing custom hiring services in terms of farm equipment and machines like tractors, tillers, and harvesters, savings are made in production and cultivation costs.
- 3) By operating common facilities for primary and secondary processing and direct sale, FPOs are enabling higher accruals to the member farmers.
- 4) Being able to offer volumes, they are even able to negotiate directly with bulk buyers, processors, exporters and retail chains.
- 5) Through hedging initiative and leveraging on the commodity exchange platform, they can hedge against possible commodity price falls during harvest period.
- 6) By availing the e- auction platform services, FPOs can reach out to large number of buyers and sell their produce in a transparent and competitive manner.
- 7) The essentials of quality and sustainable supplies of organic produce may be ensured by the collective farming through FPOs.

## Rationale

### Key reasons for developing a focused policy

1. Majority of farmers (agriculture, horticulture, animal husbandry, dairy, and other agri-commodities) are small and marginal, scattered and hence unorganized. As a result, they are prone to exploitation at various stages of production/ value addition.
2. The concerned government departments need to develop a suitable support system for creating synergies in deliverables for promoting the farmers producers' organizations for related commodities.
3. Over a period of time, a large number of social assets like self-help groups (SHGs) and other project-based institutions have been formalised and now there is a need to develop relationship and linkage across these CBOs and FPOs for creating an ecosystem in social entrepreneurship space.

4. ICT tools/applications, financial inclusion processes, web based/ mobile-based tools would offer new opportunities for developing a common platform for farmers. Appropriate efforts to enable digital comfort shall provide an outreach and momentum at all levels and for all functions.
5. This policy necessitates partnership at multiple levels. Various departments and agencies working for small and marginal farmers must be orchestrated to function for a common cause. It would avoid overlapping of functions and space and may be provoked for competing environment for swift and better results.
6. Global experiences have demonstrated that the institutions of organized producers through FPOs would add value and adopts business model for farm produce. Ultimately, it would trigger high growth and help in sustaining the productivity and incomes of the members.

## CHAPTER 2: FPO Policy Rajasthan

### Vision

To develop congenial ecosystem for FPOs formation and operation in the state for making Agriculture and allied activities self-reliant and sustainable income source for farmers especially small and marginal land holders.

### Mission

1. To promote democratically formed, economically viable and self-governing FPOs in the state.
2. To provide support for qualified and experienced organization (resource institutions) for promotion of FPOs.
3. To facilitate required resources like knowledge, human resource, finances, infrastructure, and policy to strengthen FPOs.
4. To facilitate FPO formations on cluster-based approach for better business planning and value addition opportunities as per the market demand and state priorities.
5. To facilitate backward-forward linkage with agro-based industries and businesses.
6. To provide an umbrella approach for different departments and agencies to create FPO supportive congenial ecosystem in the state.

### Scope and Coverage:

The provisions of this Policy shall apply to all the FPOs already registered under the Companies Act 1956 (Amendment 2013) or under Rajasthan Society Registration Act 1958 and those FPOs which will be registered after the declaration of this Policy. FPOs formed in agriculture, horticulture, sericulture, animal husbandry, dairy, forestry, fisheries, and allied sectors will come under the ambit of this policy. This policy shall be common for all departments and developmental agencies involved in the formation of farmer producer organizations in Rajasthan.

### Farmer producer Organisation (FPO)

FPO is a generic name, which means and includes farmer producers organization incorporated/ registered either under Part IXA of Companies Act or under Rajasthan Societies Registration Act and formed for the purpose of

leveraging collectives through economies of scale in production and marketing of agricultural and allied sector.

