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Government of India  
Ministry of Agriculture & Farmers' Welfare,  
Department of Agriculture & Farmers' Welfare  
**(Agriculture Marketing Division)**

"F" Wing, Shastri Bhawan, New Delhi  
Dated: the 18<sup>th</sup> June, 2024

**OFFICE MEMORANDUM**

**Sub.: Draft "National Policy on Farmer Producer Organisations" – public comments /suggestions regarding.**

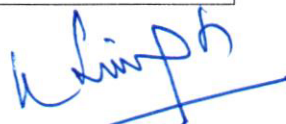
Department of Agriculture and Farmers' Welfare (DA&FW) , Ministry of Agriculture and FW, Govt. of India on February ,2024 constituted an Expert Group under the chairmanship of Shri Faiz Ahmed Kidwai, IAS, Additional Secretary (Marketing), DA&FW. The Expert Group after holding meetings and undertaking consultations with stakeholders has prepared a draft **"National Policy on Farmer Producer Organisations"**, which is attached herewith.

2. A copy of aforesaid draft National Policy is uploaded on the website with the request to all those interested persons to kindly forward your comments/suggestions , which will help us to further improve it. . A suggestive format is given below for sharing your comments /suggestions. The comments/suggestions on the enclosed **National Policy on Farmer Producer Organisations"** may reach within 14 days at email ID [surendrak.singh@nic.in](mailto:surendrak.singh@nic.in) .

**Suggestive Format**

Provision-reference in the draft Policy	Changes suggested/commends made	Justification for comments and suggestions made

Encl: As above

  
**(Dr. S.K. Singh)**  
Dy. Agriculture Marketing Adviser and  
Convener of Expert Group  
(Mob. 9958822288)



**NATIONAL POLICY  
ON  
FARMER PRODUCER ORGANISATIONS (FPOs)**

**Government of India  
Ministry of Agriculture and Farmers' Welfare  
Department of Agriculture and Farmers' Welfare**

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## NATIONAL POLICY ON FARMER PRODUCER ORGANISATIONS

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## Acronyms and Abbreviations

AIF	Agriculture Infrastructure Fund
AMI	Agriculture Marketing Infrastructure
APEDA	Agriculture and Processed Food Development Authority
BoD	Board of Directors
CACMP	Common Agribusiness Centre –cum- Market Place
CBBO	Cluster Based Business Organisation
CCPC	Central Committee on Policy and Coordination
CEO	Chief Executive Officer
CND	Central Nodal Department
CNTI	Central Nodal Training Institute
CNO	Central Nodal Officer
COS	Committee of Secretaries
CPA	Central Professional Agency
CPMU	Central Project Motoring Unit
DLCC	District Level Consultative Committee
DPR	Detailed Project Report
FMC	FPO Monitoring Committee at district level
FPO	Farmer Producer Organisation
FRIP	FPO Registry and Integrated Portal
ICAR	Indian Council of Agricultural Research
ICHC	Integrated Custom Hiring Centre
IISCG	Integrated Interest Subvention and Credit Guarantee
ISAM	Integrated Scheme for Agriculture Marketing
MIDH	Mission on Development of Horticulture
MOVCDNER	Mission Organic Value Chain Development for North -Eastern Region
MPEDA	Marine Products Export Development Authority
MSL	Mean Sea Level
NABARD	National Bank for Agriculture and Rural Development
NABCONs	NABARD Consultancy Services.
NBHM	National Bee Keeping and Honey Mission

NBM	National Bamboo Mission
NABSANRAKSHAN	Nabsanrakshan Trustee Pvt. Ltd.
NMEO-PO	National Mission for Edible Oil- Palm Oil
NMNF	National Mission on Natural Farming.
PDMC	Per Drop More Crop
POPI	Producer Organisation Promoting Institution
RI	Resource Institution
RIC	Registration Identity Code
RKVY	Rashtriya Krishi Vikas Yojana
RNTI	Regional Training Institute
SCPC	State Committee on Policy and Coordination
SFAC	Small Farmers' Agribusiness Consortium
SLBC	State Level Bankers' Committee
SNA	State Nodal Agency
SND	State Nodal Department
SNO	State Nodal Officer
SNTI	State Nodal Training Institute
SPMU	State Project Monitoring Unit

# NATIONAL POLICY ON FARMER PRODUCER ORGANISATIONS

## 1.0 Background

Farmers' collectivization started in India with the start of co-operative movement in the country in 1904, however, focused promotion of FPOs as farmers' institutions began in 2011-12 under two central sector schemes of DA&FW, namely "Village Initiative for Urban Clusters (VIUC)" ; and "Integrated Development of 60,000 Pulses Villages in Rainfed Areas. Promotional initiatives got further impetus after DA&FW formulated a National Policy and Process Guidelines for FPOs in 2013 with SFAC as its Central Nodal Agency (CNA). Thus, FPOs have ever since been promoted by various agencies including corporate with varied designs and level of support, which were getting incorporated /registered under different laws. Lack of interconnectedness and uniformity in FPO promotion all along and across the agencies and also lack of wholesome data on FPO led Cabinet Secretary in CoS meeting held on 15<sup>th</sup> November, 2017 to mandate DA&FW to formulate a uniform "National Policy Framework for FPOs". In compliance, Department started the process of formulating National Policy through in-depth and wide consultations with all stakeholders. Announcement in Union Budget, 2019-20 to form 10,000 new FPOs prioritized formation of scheme over notification of National Policy. Now, this is high time to notify National Policy to create a facilitative ecosystem for consolidation of existing potential FPOs and formation of new FPOs to transform them into a functional and vibrant enterprise. Hence, sustaining farmers' income security approach based this National Policy on FPO is being brought in traversing through the constraints of "Consolidation", "Capability" and "Capital".

## 2.0 Preamble

*This National Policy on Farmer Producer Organizations (FPOs) recognizes the need for consolidation of existing FPOs and formation & promotion of new FPOs and also creating an ecosystem, wherein, FPOs flourish steadily and sustainably to facilitate vibrant and sustainable income oriented farming for overall wellbeing of farmers.*

*The National Policy encourages FPOs' horizontal and vertical growth in the form of their federation, carrying out value addition, processing and accessing the export market and remunerative domestic markets as well with the overall objective of transforming agriculture and allied sector into a functional and vibrant enterprise.*

*The National Policy incites sense of fraternity (bandhuta) among members of an FPO and facilitates cooperation, trust and solidarity among them, thereby, elicit the feelings of our interconnectedness, interdependence and the need to strengthen the weakest in respective ecosystems and FPO to sustainably grow and flourish.*

*Given the said goal to achieve through holistic intervention by way of conducive policy, needed handholding and incentives across the value chain of agriculture and allied produce, this inclusive and resilient National Policy on FPO shall be a harbinger in changing the spectrum of agriculture and rural economy of the country in general and will act as catalyst in improving the income of farmers and generating the employment opportunities in rural areas in particular.*

