



NATIONAL ASSOCIATION FOR FARMER PRODUCER ORGANISATIONS

REPRESENTATION | COLLABORATION | TRANSFORMATION

## **Recommendations from National Webinar** **“Atmanirbhar Bharat Package” to support FPOs to address rural distress** *Webinar | 23<sup>rd</sup> May 2020*

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 and other stakeholders. 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 has conducted a series of consultations over the past few months with a diverse set of partners and recently conducted widely attended National Webinar on “**Atmanirbhar Bharat Package- What is in it for FPOs?**”, to prepare a list of priority suggestions which can positively impact the functioning of FPOs. The webinar shed light on the opportunities and challenges faced by FPOs in the added context of COVID. The discussion was led by Mr Siraj Hussain (retd. IAS), Senior Visiting Fellow, ICRIER and former Agriculture Secretary, Govt. Of India and Mr Pravesh Sharma (retd. IAS), Chairperson, NAFPO, CEO, Kamatan Farm Tech Pvt Ltd and former MD, SFAC along with participation from practitioners and experts form the sector.

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. These suggestions are presented with the specific objective of achieving increased farm incomes and addressing rural distress.

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 and provide required support to farmers. The FPO is that institution and it can play a major role in meeting this goal.

The following are some observation followed by suggestions. We seek your kind support in directing relevant departments to follow up on the enclosed suggestions.

### **Observations on Atmanirbhar Bharat Package:**

1. A total of Rs 1,63,000 crore has been announced in the Atmanirbhar Bharat Package (ATBP). It is important to now frame rules in manner in which wherever funding is created FPOs are included.



NATIONAL ASSOCIATION FOR FARMER PRODUCER ORGANISATIONS

REPRESENTATION | COLLABORATION | TRANSFORMATION

2. The 3 reforms mentioned in the package that can directly impact FPOs, include the Essential Commodities Act, the deregulation of the APMC Act and also the National level Contract Farming Legislation.
3. Overall, there is a positive outlook towards the intend of the package which can create massive opportunity for FPOs if reinforced with an enabling ecosystem support.
4. The fund for Infrastructure development at farm gate like Storage and Value addition are big opportunities that can be leveraged by FPOs and adequate space needs to be created with the Rs.100,000 crore Fund.
5. Due to COVID scenario, the lockdown has given opportunity to FPOs to utilize the E-NAM, and different alternate channels other than APMC. States where APMC Act is more rigid in structure, there the licensing, paperwork, needs to have mechanisms for participation of FPOs.
6. Policy push towards developing more FPOs has laid the foundation and the current ATBP creates opportunity for FPOs to take their rightful role as building on pure aggregation model but also better value at production
7. COVID has revealed disruptions in the centralized food production and distribution-system (different production-processing-consumption centers) which gives opportunity to FPOs to develop decentralized manufacturing and fair value chains.

## **Recommendation:**

### **1. ACCESS TO INVESTMENTS AND CREDIT**

- a) **Include FPOs in definition of MSMEs** so that they can get the credit guarantee benefits and protection of Rs 3 lakh crore. Already service industries are recognized as MSME – this will help open a practical way for FPOs to raise finance.
- b) **Roll out the promotion of 10,000 FPOs immediately.** As per plan in 2020-21, the government may treble the number or promote 4000 FPOs which can create 5000 professional man-days (@Rs.500 / PD). Associated impacts on job creation would be additional.
- c) **Create an exclusive credit target** within PSL for banks to loan FPOs. Credit at 7.5% by the banks as promised for the MSMEs (considering FPO is also MSME) as against 15% current rate by the NBFCs, will be a huge booster for the FPOs.
- d) **NABARD to refinance NBFCs for FPO** loan at the rate same as it does for its own NBFCs (Nabkisan, Nabfin, Nab Samruddhi) with a cap on RoI charged by the NBFC. This is critical as NBFC/MFIs with different customized products can open new channels to reach under-served FPOs.
- e) **Guarantee cover to the NBFCs who are financing FPOs.** Presently it is available for only the NABARD promoted NBFCs.

### **2. ACCESS TO MARKETS**

- a) **Create demand at FPO level towards Atmanirbhar-ta:** Govt purchase (MSP, PDS etc) of agri commodities (i.e raw & semi processed), 25% should be reserved for FPOs. This would be in alignment with objectives of “Vocal for Local”. The e-commerce retail,



NATIONAL ASSOCIATION FOR FARMER PRODUCER ORGANISATIONS

REPRESENTATION | COLLABORATION | TRANSFORMATION

single and multi-brand supermarkets may be mandated to procure 25% of their supplies related to semi processed agro products (Dal, Chawl, Atta, besan type...) from the producers' groups/FPO.

- b) **Private sector collaborations between FPOs & corporates** - PPP-IAD model on key value chains, is an existing template and address the issues of marketing.
- c) **Collaborative Incubation model where Agtech-Fintech start-ups** could be co-incubated with suitable FPOs thereby benefitting FPO gain from start-up ecosystem.

### 3. ACCESS TO TECHNOLOGY and Human Resources

- a) **Convergence of existing Govt. schemes with Single Window Clearance** - Start-up/Stand up India, SFRUTI, DST-TARA for access & deployment of small-scale technologies , Clean energy (MoEF), MoFPI for the benefit of FPOs to make it more accessible.
- b) **Value-chain approach to new FPOs** creation, strong governance mechanisms at mobilisation and formation stage itself, can address many challenges post-registration of the FPOs.
- c) **FPO incubation as a platform approach** where different expertise can engage with FPOs in capacity building, especially on FPO business development. Also, not centralised trainings but provide for context-specific training, followed by handholding where curriculum can be standardized but delivery to be customized.
- d) **Decentralised and Distributed Processing** - distributed manufacturing based on aggregation through leveraging technologies like block chains, traceability around the FPO's core strength needs to supported.

#### PARTICIPANT LIST:

S.No	Name	Designation/Positions held
1.	Mr Siraj Hussain (retd. IAS)	Senior Visiting Fellow, ICRIER and Former Agriculture Secretary, GoI
2.	Mr Pravesh Sharma (retd. IAS)	Chair, NAFPO, CEO, Kamatan Farm Tech Pvt Ltd and Former MD, SFAC
3.	Ms Aruna Rangachar	Senior Advisor, India Foundation of Humanistic Development
4.	Mr Balakrishnan S	CEO, Vrutti Livelihood Resource Centre
5.	Ms. Richa Govil	Associate Director, School of Development, Azim Premji University
6.	Mr Ashis Mondal	Director, Action for Social Advancement
7.	Mr Yogesh Dwivedi	CEO, Madhya Bharat Consortium of FPCs Ltd.
8.	Mr Anish Kumar	Trustee, NAFPO & Co-Lead, Transform Rural India

The webinar witnessed active engagement and was attended by 400+ participants. It was showcased live (recorded) on social media platforms like Facebook.