## Broad Services and Activities to be undertaken by FPOs

The FPOs may provide and undertake following relevant major services and activities for their development as may be necessary: -

1) Agri-business Centres (Krishi Vyavsay Kendra):

This centre may include any one or any combination of these services depending upon the need and business potential in the area

- a) Input Services: Supply quality production inputs like seed, fertilizer, pesticides, livestock feed & fodder, and such other agriculture, horticulture and animal husbandry inputs at reasonable price.
  - b) Custom Hiring: Make available need-based production and post-production machinery and equipments like cultivator, tiller, sprinkler set, combine harvester and such other machinery and equipment on custom hiring basis for members to reduce the per unit production cost.
  - c) Agri-produce marketing: Undertake collection and aggregation of smaller lots of farmer-members' produce; storage and pledge financing, customise the lots, add value to make them for satisfying need of a particular segment or markets for better returns.
  - d) Value Addition: Pulling of farm produce of members for value addition like cleaning, assaying, sorting, grading, packing and processing facilities etc.
- 2) Facilitate dissemination of market intelligence about the produce and practices for prudent decision in production and marketing.
- 3) Matching the competencies of member farmers and agro-climatic conditions to design high yielding production activities and undertake higher income generating activities through diversifying the scope like seed production, bee keeping, mushroom cultivation etc.
- 4) Logistics services such as storage, transportation, loading/un-loading, etc.
- 5) Productive alliance with private and public partners: FPOs may form productive alliance with public and private partners for their capital & service needs.
- 6) Financial & Risk Mitigation services: Facilitate warehouse financing; input financing to its member farmers. FPOs may also provide

production and risk mitigating services also through direct involvement in contract farming practices and by way of hedging the risk through commodity exchanges and future market.

- 7) Extension Services: Facilitate linkage with line departments and other stake holders for implementation of improved agriculture practices/post-harvest management practices.
- 8) Any other agriculture and allied activities for the welfare of the farmers.

### Policy Intervention for Congenial Ecosystem for FPOs in the State:

1. The Government of Rajasthan considers and recognises FPOs at par with cooperatives for all benefits and facilities that are extended to member-owned institutions from time to time; like serving procurement agencies for procurement of agri produce on MSP, procurement of agri inputs by Agriculture, Horticulture, Animal Husbandry or any other department for demonstration or public distribution purpose.
2. The state through the nodal department/implementing agency will work to develop single point solution for application and clearance system for various licenses like seed/fertilizer/insecticide retail marketing license, seed production license, mandi license, FSSAI, registration under weights and measures Act, Service tax number, warehousing, etc. required for FPOs. This will aid in “Ease of doing farming”.
3. The Nodal Department/state Implementing agency in coordination of other competent agencies will develop grading tools for assessing the existing and newly formed FPOs for its governance and operational efficiencies. An FPO performance evaluation metrics and index and credit rating tool will be formulated for keeping track of the progress of FPOs, identifying areas of improvement and course corrections.
4. FPOs may have Agri Business Centres “Krishi Vyapar Kendra” for doing Agri-Input sale, Primary and Secondary value addition units and small warehouse facility for local storage; which can be utilized by member or non-member farmers on fee based model or by the FPO for onward sale to bulk buyers and other value chain agencies.

5. FPOs may also be supported for need-based logistical and marketing infrastructure as per the created market linkages.
6. Agri Business Centres “Krishi Vyapar Kendra” may also function as Market Place, to which the State government may grant the status of Deemed Market/Private Yards for all purposes of trading including linking them to the e-trading platform.
7. FPOs may be considered for the establishment of Custom Hiring service Centres/Krishi Yantra Kiraya Kendra on priority under Government schemes.
8. State shall explore the provisions of exemptions of taxes and incentives as allowed to start-ups in the state to the FPOs also.
9. The state government shall make efforts to persuade FPOs for having advantages of Agro-processing, Agribusiness and Agri export Promotion Policy and Schemes available for development of businesses and services. A certain part of funds may be reserved for these organisations wherever required. The state government may suggest the relevant department for issuance of necessary business licences to FPOs on fast track and priority so that they can compete with the existing market players. The state may augment efforts to make FPOs qualified business organisation for receiving funds under Warehouse Receipt system.
10. State through the Nodal department shall facilitate tie up with Agro business Industries and units in Food parks, Agro Processing Clusters and like business entities for suitable linkage with FPOs for ensuring consistent supply of the raw material and marketing support to FPOs.
11. Selling platforms for FPOs in APMC yards shall be created separately/allotment of shops with some quota reservation for FPOs.
12. State will facilitate allotment of retail market space to the FPOs in the towns and cities to facilitate them for marketing of their produce or will make agency arrangements with cooperative marketing network for greater market outreach with established system.
13. State will promote and support commodity wise stewardship council for promoting state specific agri and livestock produce and their export.

