

1286  
CLF



**ABSTRACT**

**104247**

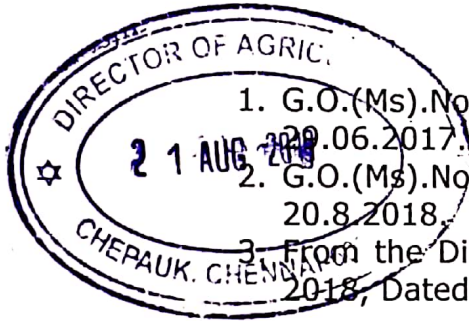
Agriculture - Promotion of Collective Farming by organizing Small/Marginal farmers into Farmers Interest Group (FIG)/Farmers Producer Group (FPG) during 2019-2020 - Administrative approval and financial sanction for a sum of Rs.10,058 lakh - orders - Issued.

**AGRICULTURE (AP4) DEPARTMENT**

G.O.(Ms) No.166

Dated :19.8.2019  
திருவள்ளூர் ஆண்டு 2050,  
ஆவணி 2

Read :



1. G.O.(Ms).No.164, Agriculture (AP4) Department, dated 20.06.2017.
2. G.O.(Ms).No.214, Agriculture (AP4) Department, dated 20.8.2018.
3. From the Director of Agriculture, Letter No.SS/79793/2018, Dated 4.4.2019, 29.4.2019 and 18.7.2019.

\*\*\*\*\*

**ORDER:-**

In the Government order 1<sup>st</sup> read above, orders have been issued according to administrative approval and sanction for a sum of Rs.100 crore as Corpus Fund to 2000 Farmer Producer Groups @ Rs.5 lakh per Farmer Producer Group (FPG) for promotion of Collective Farming by 2 lakh numbers of Small and Marginal Farmers for the year 2017-18 and transforming them into Farmer Producer Organizations (FPO) through Forward and Backward Linkages as prescribed in the Guidelines annexed to that order and further ordered that the Development of Humane Action (DHAN) Organization and Dr. Vadivel, Dean (Retired), Tamil Nadu Agricultural University who have wide experience in formation of Farmers' Groups, shall be the consultants at the State level to handhold the entire FIG/FPG/FPO formation process.

2. In Government order 2<sup>nd</sup> read above, permission has been accorded to continue the scheme for the year 2018-2019 by organizing Small and Marginal farmers into 10,000 Farmers Interest Group (FIG) and in turn federated into 2,000 FPGs and transforming them into FPOs and also sanctioned sum of Rs.10,042 lakh State fund and permitted to

dovetail a sum of Rs.280.00 lakh from State Extension Programme for Extension Reform Scheme under Agricultural Technology Management Agency for the capacity building of farmers under Collective Farming Scheme.

3. In the letter 3<sup>rd</sup> read above the Director of Agriculture has sent the proposal for approval of the Collective farming for the year 2019-20 at the cost of Rs.10058.00 lakh from State fund, as detailed below:-

Under Collective Farming Scheme so far 4 lakh farmers are benefitted by the formation of 20000 Farmer Interest Groups from which 4000 Farmer Producer Groups (Agriculture - 2990 FPG and Horticulture - 1010 FPG) were formed during 2017-18 and 2018-19.

On the success of the scheme, Announcement was made during Budget speech of 2019-20, that 2,000 new Farmer Producer Groups (FPG) will be formed by organizing 2 lakh Small and Marginal farmers with the financial assistance of Rs.100.58 Crore and eventually upgrade them into 100 Farmers Producer Organizations.

In continuation of Collective Farming project in the last two years, the third year project for 2019-20 is proposed for federation of 2 lakh Small and Marginal farmers into 2000 FPGs.

**Corpus fund to FPG:** The State Government will extend financial assistance of Rs.5 lakh to each FPG as Corpus fund. The Corpus Fund will be used for the purchase of Common Farm Machinery / implements / Common infrastructure for Collective cultivation. The FPG will lease out the farm machinery for one year to any of the FIG/ Member of the FPG. This will enable them to generate revenue for use in the next season.

During 2017-18, totally a sum of Rs.100 Crore was released as corpus fund to 2,000 FPGs benefitting 2,00,000 Small and Marginal farmers at State level. During 2018-19, totally a sum of Rs.100.42 Crore was released as corpus fund to 2000 FPGs benefitting 2,00,000 Small and Marginal Farmers.

The Hand holding period is two years under Collective Farming scheme. Hence FPGs of 2017-18 and 2018-19 will also be monitored and facilitated in dovetailing the Government schemes in addition to formation of new FIG and FPG during 2019-20.

#### **Project coverage:**

The project would be operated in Tamil Nadu covering all the Districts except Chennai. The number of FPGs to be formed would depend on the potentiality of the district .

#### **Target Beneficiaries:**

Small and Marginal farmers are the target beneficiaries for this project. One FPG would benefit 100 farmers. 2000 FPGs would be formed during this year to cover Two lakh Small and Marginal farmers.