### 3.0 Definitions

In this National Policy, unless the context otherwise requires:

- (i) **“Common Agribusiness Centre –cum- Market Place (CACMP)”** is a generic name in the policy meaning thereby a common place for availability of quality production inputs, storage, primary value addition, processing and trade-transaction as market place, etc.;
- (ii) **“Farmer –producer”** means a person individually, with or without land ownership, engaged in cultivating /rearing/collecting plants or produce of agriculture, horticulture, sericulture, apiculture, permissible forest produce or of medicinal & aromatic usage; or engaged in rearing / producing fisheries & animal husbandry and their products;
- (iii) **“Farmer’s Family”** means a person individually or a group of persons collectively, with or without land ownership, engaged in growing/rearing/collecting and/or cultivation of plants or produce of agriculture, horticulture, sericulture, apiculture or permissible forest produce, or of medicinal & aromatic usage; or engaged in rearing and/or producing livestock and its products. In any joint family, father/mother (parents) and his/her immediate descendant(s) is/are independently engaged in aforesaid activities with or without land/assets division, as the case may be, they all will be considered as individual family for purpose of this guidelines;
- (iv) **“Farmer Producer Organisation”** is a generic name of collective of farmer-producers, owned, managed and governed by themselves and incorporated /registered as legal entity under Companies Act, 2013 or Co-operative Societies Act or any other law for the time being in force permitted for their incorporation /registration.

### 4.0 Vision of National Policy

The vision of the “National Policy” is to build a prosperous and sustainable ecosystem for development of agriculture and allied sector/activities like field crops, horticulture, apiculture, sericulture, medicinal & aromatic plants, permitted minor forest produce and animal husbandry and fisheries sectors by promoting and supporting member-owned Producer Organisations that enable farmer-producers and agrarian community to enhance productivity through efficient, cost-effective and sustainable resource use and realize higher returns for their produce and become sustainable through collective action facilitated by the government and fruitful collaboration with academia, research agencies, civil society and the private sector.

## 5.0 Mission of National Policy

- 5.1 To scientifically and systematically consolidate the existing FPOs and also to form new FPOs. Thus, endeavour is to be made to create an FPO ecosystem wherein a minimum of 7-8 active primary level FPOs in each block of the total 7256 blocks in the Country, or at least in potential blocks, are formed /consolidated in next five years, which may number roughly 50,000. The policy would directly benefit 2.50 crore farmers (17% operational holdings) out of total 14.64 crore farmers including 12.60 crore small and marginal ones (**operational holdings as per agriculture census, 2015-16**) inhabiting in 6,48,577 villages, considering average number of 500 farmer-members per FPO.
- 5.2 To promote FPOs to meet vibrantly and dynamically changing requirements for pre-production, production and post-production technologies, farm diversification, agri-preneurship development and the development of sustainable community enterprise systems across India with application of innovations and technology. Farm pooling for produce purchase agreement, waste to wealth and such other activities will be promoted.
- 5.3 To provide adequate and need based support to FPOs in a systematic and planned manner. Support of any type and handholding are to be need based as assessed time to time by CNA through Central Professional Agency (CPA) engaged by it. The CNA with CPA will provide single window facilitation.
- 5.4 To provide uniform and a facilitative ecosystem for entire value chain such that the FPOs as collectives of producers can flourish making agriculture and rural communities sustain and flourish.
- 5.5 Depending upon the nature of the produce, its value chain and other relevant factors, need and choice based dual or triple tiered FPO federation or a JV with private corporate entities including startups will be promoted. Branding, packaging processing, marketing, export. etc at appropriate tier will be required to be undertaken professionally.

## 6.0 Guiding Values for Sustaining FPOs and Guiding Principles for National Policy

### 6.1 Guiding Values for FPOs:

FPOs are required to bear the values of self-help, self-responsibility, democracy, equality, equity and solidarity with their members necessarily believing in the ethical values of honesty, openness, social responsibility, agribusiness and caring for others. These values are to be imbibed in the FPOs and their members and also translated into practice during various stages /cycles of FPO development, starting from mobilization, formation to



business execution, through well guided principles of voluntary mobilization of farmer-members based on common socio-economic interest and all elements of farmer-member ownership, autonomy, training, Information and open membership without gender, social, racial, political or religious based discrimination.

## **6.2 Guiding Principles for National Policy:**

**6.2.1** There is no gainsaying that FPOs in agricultural economy like of India dominated by small and marginal farmers, tenants, sharecroppers and other landless farmers engaged in allied activities are critical in leveraging economies of scale in production and marketing both . Such farmers through their collectives in the form of FPO are leveraged to access quality production inputs, services and technology at ease and reasonable cost to enhance cost –effective productivity on one hand and to collectively access to undertake value addition , processing and collective marketing in remunerative markets including export markets on the other . This culminates into overall economic development of these farmers and rural sector as well.

**6.2.2** Since large number of FPOs under different schemes and through different agencies have been formed over time. As any body's guess , number of FPOs formed may be more than 31,000 FPOs including active and inactive both. Support under Central Government's central sector scheme of Formation and Promotion of 10,000 FPOs is till 2027-28, as excepting management cost . support to FPOs was for five years from their formation. Further, some of the States like Andhra Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Odisha , Tamil Nadu , Uttar Pradesh have notified the State specific FPO policy and other States may also follow the suit to adopt the uniform FPO policy , maintaining the regional /state specific variations/ requirement . With these considerations in mind and to move in strategic manner with all facilitative ecosystem, National Policy on FPO is being formulated with following broad guiding principles :

**6.2.2.1. Consolidation of existing FPOs and also FPOs formed under 10KFPO Scheme-**Study and potential assessment of FPOs formed and promoted under any scheme by any agency including those formed under 10 K FPO Scheme will be undertaken. The identified potential FPOs will be covered under this policy for all types of benefits to make them economically sustainable.

**6.2.2.2. Application of experiences and insights from FPO movement** - Experiences and insights gained from successes

and failures majorly during last one decade or little more of promotion of FPOs will be channelized strategically to make FPO really a startup and an agri enterprising unit solely on socio-economic and farmers' economic well being concept.

**6.2.2.3 Inclusive end-to end Value Chain Concept :** For enhancing farmers' net income , a combo of selection of agri enterprise (s), cost efficient production and productivity , market oriented value addition, packaging, leveling, branding , processing and competitively marketing in domestic or export market are consideration of paramount importance. Thus, the principle of this policy weaves around enhancing farmers' net income through end-to-end Value Chain Concept.

**6.2.2.4 Ease of Doing Agribusinesses :** This principle underscores the importance of simplifying bureaucratic processes and reducing regulatory burdens for FPOs. By facilitating the ease of doing business, FPOs can operate more efficiently and effectively. Thus, the policy strides to make an ecosystem wherein FPOs get seamless access to services and activities without getting in any stringent regulatory/ statutory/ procedural intricacies and compliances.

