



Dr. Ramesh Chand  
Member  
NITI Aayog  
New Delhi

Sub: Suggestions to support farmer producer organisations (FPOs) to contribute towards doubling farmers' income

Dear Dr. Ramesh Chand,

We have the privilege to inform you that NAFPO is a non-profit, multi-stakeholder platform, which seeks to promote awareness about the work of FPOs among policy makers and administrators, private sector players, financial institutions, donors etc. The objective is to bring to attention the immense opportunity that FPOs present to transform agriculture in India through an inclusive institution which truly represents farmers, especially small and marginal cultivators. NAFPO works with a wide range of partners to generate ideas and solutions which can be offered to various stakeholders for implementation. NAFPO only seeks to play a facilitating role and is not engaged in any commercial activity with or behalf of FPOs.

NAFPO has conducted a series of consultations over the past few months with a diverse set of dialogue partners to prepare a list of priority issues which positively impact the functioning of FPOs in the short run. We believe that the actions suggested in this list are possible to implement immediately, with significant commensurate benefits visible in the next few months itself. Most of them do not require additional budget outlays and can be accommodated within existing schemes. These suggestions are collated with the specific objective of achieving increased farm incomes.

The recent series of steps undertaken by Govt. of India to address the challenge of farmers' welfare lead us to believe that with the right institutional framework, which is also inclusive, we can move towards the goal of doubling farmers' income. The FPO is that institution and it can play a major role in meeting this goal.

We seek your kind support to direct the concerned ministries and departments to follow up on the enclosed suggestions.

With regards,

Yours truly,

A handwritten signature in black ink, appearing to read 'Pravesh Sharma', with a long, sweeping underline.

(Pravesh Sharma)  
Chair, Steering Committee



NATIONAL ASSOCIATION FOR FARMER PRODUCER ORGANISATIONS  
 REPRESENTATION | COLLABORATION | TRANSFORMATION

**Suggestions to support farmer producer companies  
 to contribute towards doubling farmers' income**

S.No	Issue	Challenges	NAFPO Suggestions
1.	<i>Credit access for FPCs</i>	Lack of Affordable credit	0.1 Per cent of annual agriculture credit target of banks to be mandatorily extended to FPCs NBFC credit to FPCs should be treated as agriculture credit and refinanced by banks to count against their target.
		Lack of data on the demand and availability of credit to FPCs at district level	Data on credit provided to FPCs should be part of RBI monitoring and reviewed at SLBC / SLCC meetings.
		Incomplete utilisation SFAC credit guarantee fund of Rs.100 crore	For consortium of over 10 FPCs, increase SFAC credit guarantee to Rs. 5 crores from current Rs. 1 crore
			NBFC funding to FPCs should be eligible for SFAC credit guarantee
		Create First loss default guarantee fund in a PPP mode with banks/ NBFCs	
Credit rating of FPCs	Credit rating tool under development: Involve NABARD in the Rabobank Foundation and World Bank assessment of 100 FPCs; also in SamFin + BMGF assessment of 50 FPOs		
2.	<i>Market access</i>	MSP procurement	FPCs and FPC federations should be involved in the MSP procurement operations at par with cooperatives; suitable directions may be issued by GOI to all States.
		Infrastructure development for FPCs	A dedicated infrastructure fund for FPCs has to be created, with 50 per cent subsidy from central government and 50 per cent loan from NABARD on soft terms (single digit interest rate; 1 year moratorium; 10 year repayment period).
			FPCs should be given APMC licenses at token price across the country
		Technology support fund for FPOs in SFAC to adopt digital technologies for capturing member data; traceability, etc.	