14. A separate integrated FPO portal may be created as a multiple purposes platform for consolidating database of all FPOs, contact details, crop calendars, production details especially for organic production and if possible for traceability, , buyer-seller exchange, active government schemes and projects for convergence, success stories, underutilized government infrastructure and machinery in the state that can be utilized by the FPOs; e-platform for integration of all activities of FPOs, grievance redressal, provision of market linkages to FPOs, including e-trading and MIS catering to data needs of all relevant stakeholders and knowledge management and learnings.
15. Federation of FPOs and Apex level FPO institution may be created and supported at state level for creation of common infrastructure and large-scale business interventions to be supported through viability gap funding and attain economies of scale.
16. Outreach activities may be undertaken within and outside the state in India for widening of markets and increasing participation with agri value chain stakeholders. This will include digital and modern marketing strategies as well.
17. Capacity building of FPOs will be done at three main levels-
  - a. Technical guidance for market led production and post-harvest management;
  - b. Backward and Forward linkages, market based standardization of produce, handholding for commodity transactions and;
  - c. Support for all administrative works such as opening bank account, seeking loans and assistances, liaising with various government agencies for various statutory clearances, tax filing, etc. professional agencies/consultancies may be hired and deployed for these activities.
18. Facilitating working capital arrangements for FPOs through banking and financial institutional channels, revolving funds, etc.
19. Availability of land and change of appropriate land use is among the preliminary requirement for establishing an industry. Though significant changes have been made to simplify the process of land conversion for agro processing and Agribusiness activities in rural as well as urban

areas, however efforts will be made to further simplify them, if need arises. Some of the important changes brought in land related issues are as under: ***(Ref: Rajasthan Agro processing, Agri Business and Agri-Export Promotion Policy 2019)***

### **19.1 Land Conversion**

- 19.1.1 Rajasthan Land Revenue (Conversion of Agriculture Land for Non-Agriculture Purposes in Rural Areas) Rules, 2007 has been amended to vest power for conversion of agriculture land upto 10 hectares for setting up agro-processing or agri business enterprises with the District Collector. (Department of Revenue (Gr 6) Notification No. F.6 (26)Rev.6/2014/33 dated 06.10.2016),
- 19.1.2 Government of Rajasthan has amended the Revenue Rules to allow the farmers to establish food processing units on their agriculture land without changing the land use. The State Government has authorized Tehsildar to allow the use of agriculture land up to 10 hectares for setting up food processing industries without conversion. The food processing unit shall include an enterprise engaged in Agro-processing or Agri-marketing. A note in jamabandi of this respect will be marked and the area so used shall continue to be as khatedari land. This simplification will facilitate farmers to be entrepreneurs in food-processing sector. (Department of Revenue (Gr-6) Notification No. F.6 (26)Rev.6/2014/14 dated 08.02.2019).
- 19.1.3 The State Government has further facilitated the deemed conversion of agriculture land for setting up of food processing units and has issued a notification that a Khatedar tenant or in case of co – tenancy all – tenants, as the case may be, shall inform in prescribed form with an undertaking to the Tehsildar within 30 days from the date of use of land for food processing unit and the

Tehsildar 30 days from the receipt of information, shall issue a certificate in prescribed form indicating conversion of land for the purpose of food processing unit. (Department of Revenue (Gr 6) Notification No. F.6 (26) Revenue-6/14/70 dated 09.09.2020).