**6.2.2.5 Emulating Market Oriented Milk Value Chain Model (AMUL):**  
The ultimate active of collective efforts is value capture for the farmers managing upstream activities , can be best achieved with scale, not quite possible by individual FPOs in isolation . AMUL has been a successful model for milk value chain not only in ensuring at the back end an assured, remunerative market to milk producers through establishing primary cooperative societies but also reducing a transactional losses and developing strong supply in domestic and export markets at the front end through their federation at District ( District Level Union) and State Level ( State Level Federation). This 3-tiered model has been successful working on a business goal collectively , with capacity building focused on milk production and aggregation related, managed by a strong professional organization. This policy will guide the policy makers ,Governments and all those involved to make strides and endeavours to develop the FPOs on the 3 tier AMUL model through making all needed support and removing the hurdles . Being it an illustrative model , FPOs can tweak it as best suited to them for value chain development or adopt any other successful model of federation.

**6.2.2.6 Providing as enabling guidelines for States to adopt:** This principle would help in creating an ecosystem with level-playing field across the States. Thus, the principle will embark upon the States to formulate and notify a facilitative State level policy guidelines ensuring therewith a fair and level playing field for FPOs. It also aims at to prevent any undue advantages or disadvantages compared to other entities such as cooperatives, startups, and commercial enterprises.

## **7.0 General Characteristics of FPO and its Eligibility under the Policy**

### **7.1: General Characteristics of FPO:**

- 7.1.1** It deals with the pre-production, production and post-production activities of agriculture, horticulture, apiculture, sericulture, permitted minor forest produce and animal husbandry and fisheries including cattle, buffalo, goat, sheep, pig and poultry , etc.
- 7.1.2** It deals with multiple products and services that are required by farmers specifically small and marginal producers. There may be product specific FPO in the centre, however, to be an FPO economically sustainable and diversify risk & enhance returns, the FPO should have multiple product and service mix; so that there are enough activities and engagements with the members throughout the year.
- 7.1.3** As regards management and governance model of an FPO, it shall be as per the Law under which it has been incorporated/ registered, however, it has to demonstrate that it serves its farmer-members in general and small and marginal farmers, women farmers and SC/ST farmers in particular to avail on priority benefits under this policy.
- 7.1.4** A farmer can be a member in more than one FPOs considering his produce and agribusiness opportunity, however, will get matching equity grant from government only once for member in any one FPO only.
- 7.1.5** All the FPOs, formed either under 10,000 FPO scheme of the Central Government or under any other scheme (s) of Central /State Governments and their agencies or promoted by private value chain organisations or formed on its own and new FPOs being formed/ to be formed will be covered under the policy subject to meeting eligibility criteria provided under **para 7.2 below:**

### **7.2 FPO eligibility:**

Meeting the following criteria shall be covered for the benefits under the policy:

**7.2.1** It is formed by the farmer-producers as defined under this policy, which are called as “Members”. The minimum members should not be less than 300 for FPOs formed in areas other than North-Eastern Region (NER) States , hilly region\* and Union Territories (UTs) . While for NER States, hilly region and UTs, minimum member should not be less than 100.

**7.2.2** It must be incorporated/registered as legal entity either under provisions of part IX A of the Companies Act, 1956 (1 of 1956) read with proviso to section 465(1) of the Companies Act 2013 (18 of 2013) or under any law relating to Cooperative Society for the time being in force.

**7.2.3** It must be registered with “FPO Registry Portal” maintained by Central Government and a unique identity number, i.e. RIC is allotted to FPO. FPOs registered with State/UT level “FPO Registry Portal” and linked to central “FPO Registry Portal” through API or other such mechanism and RIC allotted by Central Government will also be eligible.

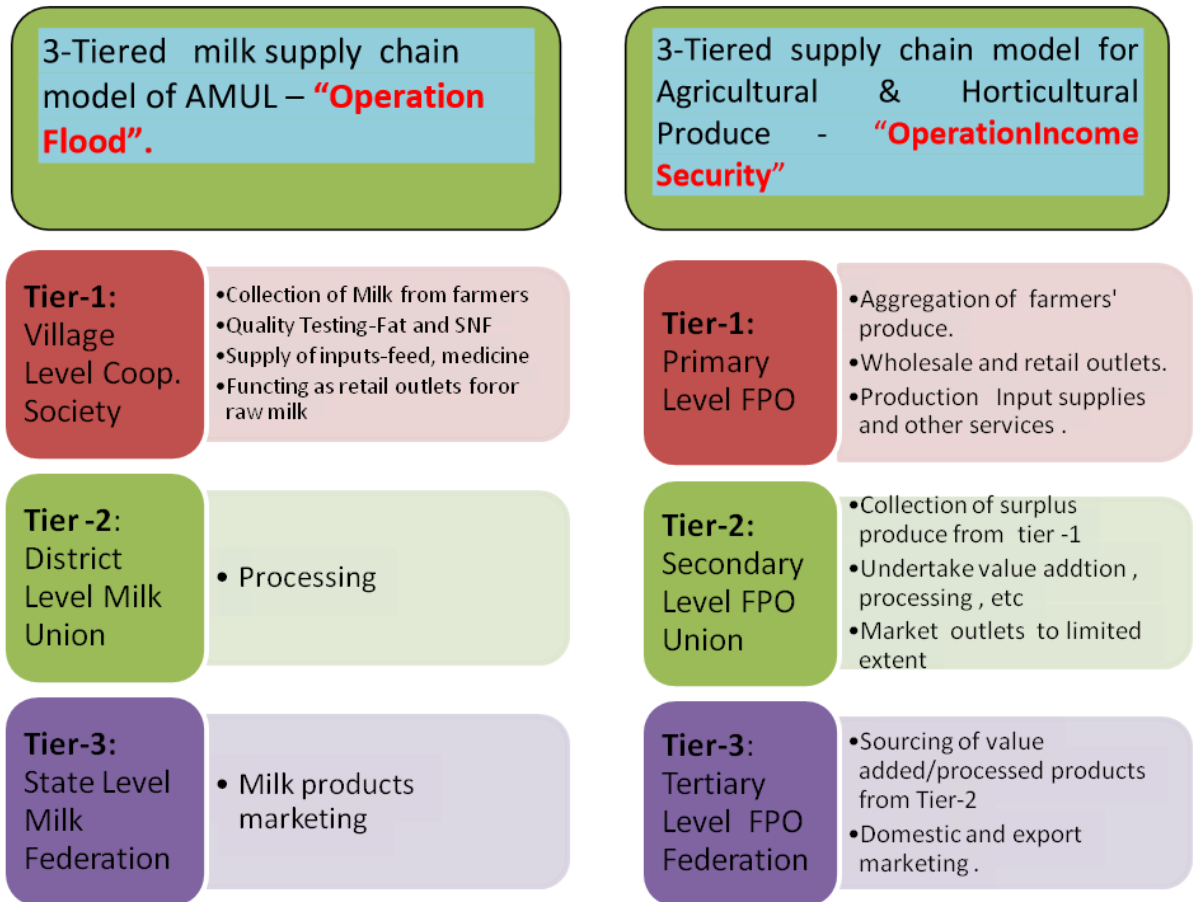
\* **Hilly region/ area** means region/area at a height of 1000 metre or above MSL.