**Scheme Components:**

The Collective Farming for 2019-20 would constitute the following components:

Sl. No.	Scheme components	Proposed Fund Rs. In lakh
	<b>Proposed From State Fund</b>	
1.	Corpus fund for 2000 FPGs@ Rs. 5 lakh per FPG	10,000.00
2.	Printing of Registers	42.00
3.	Documentation	8.50
4.	State Consultant Fee	5.50
5.	Computers with peripherals and Stationeries	2.00
	<b>Total</b>	<b>10,058.00</b>

**1. Corpus fund**

Corpus fund of Rs 5.00 lakh would be provided to each FPG as in last two financial years. Totally 2000 FPGs would be provided support with a total fund allocation of Rs 100 crore from State Fund.

**2. Printing of Registers**

During 2019-20, totally Two lakh farmers are to be federated into 10,000 FIGs and 2,000 FPGs. For this registers are to be provided to FIGs and FPGs. For this, an amount of Rs.42.00 lakh is proposed from State Fund.

**3. Documentation**

Documentation of FIG /FPG activities and detailed database of farmers are to be developed regarding the farmers holdings, cultivation activities, account details, selection of office bearers, Monthly meetings convened etc.,. For this, an amount of Rs.8.50 lakh is proposed from State Fund.

**4. State Consultant Fee for empowering the new FPGs**

In Government order (Ms) No. 164, Agriculture (AP4) Department, dated 29.6.2017, it has been ordered that Dr. E.Vadivel would be the State Consultant for the year 2017-18 to impart technical support for Collective Farming scheme who has rich experience in formation of Farmer Producer Organizations. Collective cultivation and Farm Accounting system by FPG are to be effectively focused with the technical support of the State Consultant during 2019-20.

It is proposed that Dr. E.Vadivel may be continued as the State Consultant for 2019-20 also, to maintain the stability and continuity of the scheme. The Farmer Producer Organizations (FPO) formed under Collective Farming are in nascent stage and his technical support to FPOs is essential for better utilisation of Equity Grant from Small Farmers Agri Business Consortium (SFAC).

For the provision of technical support and Capacity Building and for formation of FPGs, an amount of Rs.5.50 lakh is proposed as consultancy fee from the State fund.

### **5. Purchase of Computers, Peripherals and Stationeries:**

For effective monitoring of the scheme, it is proposed to purchase computers with peripherals and stationeries for which an amount of Rs. 2.00 Lakh has been proposed from State fund.

### **Budget Allotment:**

For effective implementation of Collective Farming scheme the fund can be allotted to Agriculture and Horticulture separately so as to have monitoring of Follow up activity of 2017-18 and 2018-19 Groups as the Hand holding period is two years and 2019-20 newly formed FIG and FPG.

The Budget allotment for Agriculture and Horticulture based on FPG target for the year 2019-20 is as follows.

### **Budget Allotment (2019-20)**

(Rupees in lakh)

S. No.	Particulars	Fund for formation of 1495 FPGs by Agriculture	Fund for formation of 505 FPGs by Horticulture	Total fund for 2000 FPGs
1.	Corpus Fund @ 5 lakh/ Farmer Producer Groups	7475.00000	2525.00000	10000.00000
2.	Printing of Registers	31.39500	10.60500	42.00000
3.	Documentation	6.35375	2.14625	8.50000
4.	Consultancy fee	4.11125	1.38875	5.50000
5.	Computer with peripherals & stationeries	2.00000	-	2.00000
	<b>Total</b>	<b>7518.86000</b>	<b>2539.14000</b>	<b>10058.00000</b>

An amount of Rs.10058.00 lakh is proposed under State fund for the implementation of Collective farming for federating Two lakh farmers into 10,000 FIGs and 2,000 FPGs during 2019-20. Eventually these FPGs



will be facilitated to involve in various Agri Business activities thereby improving their livelihood.

4. The Government, after careful examination of the proposal of the Director of Agriculture, have decided to accord permission to continue the Collective Farming Scheme for the year 2019-2020 by organizing 2 lakh Small and Marginal farmers into 10,000 Farmers Interest Groups and in turn federated into 2,000 Farmer Producer Groups and transforming them into Farmer Producer Organizations. (Guidelines annexed to this order) and accord financial sanction for a sum of Rs.100.58 crore (Rupees One hundred crore and fifty eight lakh only) from State fund for implementation of Collective Farming Scheme during the year 2019-20 as indicated below:-

Sl. No.	Scheme components	Proposed Fund Rs. In lakh
	<b>Proposed From State Fund</b>	
1.	Corpus fund for 2000 FPGs@ Rs. 5 lakh per FPG	10,000.00
2.	Printing of Registers	42.00
3.	Documentation	8.50
4.	State Consultant Fee	5.50
5.	Computers with Peripherals and Stationeries	2.00
	<b>Total</b>	<b>10,058.00</b>