19.1.4 Government of Rajasthan has allowed the remittance of the stamp duty and registration fee chargeable on the instrument of registered mortgage executed by a khatedar tenant for the purpose of taking loan for setting up of an agro-processing industrial unit on his own khatedari land. (Finance Department (Tax Division) Notification No. F.2(97)FD/Tax/2010-220) and Notification No. F.2(97)FD/Tax/2010-221) dated 28.08.2020).

19.1.5 Government of Rajasthan has amended **Rajasthan Urban Areas** (Permission for use of Agricultural Land for Non-agricultural Purposes and Allotment) **Rules, 2012** and has exempted from payment of 100 per cent premium for the units to be established under Rajasthan Agro-processing, Agri-business and Agri-export Promotion Scheme, 2019 in urban areas of the State. (Department of Urban Development vide notification No. F17(19)UDD/Rule/2019 Jaipur dated 14.09.2020).

19.1.6 Government of Rajasthan has further leveraged the establishment of units under Rajasthan Agro-processing, Agri-business and Agri-export Promotion Policy, 2019 by allowing them in urban areas except a few exceptions. The process of issuing order under section 90-A of Rajasthan Land-Revenue Act, 1956 has also been simplified and provisioned to be issued on declaration basis. The lease rent for warehousing, godown and cold storage has been exempted 100 per cent and for industrial units, it has been prescribed at 2.5 per cent of

residential rate. Building plan approval fee has also been exempted 100 per cent. (Department of Urban Development vide order No. F17(19)UDD/Rule/2019 Jaipur dated 14.09.2020).

### **19.2 Land Allotment**

Government land would be leased to eligible FPOs/FPCs/Organic Producers Organisation or similar other body of farmers for creating infrastructure for aggregation and storage and also for establishing processing units.

Revenue (Gr-6) Department, Government of Rajasthan issued Notification vide Order No. F9.(68)Rev.6/10/14 dated 20.06.2011 for the following:

- 19.2.1 Government land can be made available for projects which bring new technologies not existing in the State or which help in enhancing the brand competitiveness of the State. In such cases, Government and would be provided on lease with lease rental 10% of the prevailing DLC rate being charged at the time of allotment. This will reduce the initial cost of the project. The lease rental will be increased by 15% after every two years to offset inflation. The increased lease rental will however, not be less than 10% of the prevailing DLC rates.
- 19.2.2 The Govt. of Rajasthan could, on the recommendation of the State Level Sanctioning Committee, allow leasing of Government and for a period of 30 years for captive production and consumption for projects with an investment of Rs. 50 crore or more. In case community land, vested with the Gram Panchayat, is made available 25% of the lease amount would be made available to the Gram Panchayat concerned.

### ***19.3 Ceiling and Leasing Provisions***

- 19.3.1 Government would encourage entrepreneurs to procure land required for their projects. In cases the land requirement exceeds the ceiling prescribed in the Rajasthan Imposition of Ceiling on Agriculture Land Act, based on the recommendation of the State Level Sanctioning Committee, exemption from the said Act will be granted under Notification issued vide Revenue (Gr-8) Department dated 11.10.2010.
- 19.3.2 Section 45 of the Rajasthan Tenancy Act, 1955 has been amended to allow for extended lease for a period of 15 years, extendable by another 15 years, for the agricultural operations in connection with agri-businesses enterprises. (Notification issued by Law (Legislative Drafting) Department (Group-11) vide Order No. F.2(11)Vidhi/2/2011 dated 01.04.2011)

## CHAPTER 3: FPO Policy Implementation Framework

The following institutions will function to support the formation and support of FPOs. The roles and responsibilities of these institutions at various levels are as below:

### **State level Consultative committee (SLCC)**

State level Consultative committee (SLCC) shall be constituted for overall guidance and monitoring for FPOs working and support in the state. The committee will be constituted as under

