



# Policy on FPO under Odisha Shree Anna Abhiyan



## The Need:

To organize farmers, especially the small and Successful marginal farmers together for ensuring forward and backward linkages enabling the supply of quality inputs to ensure a better collective bargaining power for the farmers.



## Legal Form of FPO:

FPO can be registered under Cooperative Societies Act/Multi State Cooperative Society Act, 2002/ Society Registration Act, 1860 /Indian Trusts Act, 1882/Indian Companies Act, 1956 as amended in 2013.



## Preference of legal form:

Organization registered under cooperative society or companies Act have legal provision for sharing of profits earned by the FPO by way of dividend.

## Business Plan:

- ▶ The foremost step in business planning is identification of business opportunities.
- ▶ Successful operation of the FPO is one of the important aspects for its sustainability.
- ▶ It also help to assess the capital required for the proposed business.



## Financial Management:

- ▶ The financial management of the FPO is a key aspect that decides the success or failure of a given FPO.
- ▶ The share capital in the FPO means the total of the payments made to the FPO by all the members on their share and represents a form of member's commitment to the organization and represent their stake in the FPO.



- ▶ It is suggested to have equal number of shares among the members to maintain a balance in the power structure of the organization.
- ▶ Maintenance of books of accounts which form a crucial part of Financial Management. The books of accounts is required to be adhered with the various rules & regulations prevail in India.

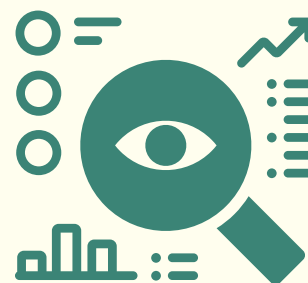
## Funding Arrangement:

- ▶ The capital requirement of the FPO depends on the nature and volume of business which would vary from case to case.
- ▶ The main source of finance will be the contribution by its members based upon their scale of business.
- ▶ Apart from the member's investment, the FPO may seek capital support and other assistance under certain schemes from the Government, external donor agency, CSR funding by a cooperative, debt financing etc..
- ▶ Currently, a grant of Rs. 8.00 Lakhs per block is approved under Odisha Shree Anna Abhiyan for 3 years to support the FPO.



## Monitoring of FPO:

- ▶ It aims at improving the efficiency and effectiveness of the business plan implementation so as to derive maximum benefits for the producers.
- ▶ The activities of the FPO are usually monitored whether the output in terms of benefits exceeds the expenditure or not. It is the ratio of output and input.
- ▶ The activities monitored by the FPO, funding agencies, external agencies, statutory authorities etc. to measure the implementation of the activities.
- ▶ The methodology & design of monitoring system depends on the activities and scale of the business.



## Governance of FPO:

- ▶ Since a FPO is collective effort of large number of members but not managed by all members. It is governed or managed by selected or appointed person(s) by the members.
- ▶ The members appoint a Chief Executive Officer (CEO) or managing director and any other staff(s) based on the requirement.
- ▶ The CEO or managing director is responsible for the day to day operation of the organization.
- ▶ The CEO is required to conduct meetings of the FPO for taking decision of the FPO based on the collective wisdom.



## Policy Support to FPO:

- ▶ The central Government plays an important role in supporting the FPOs in the country through DAC, SFAC, NCDC, NAFED, NABARD, etc.
- ▶ The state Government also supports and promotes FPO through its Odisha FPO Policy, 2018.
- ▶ The Directorate of Agriculture and Food Production, Odisha is also supporting to promote FPO under Odisha Shree Anna Abhiyan vide letter no 1S(08)05/2019-5687 dtd 20/02/2019.