5. The expenditure sanctioned in para 4 above shall be debited to the following Heads of Account:-

Demand 05-02

- (i) "2401 - 00 - Crop Husbandry -115- Scheme of Small/Marginal farmers and Agricultural labour- State's Expenditure- KM Organising Small and Marginal Farmers into Farmer Producer Groups- 309- Grants-in-Aid - 03- Grants for Specific Schemes

(IFHRMS DPC:2401-00-115-KM-30903)

(OLD DPC 2401-00-115-KM-0933)" **Rs.7518.86 lakh**

Demand 05-05

- (ii) "2401 - 00 - Crop Husbandry -115- Scheme of Small/Marginal farmers and Agricultural labour- State's Expenditure - JI - Organising Small and Marginal Farmers into Farmer Producer Groups- 309- Grants-in-Aid - 03- Grants for Specific Schemes

(IFHRMS DPC:2401-00-115-JI-30903)

(OLD DPC 2401-00-115-JI-0932) **Rs.2539.14 lakh**

**Total**

**Rs. 10058.00 lakh**

6. Necessary additional fund of Rs.15.99 lakh will be provided in Revised Estimate/Final Modified Appropriation 2019-20 under the relevant head of account. Pending provision of such funds, the Director of Agriculture and Director of Horticulture and Plantation Crops are authorized to draw and disburse the amount sanctioned in Para 4 above. However, the expenditure shall be brought to the notice of the Legislature by specific inclusion in the Supplementary Estimate 2019-20. The Director of Agriculture and Director of Horticulture and Plantation Crops are directed to include this expenditure while sending budget the proposal for Revised Estimate/Final Modified Appropriation 2019-20 and also to send necessary draft explanatory notes for including the above expenditure in the Supplementary Estimates 2019-20 to Government in Finance (BG-I/Agri) Department at the appropriate time without fail.

7. The Government permit Dr.E.Vadivel, Ph.D., to continue as the State Consultant for 2019-20 also, to maintain the stability and continuity of the scheme.

8. The Director of Agriculture, Director of Horticulture & Plantation Crops and Commissioner of Agricultural Marketing & Agri Business are directed to follow the guidelines annexed to this order for Promotion of Collective Cultivation and transforming them into Farmer Producer Organizations through Forward and Backward Linkages. Detailed Executive Guidelines will be issued by the Director of Agriculture in consultation with Director of Horticulture and Plantation Crops.

9. The Director of Agriculture is empowered to modify the guidelines based on the requirement, after consultation with the Agricultural Production Commissioner and Principal Secretary to Government without changing the financial component.



10. This order issues with the concurrence of Finance Department vide its U.O. No.36091/Fin(Agri)/2019, Dated: 19.8.2019 and Additional Sanction Ledger (ASL) No.1161 (One thousand one hundred and sixty one).

(BY ORDER OF THE GOVERNOR)

GAGANDEEP SINGH BEDI,  
Agricultural Production Commissioner  
and Principal Secretary to Government.

To

The Director of Agriculture, Chennai-5.  
The Director of Horticulture and Plantation Crops, Chennai-5.  
The Commissioner of Agricultural Marketing and Agri Business, Chennai-32.  
The Chief Engineer (Agricultural Engineering), Chennai-35.  
The Principal Accountant General (AAD), Chennai-18.  
The Principal Accountant General (G&SSA), Chennai-18.  
The Principal Accountant General (E&RSA), Chennai-18.  
The Accountant General, Chennai -18.  
The Accountant General, Chennai-18 (by name)  
The Accountant General (A&E), Chennai-18.  
The Accountant General (Audit), Chennai-18.  
The Residential Audit Officer, Office of the Principal Accountant General (Social Sector Audit), Chennai-9.  
The Pay and Accounts Officer, Chennai-8.  
The Treasury Officers concerned.  
Dr. E.Vadivel, Ph.D., Dean (Retired), Tamil Nadu Agricultural University, Coimbatore -3 (through the Director of Agriculture, Chennai - 5)  
All District Collectors (except Chennai)  
The Chief General Manager, National Bank of Agricultural and Rural Development, Chennai-34.

Copy to:-

The Senior Private Secretary to Agricultural Production Commissioner & Principal Secretary to Government, Agriculture Department, Chennai-9.  
The Principal Secretary to Hon'ble Chief Minister, Chennai-9.  
The Special Personal Assistant to Hon'ble Minister for Agriculture, Chennai-9  
The Agriculture (OP3) Department, Chennai - 9.(2 Copies)  
The Finance (Agri/BG-I/BG-II/BC) Department, Chennai-9.  
The Assistant Programmer, Agriculture Department, Chennai -9.  
Stock File /Spare copies.

