

GOVERNMENT OF INDIA
MINISTRY OF COOPERATION

RAJYA SABHA
UNSTARRED QUESTION NO. 968
ANSWERED ON 31/07/2024

Provision of market linkage to PACS

968 # DR. DINESH SHARMA:

Will the Minister of COOPERATION be pleased to state:

- (a) Whether the Ministry has taken any initiative under the existing FPO scheme to provide necessary market linkage to the cooperative societies;
- (b) If so, the details thereof; and
- (c) In what manner this will help the farmers of the country?

ANSWER

THE MINISTER OF COOPERATION
(SHRI AMIT SHAH)

(a) to (b): Yes Sir. The Ministry of Cooperation, Government of India has taken the initiative to form and promote 1100 additional Farmer Producer Organizations (FPOs) in cooperative sector through strengthening of PACS towards providing necessary support and market linkages to the PACS under the Central Sector Scheme-Formation and Promotion of 10,000 FPOs.

These FPOs are to be formed with the members of the existing PACS, thus, market linkages would be developed between FPO and PACS for backward as well as forward integration of their produce / products. It would help the PACS as well as their members to fetch better price for their produce. It would also help the PACS to expand their business. FPOs are playing vital role in respect of value addition/processing activities and PACS would be the major source of raw materials for this business of the FPO. This would enable the PACS to generate new and stable sources of income.

(c): Under the Central Sector Scheme- Formation and Promotion of the 10,000 Farmer Producer Organizations (FPOs), Government of India is encouraging small, marginal and landless tenant farmers including weaker section and women farmers to form FPOs towards development of vibrant and sustainable income oriented farming and for overall socio-economic development and well-being of agrarian communities by enhancing productivity through efficient, cost-effective and sustainable resource use and realize higher returns through better liquidity and market linkages for their produce and become sustainable through collective action.

Under the scheme, in order to enhance viability, sustainability and credit worthiness of FPOs as well as increase ownership and participation of farmers in their FPOs, matching equity grant upto Rs. 2,000 per farmer member of FPO subject to maximum limit of Rs. 15.00 lakh fixed per FPO is provided by GoI. In addition to this, FPO management cost upto Rs.18.00 lakh per FPO is provided during three years towards managing the function of FPOs properly.

Financial assistance upto Rs. 25 lakh per FPO is provided to the Cluster Based Business Organization (CBBO) for promoting and handholding the FPOs. CBBOs impart training programmes to the farmer members of the FPOs and also arrange exposure visit for the FPOs. CBBOs also provide credit linkage as well as market linkage. This initiative will ensure remunerative prices to farmers for their produce by providing them necessary market linkages.

In order to ensure access of FPOs to credit from mainstream Banks and Financial Institutions, FPOs are to be provided loan assistance upto Rs. 2.00 crore without any collateral through Credit Guarantee cover provided by NABSanrakshan under Credit Guarantee Scheme for FPOs (CGSFPO). This initiative would accelerate flow of institutional credit to FPOs by minimizing the risk of financial institutions for granting loan to FPOs so as to improve their financial ability to execute better business plans leading increased profits.