## **8.0 Institutional Architecture of FPOs on AMUL model through their Federations**

8.1 AMUL model of milk supply chain crashed middlemen, made trade cartel toothless and supply chain unbroken and also privileged the milk producers to be “Price Setters” by forming milk producers’ own cooperatives with structured mechanism for procurement , processing and marketing under their control. AMUL model of milk and milk product value chain is successful experience, which have unique elements of lessons being (a) business strategy focus was on specific value chain ( Dairy); (b) pursuing total value chain strategy spanning raw milk to its varied value added products for the markets; (c) activity and responsibility defined clearly at the three levels (3 tiered) - village (dairy cooperative society ), district (milk union) and state ( dairy federation) , working on a business goal collectively; (d) capacity building alongside business with focus on milk production and aggregation related; and (e) managed by a strong professional organisation while ownership is held by farmer organisations.

8.2 Though, there are dissimilarities between the milk and agricultural produce on many counts, however, cooperatives in European Union (EU) have been equally successful in other categories such as fruits and vegetables, cereals, meat and so on. Hence, AMUL model suitably tweaked can provide the necessary impetus for

agricultural, horticultural, livestock, fisheries as well especially for crop specific (product specific) value chain.



- ❖ **Tier-1 (Primary Level FPO) :** Tier-1 FPOs are to be formed broadly from farmers of 4-5 GPs with commonality in interest, functions and culture , etc. and primary FPO may serve as a single window service centre to the producers in respective geographic areas of GP. Such FPO needs to develop Custom Hiring Centre (IHC) OR Common Agribusiness Centre –cum- Market Place (CACMP) for aggregating farmers’ produce, providing quality inputs at affordable rates , developing wholesale / retail outlets and providing basic production and post-production knowledge.

**Policy supports needed are:**

- Appropriate size of a piece of land should be made available by State Governments to FPOs for developing an IHC OR CACMP at nominal rate or on long lease . FPOs based on requirements may keep and maintain various types of machineries , implements and equipments needed for production and post-production activities. At CACMP, FPO on such centre may develop inputs shop, value addition/ processing facility, storage, aggregation/ collection points , market place, etc.
- Infrastructure/facilities like collection centre of farmers’ produce, inputs shop, wholesale and retail outlets , quality assaying system , etc should be developed with the convergence of existing govt. schemes .
- Facilitative ecosystem for production inputs licence and trading licence under State APMC Acts.
- State Govt. under APMC Act may allow trading form CACMP.
- Accord of CACMP a status of APMC mandi equivalence while integrating it with eNAM platform , ONDC or any other such e-trading platforms.
- A qualified CEO may be from the panel maintained by CNA.
- Cheaper loan at sub-vented rate and CGF may be made available.
- ❖ **Tier -2: Secondary Level FPO Union:** Based on the requirements, considering various factors of the produce , processing and its supply chain, tier-1 FPOs of required number can make their union at Block level or District level or at State level

**Policy supports needed are:**

- For availing benefits for creation of infrastructure/facilities under the schemes, cheaper loans and CGF, this Tier -2 should be treated at par with tier- 1.
- Attaining a minimum turnover to be prescribed time to time by CND, if so needed.
- ❖ **Tier -3: Tertiary Level FPO Federation :** Federation of level 2 in Level 3, considering various factors should Minimum at District level , State level or National level

**Policy supports needed are:**

- For availing benefits for creation of infrastructure/facilities needed for marketing and export of the produce, they should be eligible for benefits under the schemes, cheaper loans and CGF, etc akin to Tier 1 and 2 FPOs.
- For domestic markets , their seller platform be integrated with ONDC and all benefits of eNAM will be given to tier-3 FPO for marketing of their products at par with APMC.
- APEDA/MPEDA and other such agencies should handhold and provide all financial assistance, training, exposure for exports in all commodities .

Notwithstanding anything mentioned above, considering the significance of specific produce like honey etc., wherein, sustainable primary FPO institutional unit needs to be covering larger geographical area, the primary level FPO, the secondary level FPO (Union) and tertiary level FPO (Federation) may be formed at higher level of their geographical-hierarchy than as usual at block, district, State level with the functional objectives and principles of FPOs remaining same. Further, in case of such architectural change, eligibility to seek technical support and avail financial benefits under this Guideline shall remain unchanged

**Note:** AMUL milk model suggested above is an illustration, therefore. as per need this and several other best suited models can be adopted by suitably tweaking it for the produce value chain .

Depending upon the nature of produce and other considerations relating to its value chain , geographical area, activities and services for Primary (Tier-1 ) Secondary (Tier-2) and Tertiary FPO ( Tier-3 ) , FPO federation may vary.

## 9.0 Institutional Architecture at Central and State Level

### 9.1 Central Level Institutional Arrangements:

#### 9.1.1 Central Nodal Department(CND) and its Role:-

**9.1.1.1** DA&FW, Govt. of India shall be a Central Nodal Department (CND) and an Officer of the CND not below the rank of Joint Secretary to Govt. of India shall be declared as Central Nodal Officer(CNO).

**9.1.1.2** The CND at national level will take all policy decisions, including formulation of any new scheme and/or continuance of any existing one with respect to FPOs, in consultation with Central Committee on Policy and Coordination ( CCPC) and Central Nodal Agency (CNA) and will also coordinate with State Committee on Policy and Coordination (SCPC) and State Nodal Officer (SNO) in all respects of FPOs' growth and development

**9.1.1.3** Without prejudice to the generality of the foregoing role, the CND will make all endeavour to create an ecosystem wherein FPOs flourish well so as to socio-economically benefit the farmer-producers. CND's roles are broadly given below:

- (i) The CND through its CCPC will arrange to earmark the required fund for growth and development of FPOs through convergence of ongoing schemes of Central Government. However, FPO Monitoring Committee (FMC) at district level headed by District Collector / Deputy Commissioner will prepare strategy for convergence of schemes of central and state governments. CND will also provide the agribusiness support as contained in this policy.
- (ii) The CND will engage with the concerned Ministries /Departments/ Organizations of Central and State Governments to facilitate for (i) grant of production inputs ( seed, pesticides and fertilizers) license in preferential and simplest manner and, if needed, will create sustainable linkages between FPOs and production inputs suppliers to make available quality production inputs at cheaper rates; (ii) simplified statutory incorporation /registration process, fee and compliances; (iii) direct integration of FPOs with commodity exchanges to participate on behalf of farmer-producers in futures and option trading; (iv) getting declared/ notified Common Agribusiness Centre –cum- Market Place (CACMP), or otherwise named such place/ arrangements, as deemed market under State APMC Acts ;(v) undertaking price support purchase operations at MSP and also functioning as procurement agency at MSP; (vi) direct supplies from FPOs to railways/ defense and PSUs; (vii) exempting FPOs from stock limit for value addition, processing, etc. to the extent of such requirement of agricultural raw produce ; (viii) concessional freight charges for transportation of commodities at least initially for the first five years from the date of registration; and (ix) to directly involve in seed production chain as producers of certified seed, saplings and other planting materials and extend production and marketing services on par with cooperatives.
- (iii) CND will integrate CACMP with e-NAM platform and ONDC and will provide all financial and technical support at par with APMC markets.
- (iv) CND will take up the matter with Finance Ministry, if needed, for making institutional loan available to FPOs at cheaper interest rate to meet their working capital, term loan for investments and composite loan requirements, more importantly



working capital requirement . CND will also facilitate pledge financing against NNWR and eNWR at affordable interest rate to FPOs.

- (v) CND will take up the Finance Ministry to provide tax incentive to the corporates providing financial support to the FPOs as part of their CSR and CND will also take the issues with Finance Ministry relating to taxation.
- (vi) CND will also strive to put in place an aligned policy among central and state procurement agencies on role of FPOs in MSP procurement, making them partners in the process. Apart from above, CND will also explore possibility of prioritizing or fixing up certain share in government procurements .
- (vii) CND in consultation with CCPC , CNA and SNDs/SNAs will devise the Unique Identity No. called RIC.
- (viii) CND in consultation with CCPC may decide to designate some Implementation Agencies (IAs) complying the norms to be prescribed and willing to work on nominal or no administrative charges. However, being it a State subject, it should be left to States.
- (ix) CND would play other role (s) also which are needed for growth and development of FPOs in the Country.

**9.1.2 Central Committee on Policy and Coordination ( CCPC) :-** It shall be apex level policy making and coordination body with following composition :

<b>i.</b>	Secretary ( DoA &FW)	Chairperson
<b>ii.</b>	Additional Secretary (Marketing)	Member
<b>iii.</b>	Managing Director ,SFAC	Member
<b>iv.</b>	Chairman, NABARD	Member
<b>v.</b>	Chairman , APEDA and MPEDA	Members
<b>vi.</b>	Joint Secretary ( Crops and MIDH), DA&FW	Members
<b>vii.</b>	Representative of MoRD not below the rank of Joint Secretary	Member
<b>viii</b>	Representative of DoAH & Dairying not below the rank of Joint Secretary	Member
<b>ix.</b>	Representative of Department of Fisheries not below the rank of Joint Secretary	Member
<b>x.</b>	Representative of Department of Cooperation not below the rank of Joint Secretary	Member
<b>xi.</b>	Representative of MoFPI not below the rank of Joint Secretary	Member
<b>xii.</b>	Representative of Department of Expenditure not	Member

	below the rank of Joint Secretary	
<b>xiii.</b>	Representative of Department of Financial Services not below the rank of Joint Secretary	Member
<b>ivx.</b>	Representative of ICAR not below the rank of Additional Director General.	Member
<b>xv.</b>	Representatives of 5 States representing across the Country as nominated by States' Chief Secretary not below the rank of Principal Secretary/ Secretary , in-charge of SND, on rotation basis.	Members
<b>xvi.</b>	Vice Chancellors of 3 Agricultural Universities on rotation basis	Members
<b>xvii.</b>	Representatives (2 Nos) of FPO/ FPOs' federation as nominated by DA&FW .	Members
<b>xviii.</b>	Joint Secretary (Marketing)/ Adviser (Marketing)	Convener

**Note:**

- a) The chairperson may co-opt any number of professionals / domain experts /practitioners as Co-opted Member(s), as deems necessary, for a particular meeting (s) or for all the meetings.
- b) The CCPC will normally hold its meeting quarterly, however, chairperson may, based on requirements, convene as many meetings in a month as he/she deems necessary.

**9.1.3 Central Nodal Agency ( CNA) and its Role:** Considering the experience and exposure in coordination, promotion and implementation of FPOs, Small Farmers' Agribusiness Consortium (SFAC), New Delhi , an autonomous body under aegis of Department of Agriculture and Farmers' Welfare, Govt. of India shall be a " Central Nodal Agency (CNA). The CNA will play following broad roles in development and growth of FPOs in the country:

- i. To engage Central Professional Agency (CPA) or Central Project Monitoring Unit ( CPMU) in consultation with CND with respect to eligibility in terms of experience, human capital and turnover, etc. If so required , CNA with prior approval of CND can empanel SPV/different professional agencies for deferent services , which are to be engaged need based with targeted and performance based payment . However, for FPOs to federate, services of professional agency can be engaged all along the value chain. Professional agency will provide its services to all such federating FPOs whether promoted by any Central agency or State agency. CNA will formulate "Memorandum of Empanelment Process".
- ii. To coordinate with SNAs in all respects of FPO growth and development.

- iii. To design, maintain and update FPO Registry and Integrated Portal (FRIP) meant for FPO registry and robust MIS for all eligible FPOs and CNA would be its custodian.
- iv. To assess and evaluate FPOs with aid and support of CPA/CPMU for availing the benefits under the policy.
- v. To persuade for and to assist States/UTs in formulation of State/UT level FPO policy aligned with National Policy.
- vi. To assist CND and coordinate SNDs and also SNAs in implementation of the National Policy to promote and stabilize the FPOs at different levels across the country.
- vii. To function as fund channelizing agency and nodal scheme implementing agency of CND for growth and development of FPOs.
- viii. To function as nodal agency of CND for all types of publicity and outreach strategy for growth and development of FPOs.

#### **9.1.4 Central Professional Agency (CPA)/ Central Project Monitoring Unit(CPMU) and its Role:**

**9.1.4.1** There shall be a professionally competent and well experienced agency transparently engaged by CNA in consultation with CND, referred to as CPA/CPMU.

**9.1.4.2** The CPA should have requisite dedicated, professionally competent team in the domain of pre-production, post-production activities including those of information technology, artificial intelligence, machine learning, value addition, processing and export. The eligibility criteria of CPA in terms of its professionalism, experience, human resource, turnover, etc will be decided by CNA in consultation with CND and CCPC. The broad roles of CPA shall be :

- (i) To diagnose the constraints or undertake gap analysis with respect to infrastructure needs, market intervention and other support facilities /linkages, capacity building, etc necessary for the success of FPOs in the existing potential FPOs, which are eligible for handholding to make them economically sustainable.
- (ii) To facilitate the potential FPOs for their secondary/ tertiary level federation and with value addition, processing, branding, marketing and export and also with necessary credit for agribusiness.
- (iii) To maintain FPO registry and integrated Portal and keep it updated.
- (iv) To assist CNA in implementation of policy and the activities /programmes /schemes related thereto.