//FORWARDED BY ORDER//

V. Anandhan  
SECTION OFFICER  
20/8/19

KD  
20/8/19

### Annexure

**G.O.(Ms) No.166, Agriculture (AP4) Department, dated 19.8.2019**

### **COMPREHENSIVE GUIDELINES FOR JOINT IMPLEMENTATION OF COLLECTIVE FARMING PROJECT IN 2019-20 – PART I**

As announced in Budget Speech 2017-18, the Government of Tamil Nadu has introduced a new programme "**COLLECTIVE FARMING**" in **2017-18** to improve the livelihood of Small and Marginal farmers of Tamil Nadu, who accounts for 92% of total land holdings. During 2017-18, totally, two lakh Small and Marginal farmers are grouped into 10,000 **Farmer Interest Groups** (FIG) with 20 farmer in each FIG and 5 such FIGs are integrated to form 2,000 **Farmer Producer Groups**(FPG). Subsequently, 7-10 such FPGs are grouped into **Farmer Producer Company** (FPC) with an objective i) to promote collective farming for credit mobilization, ii) better adoption of technology, iii) to facilitate effective forward and backward linkages. This synergic movement of farmers empowers their bargaining power and reduces the cost of cultivation and enhances profit due to Collective purchase of inputs and Collective cultivation.

The Collective Farming System has 3 domains viz., **Collective Purchase of inputs, Collective Cultivation and Collective Marketing**. Domain wise details are furnished below:

- 1. Collective Purchase of inputs:** The Collective purchase of quality inputs such as Seed, Fertiliser, Pesticides etc., by FIGs at wholesale price enables the small and marginal farmers to reduce the cost of cultivation considerably besides bringing down the transportation cost of inputs. –
- 2. Collective Cultivation:** Collective Cultivation of single crop and variety, selected based on Market Intelligence with synchronized sowing by minimum 10 to maximum 50 Small and Marginal farmers of FPG ensures enhanced productivity, owing to focused and timely cultural operations at all stages of growth. Further, documenting the Daily Farm Activities with expenses on each and every operations captures the actual economic benefit of collective farming System. The collective cultivation by FPG is strengthened by the effective use of farm implements and machineries worth Rs.5.00 lakhs, provided as corpus fund under the project.
- 3. Collective Marketing:** The FPGs and FPCs would aggregate the produces from member farmers on harvest, clean, grade and brand before collectively market, with or without value addition, direct to consumers for best price.



The Government of Tamil Nadu sanctioned an amount for Rs. 100 crore during 2017-18 and Rs.100.42 crores during 2018-19 for the provision of Corpus fund @ Rs.5 lakh per FPG. FPGs purchased farm machineries like Tractors, Power tiller, Power weeders, Rotovators, etc., amounting to 8,920 and 7,731 machineries during 2017-18 and 2018-19 respectively benefitting four lakh Small and Marginal farmers. In view of the positive impact of this project among the farmers, the Government of Tamil Nadu has sanctioned Rs.100.58 crores during 2019-20 also. Department of Agricultural Marketing and Agri Business took efforts to federate the FPGs into FPCs for strengthening aggregation of produce and collective marketing for which Guideline has been issued in Part II. The services of State Consultant Dr.E.Vadivel Ph.D former Dean (Horticulture) and Chairman, Agri Systems Foundation are availed for technical support and capacity building for the formation of FPGs and FPOs.

## **2. Institutional Framework:**

### **2.1 Formation of 10,000 FIGs:**

The following criteria are to be followed for formation of FIGs.

- i. Block Collective Farming Committee will select the villages based on SF/MF population of the district and will enlist the **Small and Marginal farmers** as beneficiaries with due authorization by VAO. (Village Administrative Officer)
- ii. The member farmers should be in the age group of **18-70** years.
- iii. Villages and blocks to be selected for 2019-20 should ensure even spread of FPGs across the district.
- iv. The FIG should be in **one village** having the same cropping pattern.
- v. Collection of filled-in application with copy of Aadhaar card from all the members is mandatory for 2019-20.
- vi. Total number of farmers in each FIG should be **20 Members**.
- vii. Office bearers such as President, Secretary and Treasurer would be selected by the member farmers to act in the common interest.
- viii. Each member farmer should contribute a minimum amount of Rs.1,000/- as share amount and Rs. 100/- as membership fee to the FIG. Agricultural Officer/Horticultural Officer should ensure that the entire amount of Rs.20,000/- collected from all members as share amount should be deposited in the bank account of FIG. which should not be withdrawn until the incorporation into FPC under Companies Act, 2013.

### **2.2 Formation of 2000 Farmer Producer Groups (FPG) from FIGs:**

- i) After the formation of FIGs, five such FIGs in the same village or nearby villages within a Block or adjacent Blocks cultivating

215

- ii) President, Secretary and Treasurer of the FPG should be selected by the member farmers from five FIGs. There will be 15 executives in each FPG (5 FIGs X 3 office bearers from each FIGs).
- iii) Once the FPG is found functioning actively at least for 4 months period, the District Joint Directors of Agriculture / Joint Director of Horticulture / Deputy Director of Horticulture will get the sanction for the purchase of farm implements and machineries worth Rs.5.00 lakhs chosen by the FPG from the District Collective Farming Committee headed by the District Collector. **The concerned Block Assistant Director of Agriculture / District Joint of Director of Horticulture / Deputy Director of Horticulture will release a sum of Rs.5 lakhs** to the FPG concerned based on the Project Implementation Plan (PIP) prepared by it and approved by District Collector following the steps indicated vide item 4 below. However, before the release of funds, the criteria of each of the five constituent FIGs having complied with the rules stipulated in the Section 2.3 of the guidelines for at least four months is to be fulfilled.
- iv) Registration of FPG under Societies Act is mandatory when the FPG buys machineries to be registered with RTO.