- 1) Add. Chief Secretary/ Pr. Secretary/ Secretary Agriculture-Chairperson
- 2) Pr. Secretary/ Secretary Rural Development and Panchayati raj - Member
- 3) Pr. Secretary Cooperative Department - Member
- 4) Pr. Secretary/ Secretary Animal Husbandry, Gopalan & Fisheries - Member
- 5) Vice Chancellor of One of State Agricultural University nominated by Government – Member
- 6) Vice Chancellor of RAJUVAS - Member
- 7) Commissioner/ Director Agriculture – Member
- 8) Commissioner/ Director Horticulture – Member
- 9) Registrar, Cooperative societies – Member
- 10) Director, Agricultural Marketing – Member
- 11) Managing Director RSSC – Member
- 12) Representative of NABARD, NCDRC, SLBC, SFAC – Member
- 13) Two leading FPO representative preferably one Women FPO (selected by the committee on rotational basis)
- 14) Administrator, Rajasthan State Agricultural Marketing Board- Member secretary

It will regularly monitor and review the progress of FPO development and functioning in the state. The major functions of State nodal agency would be:

1. Prepare and present the strategy and guidelines including financial support, budget, and action plan for FPO promotion in the state.
2. Approve and monitor the FPO related responsibilities of the state Nodal Agency/department for FPO formation and support.
3. Coordinate with the concern departments to facilitate FPOs in getting the license/registration for inputs, shops/spaces in the mandis and also availing the assistance for development of various infrastructures relating to production and postproduction activities.
4. The agency will also monitor that FPOs should remain associated/involved in various farmers' centric schemes of the Government to the extent feasible and possible.
5. Prepare and support strategies for convergence of the FPOs with various Government schemes and institutions engaged in formation and promotion of FPOs. The concern departments / agencies should work in tandem so as to create synergy for meeting out the objectives of FPO policy.
6. It will identify the constraints in FPO promotion and suggest for required appropriate policy intervention and decision for making policy effective in true sense.
7. Approval of value chain wise clusters for FPO promotion in the State.
8. Facilitate in making available land at appropriate place for development of Agri-Business centres for FPOs. It will also strategize and prioritize for linking of Agri-Business Centres with e-NAM or with any other e-trading platform.
9. Prepare projects for external assistance and execute them improving and scaling up the FPO activities.

#### **Nodal Department**

Agriculture Department in Government shall be the nodal department for all administrative purposes.

#### **Nodal Agency**

Rajasthan State Agricultural Marketing Board (RSAMB) shall function as the Nodal Agency and assist the State Level Consultative Committee in

all matters pertaining to formation and support for FPOs in the State. It shall establish a dedicated State Level Implementation cell/unit to coordinate with all the departments and developmental agencies and undertake day-to-day affairs of the agency. State Implementing Unit will have one Deputy Director level officer on deputation from the relevant department (Agriculture/Horticulture/Animal Husbandry) and PMU (Project Management Unit) with subject matter experts in the field of Agri-Business, Agriculture, Horticulture, Animal husbandry, training & capacity building, finance, MIS etc. & one resource person in each district for mobilizing and coordinating FPOs functioning at field level. Nodal Department/ Nodal Agency may hire the services of the some professional organization from its own financial resources for establishing and operating PMU. In the districts and at field level, Secretary – Krishi Mandi Upaj Samiti supported by local resource person of the PMU will be responsible for implementing the FPO policy. PMU will also help in building the capacity of State and district staff of the participating department for FPO formation and operations. The participating concerned department will also nominate the nodal officer of Deputy Director Rank in each department for coordinating and facilitating activities of FPOs in the department. .

The dedicated State Level Implementation unit/Agency will also function as in-house “**Centre of Excellence (CoE)**” for FPOs. The COE shall focus on research, training and capacity building of different stakeholders including FPO Board members, Lead farmers, Resource Institutions (RIs)/Community Based Business Organisation (CBBOs) etc. It shall be an expert organization to cater to the needs of the development departments information of FPOs across all sectors in the State. CoE will also formulate FPO grading formula to ascertain the quality of previously formed and newly constituted FPOs.

