

Ministry of Agriculture & Farmer Welfare
Centre approves the “Formation and Promotion of 10,000 new Farmer Producer Organizations (FPOs)” scheme

February 9, 2021

Relevant to M&M- FES, FAAS


Background

- In the Union Budget 2019-20, the Government of India had announced formation of 10,000 new farmer producer organisations (FPOs) to ensure economies of scale for farmers over the next five years.
- The scheme has been launched because, the agriculture sector plays a crucial role in economic development and Nation building. The country is also be at the forefront in the development of agriculture across the world.
- Further, India wants to double its agricultural export by 2022.
- But, more than 86% of farmers in India are small and marginal. They need the facilities of improved technology, better input, credit, and more markets in order to incentivize them. It would help them to produce better quality commodity.
- Thus, if these small, marginal and landless farmers are aggregated into FPOs, it would help them to enhance the economic strength & market linkages of farmers. This in turn will help in enhancing their income.

What is the scheme?

- This is a Central Sector Scheme which receives funding from Government of India.
- FPOs will be developed in produce clusters.
- In the FPOs, agricultural and horticultural produces will be grown and cultivated to leverage the economies of scale.
- It will also improve the market access for members.
- Further, “One District One Product” cluster will be created to promote specialization.
- Under this scheme, the formation & Promotion of FPOs will be done with the help of Implementing Agencies (IAs).

For Further Reading

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1. <https://pib.gov.in/Pressreleaseshare.aspx?PRID=1696547#:~:text=Keeping%20this%20in%20mind%2C%20Government,provision%20of%20Rs%206865%20crore.>
 2. <http://sfacindia.com/UploadFile/Statistics/StrategyPaperonPromotion10KFPOs.pdf>
 3. <https://agriculturepost.com/all-you-need-to-know-about-formation-promotion-of-10000-fpos-scheme/>