### 2.3 Eligibility Criteria for the release of Corpus Fund:

FIG should follow the following rules to get qualified to avail the Corpus Fund of Rs 5 Lakh:

- i) The members' attendance in the group meetings **should be above 90%.**
- ii) The FIG should maintain Meeting minutes book, Saving- cum-attendance register, Cash Book, Loan Ledger and Member's pass book.
- iii) An external loan, if required from the bank, may also be availed after six months.
- iv) **The FIGs should engage in collective purchase of inputs worth not less than Rs.10,000/- collectively during the crop period before release of corpus fund.**

**2.4. Conduct of Monthly meeting by FIG / FPG:** Monthly meeting should be conducted on the fixed date by giving prior intimation to all member farmers. Officials from Agriculture, Horticulture, Agricultural Engineering and Agricultural Marketing should prepare a detailed agenda with more focus to collective purchase of inputs and various methods of collective cultivation for discussion among the member farmers, discuss



about issues like Pests and disease incidence, Marketing opportunities, discuss regarding Agri Business to promote which will suit that village etc., All member farmers should be motivated to participate in the discussion. Proceeding of the monthly meeting by FIG and FPG should be recorded in the minutes book. 90% attendance should be maintained in each meeting failing which another meeting has to be conducted in that month to ensure 90% attendance.

**2.5 Fund operation in FIG and FPG:** Three Office Bearers may be authorized as signatories to operate the bank accounts of FIG or FPG and any two out of three jointly can sign and operate the account.

### **3. Process of Implementation of Collective Farming Project**

**i) Corpus fund to FPG:** The State Government will extend financial assistance of **Rs.5 lakh to each FPG** as Corpus fund for purchase of farm machineries / implements/ creation of needy infrastructure in the Collective Farming. Work order/ supply order for purchase of farm machinery from corpus fund has to be placed by FPG and resolution should be obtained from all members. The Corpus fund should not be used to reimburse the purchase of inputs like seeds, fertilizers, pesticides, etc., Totally, a **sum of Rs.100.58 Crores is sanctioned for 2,000 FPGs in 2019-20.** Block Assistant Director of Agriculture / District Joint Director of Horticulture/ Deputy Director of Horticulture will disburse this amount to FPG account directly through ECS, after obtaining approval of the PIP from District Collective Farming Committee headed by the District Collector. Corpus fund of Rs. 5 lakh for purchase of machinery should be released only after verifying the share amount of Rs. 20,000 deposited in the all the five FIG accounts. Before approval of corpus fund by District Collective Farming Committee, ADAs/ADHs should verify the eligibility criteria as said in section 2.3 and provide certificate of scrutiny to JDA/DDH.

**ii) Hand holding support by State Government:** The district team will extend all the support required by FPG for collectivization of cultivation by minimum 10 and maximum 50 farmers of the FPG and arrange for relevant training, demonstration on modern technologies, exposure visit to model farms and rendering support for credit support by setting up of model Collective -FPG and FPC.

### **4. Preparation of Project Implementation Plan (PIP)**

The ADA /ADH in consultation with the members would prepare a detailed Project implementation Plan (PIP) with calendar of operations along with budget requirement for the proposed activities for each FPG. Based on the FPGs machinery requirement, the final PIP value may vary. If the machinery value exceeds Rs.5.00 lakh, all the 100 members will share the excess amount equally. Block Collective Farming Team has to guide the FPG in the preparation of PIP.

Collective purchase of machineries by minimum 2 FPGs and maximum 10 FPGs may be explored. The PIP would be examined and finalized by the **District Collective Farming Committee**. The Collector would be the authority to approve the PIP of all FPGs at District level.

