

**DIRECTORATE OF AGRICULTURE AND FOOD PRODUCTION, ODISHA,  
BHUBANESWAR**

Letter No- IS(08)05/2019 - 5687

Dated- 20.02.2019

To,

Deputy Director of Agriculture-cum-PD, ATMA and Facilitating Agencies,  
Bolangir, Gajapati, Ganjam, Kalahandi, Kandhamal, Koraput, Malkangiri, Mayurbhanj, Nuapada,  
Rayagada and Sundargarh.


**Subject:** Promotion of Farmer Producer Organizations (FPOs) under Odisha Millets Mission.

Sir,

With reference to the subject cited above, a two-day workshop on FPO promotion was conducted at IMAGE, Bhubaneswar on 7-8 January to brainstorm on strategies for the same. A Calendar of activities for 2019-20 is required to be prepared by Facilitating Agencies for formation, registration and promotion of FPOs in each block as per the format attached herewith. You are requested to ensure FPO registration is completed by 31<sup>st</sup> March 2019.

A detailed explanation and break-up of budgets is also enclosed herewith for your kind information and necessary action.

Yours Faithfully

  
Director of Agriculture & Food Production  
Odisha, Bhubaneswar

Memo no - 5688

Dated- 20.02.2019

Copy forwarded to Programme Secretariat and Director, NCDS for information and necessary action.

  
Director of Agriculture & Food Production  
Odisha, Bhubaneswar

Memo no - 5689

Dated- 20.02.2019

Copy submitted to Principal Secretary to Govt. in Agriculture & Farmers Empowerment Department,  
Odisha, Bhubaneswar for favor of kind information.

  
Director of Agriculture & Food Production  
Odisha, Bhubaneswar

## **“Component 7.1- Promotion of Farmers’ Producer Organizations”**

### **(Explanation and Break-up of the Budget Head, Timeline and Calendar of Operations)**

The Special Programme for Promotion of Millets in Tribal Areas of Odisha (Odisha Millets Mission) envisages forming of Farmers’ Producer Organizations in each block. These FPO’s are expected to be farmer-led bodies that will ensure improvement of production, productivity, direct linkages for higher value realisation for the millet farmers and take-up some welfare activities directly.

This 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.

These FPO’s are expected to be a platform for small and marginal millet farmers to collectively sell processed grains and value-added products of millets. They are also expected to anchor community institutions envisaged in the programme viz. Millet Processing Unit, Community Managed Seed System and Custom-Hiring Centre. Thus, in addition to the revenue from collective sale of millet grains, the FPO shall earn its revenue from:

1. Supply of products like
  - a. locally produced or sourced seeds of preferred varieties of different millet crops
  - b. bio-manures and bio-pesticides
  - c. processed grains and value-added products
2. Provision of services like
  - a. primary processing of millet grains: threshing, de-stoning, de-husking and pulverization (Managing Processing Units)
  - b. farm implements on hiring basis: Weeders, markers, power-sprayers, tarpaulin sheets, electronic weighing machines (Managing Custom Hiring Centres)
  - c. Storage of seeds (through Community Seed Centres) and other value-added products
3. Opening up of millet-based eateries or outlets in small towns (Managing Millet Enterprises)

Further the FPOs may also be benefitted by:

1. Availing work guaranteed under MGNREGA
2. Opening up of bank accounts of farmers and linking those accounts to a Direct Benefit Transfer (DBT)-ID.
3. Availing life insurance, health insurance and crop insurance for farmers from various Govt schemes
4. Availing benefits of agriculture and other department schemes/ programmes

As per the programme guidelines of Odisha Millets Mission, the nodal CBO in every block will take the form of a Farmer's Producer Organization- which is a representative organization of farmers meant to them provide services and help them negotiate with market agencies for better price realization on their produce through organized efforts. Legally, the FPO could be a Cooperative Society (State Cooperatives act or MACS act or Multi-State Cooperative Act), a Producer Company (Section 581 C of Companies Act) or a Private Limited Company. The choice of registration lies with the facilitating agency that is providing hand-holding support to the nodal CBO considering the institutional and financial health of the CBO.

#### **Advantages and disadvantages of registering CBOs in different legal forms**

- While cooperatives are easier to register and have lower costs for compliance, government control is higher in cooperatives which is not conducive for the growth of people's leadership and ownership of the institutions.
- Producer companies have higher compliance costs but government has very little control over their functioning.
- The Directors of companies are mandated to get a Director's Identification Number which is nationally tracked and it is not possible for a person to be Director in more than one company.
- Financial institutions like banks tend to trust more in companies owing to the strong compliance required to run a producer company.
- National policies on promotion of FPOs are in favour of Companies including the schemes being operated by NABARD and SFAC.

#### **Structure of FPOs**

- FPOs should be 2-tier or 3-tier farmer-led organizations with farmers' representation at every level- neighbourhood, village/GPs and cluster of GPs/Block. The role of Facilitating Agencies should only be of facilitation and assisting for management.
- FPO should be a primary institution of farmers (either an SHG or a Farmer's Interest Group or any other arrangement) that is close and accessible to the farmer, as the 1<sup>st</sup> tier of the FPO.
- A Cluster of villages or Gram Panchayats could be chosen as the 2<sup>nd</sup> tier of collectivization while a sub-block or block level formation could become the 3<sup>rd</sup> Tier of the FPO.
- The purpose of having intermediate and apex level bodies within the FPO is to enable certain collective operations that require volumes or economies of scale.

#### **Function of FPOs**

- The FPO must work to provide services that save the household cash income. This includes getting access to government benefits like a job-card or work under MGNREGA, health, life and crop insurance.
- They will also facilitate access to other schemes on agriculture and rural development departments through farmers' registration for Direct Benefit Transfer (DBT).
- Farmers have the wisdom to govern but they need a team of trained professionals to manage business operations that require specific skills or training. Thus, **Governance of FPOs must be done by farmers and management by professionals, for initial period.** Once farmers develop requisite skills, they shall take over the management of FPO as well.