## **9.2 State Level Institutional Arrangements**

### **9.2.1 State Nodal Ministry/ Department and its Role :-**

**9.2.1.1** State/UT Government will declare a Department, which has already been dealing with or proposed to deal with, as State Nodal Department (SND) and an Officer not below the rank of Secretary in the State /UT in the SND as State Nodal Officer (SNO).

**9.2.1.2** SND will work with State /UT Government to get State level FPO policy formulated/notified within six months from the date of notification of this policy in case it is not yet formulated/notified . Such State/UT level policy on FPO should be broadly in sync with the national policy on FPO so that there may be uniformity and ease in coordination and best channelizing the available resources to materialise the vision. The States/UTs, which have already formulated /notified State/UT level policy, if not in sync, may modify to make it in broad sync within three months from the date of notification of this policy .

**9.2.1.3** SND at State level will undertake the work of policy formulation in consultation with SCPC and SNA and coordination among the various stakeholders of State engaged for growth and development of FPOs.

**9.2.1.4** Without prejudice to the generality of the foregoing roles , the SND will make all endeavor to create an ecosystem wherein FPOs flourish well so as to socio-economically benefit the farmer-producers . SND's roles are broadly given below:

- (i) The SNDs will engage with respective Ministry /Department/ Organisation of State/UT Government to create growth and development centric ecosystem through .
- (ii) The SNDs will make available a piece of land of adequate size to FPOs free of cost or at cheaper rate or on long term lease ICHC OR CACMP. On Such land, FPOs based on requirements may keep and maintain various types of machineries , implements and equipments needed for production and post-production activities. FPO on CACMP may develop inputs shop, value addition/ processing facility, storage, aggregation/ collection points , market place, etc. Respective State Governments will prepare suitable rules/ guidelines for such effect.
- (iii) Provisioning for easy and preferential issue of production inputs ( seed, fertilizer, pesticide) licences to FPOs to trade in inputs and farm machinery etc. and also treating all eligible FPOs , irrespective of their incorporation/registration with the law, at par

with cooperative for availing production inputs licence/ registration;

- (iv) Making provision that eligible FPOs be treated as “Producers” of certified seed, saplings and other planting material and extended production and marketing subsidies at par with cooperatives;
- (v) Declaring/notifying CACMP or otherwise named infrastructure and facility meant for buying and selling there from as “Deemed Market” under State APMC Act for all purposes of trading;
- (vi) Issuance of unified single trading licence for state digitally with minimal or no licence fee and also with minimal documentation on the principle of “Ease of Doing Agritrade” and also to provide shop or space in the market-yard, if so needed and also recognizing trading licence of FPO of other State or digitally grant trading licence to FPO licensee of other State within 24 hours of their application for the purpose of inter-state trade;
- (vii) Allowing eligible FPOs to sell aggregated produce of the farmer –members and non-member farmers from their farm gate/house to the processors / exporters/departmental stores and end users without levy of market fee and other such charges;
- (viii) Supplying products of FPOs to local schools and Anganwadi centres under the mid-day meal scheme and to similar other schemes;
- (ix) Prioritizing eligible FPOs to set up and operate agri wholesale markets, retail markets, e-markets and Gramin Agricultural Markets (GrAMs) , cleaning grading & quality assaying facility, etc preferably in PPP mode; and
- (x) Playing other role (s) , which deem necessary for sustainable economic growth and development of FPOs.

#### **9.2.2 State Committee on Policy and Coordination (SCPC):**

State/ UT Government on the lines of Central Government may constitute a State/UT level policy making and coordination body , named as SCPC.

#### **9.2.3 State Nodal Agency (SNA):**

Considering the experience and exposure in coordination, promotion and implementation of FPOs, State/UT Nodal Department will designate it's any agency as State Nodal Agency (SNA) for promotion and coordination of FPOs. State/UT Government will, however, have option

not to declare /designate SNA, if declared/ designated SND is capable enough to discharge the roles of SNA. The broad roles of SNA will be:

- (i) It may coordinate all FPO implementing/promoting State/UT level organisations /agencies including those of private also for growth and development of FPOs.
- (ii) It may work in tandem and coordination with CAN in all respects of FPO promotion.
- (iii) It may be the partner of federal or any type of FPO Registry and Robust MIS system .
- (iv) Any other role(s) as deems to be necessary for growth and development of FPOs in the State and Country.

#### **9.2.4 State Professional Agency (SPA) or State Project Monitoring Unit (SPMU)**

SNA on the lines CNA may engage SPA in consultation with SND .The SPA should have requisite dedicated, professionally competent team in the domain of pre-production, post-production activities including those of information technology, artificial intelligence , machine learning, value addition, processing and export . The eligibility criteria of SPA in terms of its professionalism , experience, human resource, turnover, etc will be decided by SNA in consultation with SND and SCPC. The SNA in consultation with SND will set out roles and responsibilities of SPA /SPMU maintaining the spirit of CPA/ CPMU.

## **10.0 Financial Support and Credit Linkage to FPOs**

10.1 Forming of FPOs has been considered as one of the cogent approach to surmount the constraints witnessed by the small and marginal farmers while entrepreneurship development in FPOs plays a crucial role in shaping their economic landscape with sustainability. Due to huge diversity induced by varied factors, it is quite difficult to literally divide FPOs in its various stages or life cycle . However , in order to understand and assess their financial requirements for overhead costs , working capital costs and infrastructure /facilities development/ investment costs and decide the issue of access to dependable and affordable source of finance to meet thereof , FPOs are informally divided into following stages :

- (i) **FPO Formation/Nascent Stage** - Starting from collectivization of farmer-producers into smaller groups (SHGs, JLGs, etc) to FPO and its registration /incorporation under respective laws of Companies Act or Cooperative Societies Act and such other activities ;

- (ii) **Business Incubation and Growth Stage** –Starting from post-registration to start of agribusiness and giving tangible output ready to open the flying wings ; and
- (iii) **Maturity and Business Expansion & Federation Stage:** Starting from scaling up of business activity to value addition , processing , domestic & export market linkages and their federation into 2/3 tiered structure of three tiered structure of AMUL.

## 10.2 Government Support:

**10.2.1** Financial institutions may not be ready and comfortable to finance the FPOs for the activities falling in the 1<sup>st</sup> phase like baseline survey, identification of produce , mobilisations of farmer-producers, formation of farmers' small groups then FPOs , primary level awareness creation and upto FPO registration /incorporation under the law and such other activities . Therefore, Government should continue to support through **“FPO equity grant fund”** and **“FPO Formation Fund”**.