#### 5. Purchase of Farm Machineries by FPG

- i) The sum of Rs.5 lakh per FPG as Corpus Fund support is meant for purchase of farm implements, tools and farm machineries for cultivation of crops and **not for purchase of 'Processing Machineries' for business of FPG.**
- ii) Heavy Machineries like Tractors should be registered in the name of the Farmer Producer Group.
- iii) **Collective Purchase of Machineries:** Collective purchase of farm implements and machineries by minimum 2 FPGs and maximum 10 FPGs may be explored during 2019-20 instead of individual FPG to avoid collection of extra sum from members to buy accessories and to ensure maximum use efficiency of machineries.
- iv) If the cost of the machineries or implement is more than Rs.5.00 Lakhs, the members of the FPG shall collectively pay the excess sum above Rs.5.00 lakh. The cost of machinery shall be fixed after having Buyers – Sellers Meeting and it should be lower than price fixed by the Agricultural Engineering Department.
- v) The machineries purchased with the corpus fund are not eligible to avail subsidies under other schemes implemented by Agriculture/ Horticulture/ Agricultural Engineering Department.
- vi) For popularizing the assistance given by the State Government under Collective Farming, "**Tamil Nadu Kootu Pannaya Thittam**" should be painted with Tamil Nadu Government emblem on the visible body of every Machinery purchased under Collective Farming. It should be verified by all the Inspecting Officers.
- vii) It should be ensured that farm machinery purchased under this scheme is very effectively used by leasing out to FIG/any member on yearly basis after signing an agreement. The lease amount may be fixed after consulting all member farmers during the monthly meeting and approved by the District Collective Farming Committee. The lease amount may vary from District to District depending upon the cropping pattern and crop rotation. The lease money collected should be deposited in FPG account which will help the FPG for the purchase of accessories and microfinance.
- viii) The 50% lease amount collected by FPG has to be effectively utilized for Internal lending (Micro finance) or purchase of accessories for machineries like Trailors or can be used as working capital for Agri Business opportunities. The balance 50 % of the lease amount is used as Revolving fund for purchase of farm inputs well ahead of season and sell to farmers at purchase cost to ensure timely farm operations to enhance the yield.
- ix) Immediately after the purchase of the tractors, FPG should initiate steps for registration in Road Transport Department.



Before registration of tractors in Road Transport Office, it is essential to ensure the ownership of tractors.

- a. FPGs should be registered under Societies Act, in the Sub Registrar office and then tractor may be registered in FPG name. Till then, Tractor should not be used.
- b. If FPGs were federated into FPO and got registered under Companies Act, then tractor may be registered in FPO name. Otherwise FPG should be part of FPO. Till then, Tractor should not be used.
- c. District JDA should collect the FPG wise details of tractor purchased, make, Registration Certificate number and documented in a separate register.

## **6. Formation of Farmer Producer Company (FPC)**

JDA, JDH/DDH and DDA (AB) jointly shall group the FPGs (minimum 7 FPGs and maximum 10 FPGs) of the respective district to incorporate the Farmer Producer Company with the approval of District Collector. Efforts should be made to federate 7 to 10 active FPGs into FPCs comprising 700 to 1,000 Small and Marginal farmers in a district. Maximum of ten FPGs in a contiguous area in a district will be combined to form a Farmer Producer Company. FPGs of 2017-18 and 2018-19 can be combined to reach the maximum of 1000 small and marginal farmers as shareholders to get Equity grant of Rs. 10 lakh from Small Farmers' Agribusiness Consortium (SFAC). This is applicable in cases where the numbers of shareholders of the FPC are below 1000. The FPC is a forum to share the experience of FIGs & FPGs and also enable them to voice their problems, which provides sustainability and self-reliance to the groups. DD (Agri Business) would be responsible to link the FPCs with TN-SFAC or GOI-SFAC for extended fund support to strengthen their organizational capacity. Further, DD(AB) will handhold the FPCs with the support of Resource Institutions. FPCs should be registered under the Companies Act, 2013. The FPCs would follow all the legal compliances prescribed under the Companies Act, 2013.

## **7. Role of FPCs in collective farming Project:**

FPCs would support maximisation of yield and enhance quality, depending upon target market, besides aggregation of the produce from member shareholders and grade, sort, pack or process, add value and market to ensure profitability. The Department of Agricultural Marketing and Agri Business will provide Marketing support by providing the benefits of schemes like seed processing units, pulses processing units and Business promotion support under TN-IAMP. The executive guidelines for the formation of FPOs, incorporation into FPCs under Companies Act, 2013 and business

Promotion activities have been dealt in Guidelines Part II issued by Department of Agricultural marketing and Agri Business.

**Time Frame for the project- implementation period would be 12 Months**

Time-Line	Key Activities	Deliverables	Means of Verification
April, 2019	Diagnostic study	Issue and challenges faced by Small and Marginal farmers	Report
May, 2019	Selection of villages for implementation	List of selected villages with production statistics	Reports
June, 2019	Identification of farmers and formation of FIG, approval by District Collective Farming Committee	FIG list with members profile	Meeting minutes , Documentation of photographs of meetings
July, 2019	Mobilisation of 5 FIGs into FPG by conducting meetings. Institutionalisation of FPGs by selection of President and representatives, Establishing linkages with Banks	FPG list and members profile, details of president and representatives of FPG	Meeting minutes and photographs of meetings, Bank account details Credit linkage details
November, 2019	Prioritisation of Interventions required by the FPGs and Identification of technical / administrative / support partners for implementation of various identified activities and Preparation of PIP	A detailed report on list of interventions for collective farming and time schedule for activities	Walk through survey report, PIP report
December, 2019	Buyer-Seller Meet	Machinery requirement of FPGs	List of Machineries by FPG Reports, photographs, records, success stories
January, 2020	Approval of PIP by District Collector	Approved PIP with time schedule	Meeting minutes and sanction proceedings
February, 2020	Execution of the project and fund release as per guidelines	Activities for implementation of PIPs including training	Physical verification, Records, photographs.
March, 2020	Monitoring the execution process and utilisation aspects. Federation of selected FPGs into FPCs by linking with TNSFAC for formation of FPCs	Completion report. Details of FPGs recommended to TNSFAC for FPC formation	Recommendation report sent to TNSFAC



