

## Govt May Set Up ₹6-kcr Fund for Farmer Bodies

**New Delhi:** The government is planning to set up a ₹6,660 crore fund to nurture 10,000 farmer producer organisations (FPOs) across the country over the next five years, a promise made by finance minister Nirmala Sitharaman in the budget. These FPOs — organised groups of small and marginal farmers — will help farmers improve income through better market access and collective bargaining power. “This will completely be a centrally sponsored programme. We have got the go-ahead from the agriculture minister,” a senior agriculture ministry official told ET on condition of anonymity. “Now, the proposal is being vetted by the Department of Expenditure before it is sent to cabinet for approval.” Under this programme, the agriculture ministry will fund, handhold, train, ensure easy credit availability and provide other support to these FPOs to make them viable. The government will also provide them with technological interventions for better output and they will be able to have access to shared affordable resources. As per the proposal, every FPO should have a minimum of 500 member-farmers on board with central government having a sizeable equity. “The main challenge before FPOs is availability of credit as banks don’t give them loan owing to unsecured returns,” said the official. “With government’s equity, FPOs will be able to have an easy access to credit backed by sovereign guarantee. This will help FPOs expand their operations.” These FPOs will run as a business unit and the profit generated would be shared between the member-farmers. Like a corporate body, these FPOs would also have capacity-building programmes to enhance their competitiveness in the market. “We would be working closely with state governments, Nabard and staterun Small Farmers Agri-Business Consortium (SFAC), which has been mandated to provide FPOs an ecosystem for sustainable and viable growth,” said another official.

Source: [Economic times, October 11, 2019](#) (verbatim reproduced)