

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:2726
ANSWERED ON:09.12.2014
FARMER PRODUCER COMPANIES
K. Shri Parasuraman

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the Small Farmers Agribusiness Consortium (SFAC) has set up Farmer Producer Companies;
- (b) if so, the details thereof;
- (c) whether the Government extends any supports to these activities; and
- (d) if so, the details and the framework thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI MOHANBHAI KUNDARIA)

(a) & (b): 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). The initiative which started in 2011-12 under the two Central Sector Schemes of Vegetable Initiative for Urban Clusters (VIUC) and Integrated Development of 60,000 Pulses Villages in Rainfed Areas has expanded in its scope and covers special FPO projects taken up by some State Governments under general Rashtriya Krishi Vikas Yojana (RKVY) funds as well as under the National Demonstration Project under the National Food Security Mission (NFSM) and Mission for Integrated Development of Horticulture (MIDH).

So far, 235 Farmer Producer Companies have been registered, and another 370 are in the process of mobilization. The total number of farmers covered in these two categories are 433198.

(c) & (d): In many of the Central Sector Schemes like National Vegetable Initiative for Urban Clusters (VIUC), Mission for Integrated Development of Horticulture (MIDH) and National Food Security Mission (NFSM) under which funds are allocated to States, there is a provision for promotion of Farmer Producer Organizations (FPOs). After Central allocations are made under these programmes to the States in a particular financial year, States prepare the Annual Action Plans for approval by the State Level Sanctioning Committee (SLSC) chaired by the Chief Secretary. In doing so, many of the States provide for adequate outlay for the FPO promotion component also, amongst others. After approval of the Action Plan by the SLSC, many of the States approach SFAC and transfer requisite funds to it for implementation of the FPO promotion work.

In order to support the FPOs in terms of strengthening their capital base, SFAC has launched a new Central Sector Scheme "Equity Grant and Credit Guarantee Fund Scheme for Farmers Producer Companies" on 1st January, 2014. The Scheme has two major components:

a) Equity Grant Scheme: A grant of upto Rs.10.00 lakh is provided to each registered Farmer Producer Company (which is registered under the special provision of the Companies Act) to match the member equity raised by the institution. This will enhance the equity base of the FPC and enable it to approach financial institutions for raising working capital.

b) Credit Guarantee Fund (CGF): The CGF will offer a cover of 85% to loans extended by banks to Farmers Producer Companies without collateral, upto a maximum of Rs.1.00 crore.