## **Comprehensive Guidelines for Joint implementation of Collective Farming Project**

### **Part II: Collective Marketing**

The Government of Tamil Nadu has announced an innovative programme "**COLLECTIVE FARMING**" in **2017-18** to improve the livelihood of Small and Marginal farmers of Tamil Nadu, who accounts for 92% of total land holdings. 2,00,000 Small and Marginal farmers are grouped into 10,000 **Farmer Interest Groups** (FIG) with 20 farmer in each FIGs and 5 such FIGs are integrated to form 2000 **Farmer Producer Groups**(FPG). 7-10 such FPGs are grouped into **Farmer Producer Company** (FPC). The Agri. Marketing Department officials will guide & facilitate in formation of FPC after analyzing carefully the FPGs formed by Agri/Horti Departments.

The primary purpose of incorporation of FPO (Farmer Producer Company) with 700-1000 shareholder farmer is to procure the produce of the members, clean, grade, add value, store and market direct to consumers with a brand of the Company to earn better profitability. The Farmer Producer Company can undertake any type of Agri Business suited to the region, earn profit and share the profit with the shareholder members as dividend. The FPC would empower the FPGs and FIGs by sharing the part of the business or if FIG and FPGs undertake any business, the FPC can extend market support. The FPC, FPG and FIG can undertake joint business for mutual benefit. Since it is a social enterprise, it renders technical, financial and marketing service to the shareholders through FIG and FPG.

The Government of Tamil Nadu sanctioned an amount of Rs.15.00 crore during 2018-19 for the formation and promotion of 75 FPCs benefitting around 72,000 small and marginal farmers. During 2019-20, it is proposed to promote 45 FPOs with a total budget of Rs.11.250 Crores.

### **Promotion of Farmer Producer Companies**

Tamil Nadu Small Farmers Agri Business Consortium has been promoting FPOs under NADP and NMSA schemes since 2014-15. The support of TNSFAC under NADP/NMSA/TNIAMP shall be extended for promotion of Farmer Producer Companies formed under Collective Farming Scheme also.

JDA, JDH/DDH and DDA (AB) at District level jointly shall analyse and group the FPGs (minimum 7 FPGs and maximum 10 FPGs) of the respective district to form the FPC with the approval of District Collector. Efforts should be made to federate 7 to 10 active FPGs into FPCs comprising 700 to 1,000 Small and Marginal farmers in a district.

Maximum of ten FPGs in a contiguous area in a district can be combined to form a Farmer Producer Company. FPGs of 2017-18 and 2018-19 can be combined to reach the maximum of 1,500 small and marginal farmers as shareholders to get Equity grant of Rs.15 lakh from SFAC. This is applicable in cases where the number of shareholders of the FPC are below 1000 provided such FPGs are not part of new FPCs. FPCs should be incorporated under the Companies Act, 2013. The FPCs should follow all the legal compliances prescribed under the Companies Act, 2013.

The DDABs shall take over the applications from individual farmer (FIG wise) and examine the minute book, cash books and bank pass book of FIG for updated entries and verify the availability of Rs.20,000 in each FIG as share advance. The DDAB shall conduct a meeting of FIG executives along with ADA/ADH before taking over of the applications and all other documents to get better acquaintance with FIG executives.

### 1.1 Target Beneficiaries 2019-20

**For 45 FPO's – approximately 45,000 small and marginal farmers.**

### 1.2. Management

As per policy and process guidelines issued by Department of Agriculture, Co-operation and Farmers' Welfare, Government of India, New Delhi mobilization of farmers into FIGs and subsequently into FPO are taken up by Resource Institution empanelled by central SFAC which would take 12 months as per timeline of the guidelines. These activities have already been taken up by Government of Tamil Nadu through Department of Agriculture / Horticulture. Therefore, the selected FPGs formed under Collective Farming scheme shall be handed over to Deputy Director of Agriculture (AB) of concerned district under Department of Agricultural Marketing and Agri Business for registration as Farmer Producer Company, as per procedures stated in Part II below and for managing the FPOs as per policy and process guidelines.