**District level Coordination committee** will be constituted under the chairmanship of the District Collector, for FPO formation coordination and monitoring. The concern departments, district level

officers including lead bank and NABARD representative will be the members of the committee. The committee will be constituted as under:

1. District collector- Chairman
2. Chief Executive Officer - Zila Parishad – Member
3. District level officer Animal Husbandry/ Agriculture/ Horticulture Departments – Member
4. Dy. Registrar, Cooperative Department – Member
5. District Officer (AGM/DDM), NABARD – Member
6. Lead District Manager
7. Experts from KVK – Member
8. 2 FPO representative preferable one woman to be nominated by Chairman - – Member
9. Special invitee with the permission of the Chair
10. Secretary, Krishi Upaj Mandi Samiti – Member Secretary

State level Nodal department and State Agency may identify and empanel the resource institution (RIs) or Cluster based business organizations (CBBOs) for formation and support of FPOs in the potential clusters.

### **Strategies for implementation:**

- I. **Producer group and FPO formation:** Identified potential clusters and assign RIs/CBBOs to mobilise farmers into producer groups (15-20 farmers per group) and then federating them in FPOs. Existing SHGs, FIGs, MTG or other form of groups also need to explore for federating them as FPOs.
  1. Identification and Collectivization of producers, especially small and marginal farmers into FPO.
  2. To promote economically viable self-governing, democratic FPOs.
  3. To provide support for the promotion of FPO's by qualified, experienced and developmental institutions - Resource Institutions (RIs)/ Community Based Business Organisations (CBBOs)
  4. Charting milestones and link funding support to RIs/CBBOs to stage wise performance till FPOs become self-sustaining.

5. Identification and development of value chain for agriculture and all economic activities.
6. Development of a Virtual platform and mobile apps for FPO formation and support progress and Monitoring. This will also include collectivization and strengthening of marketing support for FPOs.
7. The convergence with Central Sector Scheme of Govt. of India “10000 FPO formation & support” and various other schemes being or be implemented in future by central agencies like SFAC, NABARD, MOFPI, DAC, MoCI etc.

## **II. Business incubation or growth phase of FPO:**

Post registration support for FPO shall be provided to impart technical and managerial skills to implement the business plan.

1. To remove hurdles in enabling farmers access to the markets through their FPOs, both as buyers and sellers.
2. To create an enabling policy environment for investments in FPOs to leverage their collective production and marketing strengths.
3. To establish Agri-Business Centres (Krishi Vyapar Kendra) to cater to the business needs of entrepreneurs and market led extension activities for FPOs.
4. Establishment of Center of Excellence for FPO to guide the FPOs on business development and also take up capacity building activities.
5. Organising of workshops, buyer - seller meets, symposiums, fairs etc. for creating awareness.

## **III. Maturity or business expansion phase of FPO:**

For expansion of business and scaling up of activities taken up by the FPO, Centre of Excellence shall provide guidance and specialized market oriented RIs/CBBOs.

1. Institution of awards/recognition for best performing FPOs and CEOs for motivation and to create a sense of healthy competition among them.

2. Need based establishment of a federation(s) of the FPOs at the State /Regional level.
3. Establish linkages with corporates as a business proposition through public-private partnerships.
4. Creation of Secondary processing Units for post-harvest management for a cluster of FPOs/Federations which preferably shall be managed by an Organization / Private Company that has proficiency in marketing.
5. Support for branding of FPO products to facilitate marketing.

#### **IV. Policy initiatives:**

1. To provide the required assistance and resources – policy action, inputs, technical knowledge, financial resources and infrastructure to strengthen FPOs.
2. To declare FPOs at par with cooperatives registered under the relevant State legislation and to extend all benefits and facilities to member-owned producer institutions from time to time.
3. Provision of assistance to FPOs who have evolved on their own without any support from the Government or with support from NABARD or any other agency for output business marketing.

#### **Support for FPO formation:**

FPO formation needs to be supported in different phases of FPO growth as per the FPO implementation strategy. FPO formation and development will be supported by the state from its available resources under various schemes and the schemes of the central government. The Nodal agency and the concern implementing departments will also try to dovetail and converge the available resources for development of the FPOs in the state.