Equity grant should be provided to all eligible FPOs, which have not yet availed the same from any agency.

Financial assistance under **“FPO Formation Fund”** for the eligible activity (ies)/component(s), which have not yet been availed from any agency should **also** be provided to all eligible FPO.

CND should examine and modify the existing scheme of 10K FPOs to provide equity grant and financial assistance to all eligible FPOs for eligible activity (ies)/component(s) under **“FPO Formation ”**, which is in implementation till 2027-28.

CND should formulate a separate guidelines for **“FPO equity grant”** and **“FPO Formation fund”** with all details of eligible activity (ies)/component(s), scale of assistances, modalities, etc.

After termination of 10KFPO scheme, CND will formulate a separate scheme for Equity Grant and FPO Formation Fund.

10.2.2 Funds for development of production, post-production and marketing including value addition and processing infrastructure are normally required in growth stage 2<sup>nd</sup> and 3<sup>rd</sup>. In these growth stages, working capital requirements cannot be denied.

10.2.3 There are various schemes in implementation by the Ministries/ Departments of Central and State Governments which should keep on providing such financial support to FPOs through their convergence . The CCPC may strategise the convergence of existing schemes of Central Government to meet the requirements of FPO equity grant , FPO formation cost and infrastructure/facility development , where in either separate financial allocation for FPOs is made or FPOs are one of the preferred beneficiaries . Illustratively , these schemes are (i) Per DropMore Crop (PDMC) under RKVY; (ii)RKVY-DPR Components;(iii) Mission on Development of Horticulture (MIDH); (iv) Agriculture Marketing Infrastructure (AMI) sub-scheme of Integrated Scheme for Agriculture Marketing (ISAM); (v) Agriculture Infrastructure Fund (IAF); (vi) National Bamboo Mission (NBM);(vii) Mission Organic Value Chain Development for North-Eastern Region (MOVCDNER); (viii) National Bee Keeping and Honey Mission; (ix) National Mission for Edible Oil– Palm Oil; (x) National Mission on Natural Farming; and (xi) Sub-Mission and Agriculture Mechanisation (SMAM) of Department of Agriculture & Farmers` Welfare; while (i) Integrated Cold Chain and Value Addition Infrastructure; (ii) Creation /Expansion of Food Processing and Preservation Capacities; (iii) PM Formalization of Micro Food Processing Enterprises Scheme (PMFME Scheme); and (iv) Operation Green of Ministry of Food Processing Industries and Formation and Promotion of Fish Farmer Producer Organisation under Department of Fisheries. Apart from above, APEDA provides assistance to APEDA registered FPOs for export and MSME under its scheme of Fund for Regeneration of Traditional Industries (SFURTI) provides assistance for setting up enterprises.

### **10 .3 Credit Linkage:**

10.3.1 Presently , FPOs are either suffering from poor credit worthiness ratings from financing banks or not getting loans owing to lack of collaterals or if getting at all , are at unaffordable interest rates. FPO may continue to avail interest-subvention under AIF scheme and can also avail Credit Guarantee under AIF or under NABSANRAKSHAN or other Credit Guarantee Scheme, as credit guarantee is an insurance for the lending institutions against loan default .

10.3.2 In order to provide single window approach for availing interest-subvention and credit guarantee cover , CND will take up the matter with concerned Central Government Ministries / Departments owning and implementing credit guarantee funds and will consider to set up an Integrated Interest Subvention and Credit Guarantee/Protection ( IISCG) Fund of appropriate corpus to provide financial support to all eligible FPOs for working capital loan , investment capital (term loan) loan and composite loan . Further to reduce financing turnaround time and promote



transparency , stride will be made for digitised straight through processing ( STP) process for credit guarantee cover.

10.3.3 Bank's Lending to FPOs is already covered under Priority Sector Lending (PSL) - Agriculture. Under farm credit, an aggregate limit of Rs 2 cr. per borrowing entity (FPO) is allowed . Further, loans up to Rs. 75 lakhs for a period not exceeding 12 months against NWRs/eNWRs and up to Rs.50 lakh against WR other than NWRs/eNWRs are also provided in addition to loans up to Rs 5 crore per borrowing entity (FPOs/FPCs) undertaking farming with assured marketing of their produce at a pre-determined price. Furthermore, loans for agriculture infrastructure is also provided from banking system subject to an aggregate sanctioned limit of Rs 100 cr per borrower. In spite of above , FPOs still struggle in accessing the formal credit from the banking system.

10.3.4 However, to promote credit flow to FPOs to undertake business activity , CND will take up the matter with Department of Financial Services, GoI and Reserve Bank of India (RBI) to apportion/earmark certain percentage of total PSL- Agriculture target to PSL-Agriculture (FPO) target as sub-set of PSL- Agriculture, which should be part of RBI monitoring and also be reviewed at SLBC/SLCC meetings and also issue direction to banks to lend FPOs on preferential basis for all types of loans as Government is already covering the risk through Credit Guarantee Cover.

10.3.5 CND will also strategize a robust awareness campaign upto branch level with active support of District Development Managers (DDMs) of NABARD, District Lead Bank Managers and other State Government machinery. Understanding the criticality , CND will develop an ecosystem for regular training to Branch Managers of financing banks for better understanding FPO entity , its business operation so as to reduce information asymmetry and mitigate financing -risk . CND will also take up the matter with SLBC and DLCC through appropriate level to make FPO financing an agenda in their meetings and will also take up for getting one officer from banks at State level and District level nominated for FPO financing.

- All the FPOs conforming eligibility criteria in this policy shall be eligible to avail benefits as mentioned in this National Policy . However , those FPOs which have already availed financial benefits for any activity/component under any Central and State Government schemes, no benefit will be available for those activities/ components.
- Financial support to be assessed case-wise by CNA through CPA and will be processed as per guidelines.

## **11.0 Professionalism, Qualification and Empanelment of CEOs/Managers**

- 11.1** FPOs turn out to be small enterprises, face challenges of professionally managing and grow in a competitive market. Issues being inability to access, afford, attract and retain quality business CEOs/ Managers. Thus, professionally qualified CEOs/Managers are critical for planning, execution and finally economic sustainability of FPOs and CEOs should be adequately paid to ensure their stability.
- 11.2** CEO/Managers should be graduate in agriculture /horticulture / agriculture marketing /Agri Business Management or equivalent . Post-graduate Diploma in Agri. Business Management or equivalent qualification, or working experience as CEO for 3 years in any FPO should be preferred. Locally available well qualified and experienced CEOs as explained above will also be preferred.
- 11.3** Central Nodal Agency (SFAC) may empanel the willing qualified executives through short selection process.
- 11.4** DA&FW may bring a scheme to incentivize those CEOs/ Managers appointing by eligible FPOs from the panel . The incetivisation may be for a maximum period of three years from the date of appointment or attaining the minimum farmer-members of 300 in case of plain area and 100 in case of NES and hilly regions subject to undertaking to work at least for five years with same FPO. In case such CEO is appointed in the FPO even before attaining requisite number of 300 and 100,as the case may be, the requisite number must be attained within 3 months of appointment. On exceptional performance and achievement of set out deliverables, as assessed and recommended by CNA with empirical performance data on performance, CND can extend period for another two years making it five.
- 11.5** DA&FW will actively work with ICAR and other such Institutes/Universities to run specialized course to well equip human resource to meet the requirement of CEO /Managers of FPOs.
- 11.6** Apart from above, CND may explore the possibility and popularize with other stakeholders inclusion of a professional director in BoD.
- 11.7** CAN in consultation with CND will prepare a detailed guidelines in this respect.

In case , qualified and skilled CEO from panel is once appointed, it would be duty of CEO to manage and execute the entire agribusiness affairs of FPO.

## **12.0 Agri. business and Market Linkages:**

All endeavour will be made to create an ecosystem for FPOs, wherein all the types of agribusinesses relating to agri. inputs , agri. advisories /services, post-harvest management, value addition, processing , quality control, traceability, branding, food safety and regulatory compliance, marketing and export, etc can be undertaken with ease. The policy will specifically focus on providing market linkages with forward integration of assured and organized/ intuitional buyers. Apart from above,in order to create market readiness among FPOs, CND /CNA and SND/SNA will facilitate tie-up or buying agreement ( buying contract) with agro industries/organized retailers/processers/exporters, etc.

## **13.0 Monitoring and Performance Assessment System**

13.1 CND and Central Committee on Policy and Coordination will regularly monitor the progress of FPO in the Country through holding periodical review meetings.

13.2 CND may also engage any central or states' organization (s) with outreach across the country for monitoring of FPOs.

13.3 CAN with CPA will regularly monitor the growth and development of FPOs in the country and will also develop the rating tools & system to rate the performance and potential of FPOs . This performance and potential rating system will be a part of the criteria for section to be eligible to avail the benefits under this policy.

13.4 CAN will prepare annual status report of FPO in the country and submit to CND and CCPC for consideration and future roadmap.

13.5 CND may also engage any independent professional agency for third party evaluation and impact assessment as and when deems necessary.

13.6 FPO Monitoring Committee (FMC) at district level headed by District Collector / Deputy Commissioner with district heads of line departments and NABARD may also be constituted for monitoring and convergence central and State governments' schemes.

## **14.0 Capacity Building:**

14.1 In farmers' vender based agribusiness, it has been experienced that the approach of training and business happening alongside is more effective than as

two disjointed activities presently prevalent in FPOs. Therefore, this approach will now be applied in case of FPOs also with focus on federated FPOs.

- 14.2** Since FPOs are farmer-producer owned and management entity meant for agribusiness, therefore, need based regular capacity building programme for Board of Directors (BODs), CEOs/Managers, Accountants in particular and FPO members in general are critical for their socio-economic transformation. Further, sensitization to banks especially at branch level is required to make them aware of FPOs, their activity and business plan, etc.
- 14.3** Training modules should broadly cover farmers' mobilisation, registration and statutory compliances, FPO management, financial aspects, business plan and entire vertical and horizontal aspects of agricultural value chain with more focus on value addition, processing, branding, marketing, export.
- 14.4** CND shall designate 3-4 Central Nodal Training Institutes (CNTIs) based on their experience, competency and human capital, which will design training modules and impart training to trainers. CNTIs on request from CND will regularly assess the training requirements, training periodicity and stakeholders to be trained. CND based on the need assessment may also designate any private organisation to function as nodal CNTI.
- 14.5** Considering the regional requirements, cost-effectiveness and language barriers, trainings will be organised in decentralised manner through designated State or Regional Nodal Training Institutes (SNTIs/RNTIs). Therefore, CND will digitally empanel training institutes conforming the prescribed norms as SNTIs/RNTIs, which may be both of public and private sectors.
- 14.6** Considering the versatile experience, certain number of FPOs be assigned to KVKs/ Agricultural Universities for adoption and mentoring.
- 14.7** Till the National Institute to Promote FPOs (NIPF) and Regional Institute to Promote FPOs (RIPF) are established and become functional, DA&FW may take up the matter with ICAR to start Certificate Course for CEO/Managers in Agricultural Universities and other National and Regional level competent institutes.
- 14.8** To facilitate systemic and science based research for policy inputs and continuous capacity building through varied modes of the organizational and institutional ecosystem of FPOs, DA&FW in due course may consider to establish a National level and five regional level Institutes as National Institute to Promote FPOs (NIPF) and "Regional Institute to Promote FPOs (RIPF)" respectively. RIPF may be established in consultation with the States /UTs falling in the jurisdiction based on

cohesive commonalities in respect of culture, production pattern, post-harvest management and marketing, etc. Such Institutes should also carry out 6 months to an year long Certificate Course for CEO/ Managers. Apart from above, these may also function as FPO resource centre for the purposes for specialised skill development to trainers.

## **15.0 Miscellaneous**

**15.1 FPO Registry and Integrated Portal :** In order to maintain the data pertaining to FPOs in the Country , undertake their evaluation assessment, monitoring and provide support to them , an FPO e-Registry will be developed together with integrated portal with MIS system . Further, in order to have better monitoring of FPOs, their online record keeping and well planned promotion, FPOs will be given Unique Identity Code called as “Registration Identity Code (RIC)”. If FPOs promoted at State/UT level are registered with State/UT level “FPO Registry Portal”, SND will have to necessarily link to Central “FPO Registry Portal” through API or other such mechanism and get RIC allotted by Central Government.

**15.2 Commencement and Continuance of Policy:** The National Policy on FPO shall come into force from the date of its notification and will remain effective for five years from the date of its notification or till the next Policy is notified, whichever is earlier. The Policy will be subject to review and modifications from time to time as per changing requirements.

**15.3 Performance of the FPOs:** The performance of FPOs will be assessed and reviewed regularly by SFAC through CPA . The SFAC will draw the “Performance Assessment Mechanism” in consultation with DA&FW .

**15.4 Leveraging SC/ST, Women and Small & Marginal farmers:** In the policy, SC/ST, women and small holder farmers will be given special focus in terms of preferences over others .

### **15.5 Hilly and North -Eastern States and aspirational districts:**

For the hilly and North-Eastern States, provision of this policy will be consistent with the Government’s ongoing policy towards these regions & economically stressed States.

**15.6 Review and Updation of the National Policy:** DA&FW will update the policy documents time to time as per requirement and DA&FW’s interpretation with respect to this policy shall be final.