### 1.3. Budget per FPO

The Department of Agricultural Marketing and Agri Business will coordinate for the formation of FPOs at each stage. Funds will be transferred to FPOs based on their activities as per the guidelines through DDAs(AB). The budget for promotion of FPOs is as under:

S. No	Component	Budget 1 year (Rs.)	Budget 2 <sup>nd</sup> year (Rs.)	Total (Rs.)
1	Registration Cost	40,000	-	40,000
2	Office Contingencies (RoC Registers, Common Seal, Printing share certificates & stationeries, & Travel support of BoDs	30,000	20,000	50,000



3	Rent	82,000	82,000	1,64,000
4	Equipment Cost (one time)	90,000	-	90,000
5	Resource Institution Cost	1,50,000	1,50,000	3,00,000
6	Organizing ToTs and Exposure Visits for FIG Heads(includes BoDs)	50,000	50,000	1,00,000
7	Management and Technical Training to Governing body/BoDs	35,000	35,000	70,000
8	Exposure visits of Governing body/BoDs	40,000	40,000	80,000
9	Value addition Training to enterprising FIGs (Travel, Training Fee and Refreshments)	25,000	-	25,000
10	Training to CEOs on Agri Business Plan development, RoC compliances and Book keeping etc	10,000	-	10,000
11	CEO salary @ Rs.30000/- per month and Rs. 3000/- Travelling Allowance per month	3,96,000	3,96,000	7,92,000
12	Working capital / Start up grant	-	5,00,000	5,00,000
13	Promotional Activities*	1,00,000	-	1,00,000
14	Monitoring & Evaluation	34,000	34,000	68,000
15	Review Meetings and other contingency expenses at district level and Head quarters/ State level workshop	35,000	40,000	75,000
	<b>Sub Total</b>	<b>11,17,000</b>	<b>13,47,000</b>	<b>24,64,000</b>
16	SFAC Service Charge (1.0%approx) Head quarters	12,000	12,000	24,000
17	SFAC Service Charge (0.5 % approx.) Districts	6,000	6,000	12,000
	<b>Grand Total</b>	<b>11,35,000</b>	<b>13,65,000</b>	<b>25,00,000</b>

SFAC Service charge 1% will be utilized for creating infrastructure and other administrative expenses at state head quarters. SFAC Service Charge 0.5 % will be utilized for administrative expenses at districts

#### 1.4. Time Frame:

The duration of the project is two years and shall be implemented through Department of Agricultural Marketing and Agri Business, Co-ordinating various activities relevant to FPOs with Technical Support Agencies (TSA) like Tamil Nadu Agricultural University, AMI &BPC, KVK, Consultant, RIs etc., and individuals.

### **1.5. Engagement of Resource Institution:**

The Department of Agricultural Marketing and Agri Business shall engage a Resource Institution empanelled by SFAC, New Delhi or as may be determined by Government of Tamil Nadu as facilitators for Training, Promotion, incubation and handholding of FPCs formed under Collective Farming Scheme. The Resource Institution shall be engaged on the basis of experience and efficacy in business promotion of FPCs under programmes like SFAC, NADP, NMSA etc., Budget may also be dovetailed from ATMA for capacity building programmes.

### **2.0. Incorporation of the Farmer Producer Company Limited:**

DDA (AB) in every district shall facilitate the formation of FPC. The FPC is to be incorporated at Registrar of Companies (RoC) under Ministry of Corporate Affairs, GOI. The incorporation is done at Noida, Uttar Pradesh through online system. The services of the State Consultant may be availed for the entire process of incorporation of the FPC under new amended Company Act 2013 effective from 26<sup>th</sup> January 2018, as given below:

#### **Step 01: Identification of Director designates:**

Each FPG shall nominate **one** member from out of 100 members as Director designate for the proposed FPC. 10 such Director designates shall incorporate the FPC.

- i) The member with entrepreneurial skill may be given preference.
- ii) The Directors need not be the executives of the FPG or FIG and can be any member out of 100 in FPG.
- iii) Though the maximum Directors per FPC is 15, only 10 Directors designates shall sign the documents to incorporate the company. Five more Directors can be appointed during subsequent Annual General Meetings (AGMs).
- iv) Atleast one Director must be women in the FPC to qualify for the sanction of equity grant from SFAC.

**Step 02:** The Director designates shall fix an Auditor who has expertise in incorporating and managing FPC in the renewed e- format from Jan 2018.

#### **Step 03: Name for the Company**

The Director designates shall suggest a panel of three names in the following format to the Auditor for submitting to Registrar of Companies (RoC) for approval of any one name for the proposed Farmer Producer Company Ltd., The prefix shall be as below; The FPG members may suggest any name as prefix.



1. .... Producer Company Ltd (prefix Mandatory)
2. .... **Collective Farm** Producer Company Ltd (Possible)

3. Malaikottai / Trichy District Collective Farm Producer Company Ltd  
(After confirmation of company name by RoC, the company has to be incorporated within **20 days**, else, the confirmed name will not be available and have to apply for new name by paying fee of Rs.1000 each time of such lapse)

**Step 04:** The Director designates have to contact the Auditor in person and provide the following documents.

- a. Company incorporated
- b. Get the Digital Signature Certificate (DSC)
- c. Obtain Director Identification Number (DIN)
- d. Get PAN and TAN for the proposed Company simultaneously. All one go in the new e form system.
  - i) PAN Card
  - ii) Aadhaar Card
  - iii) ID proof (Driving License or Voter ID)
  - iv) Address proof: Current bank statement (Not later than two months)
  - v) 4-passport size photos
  - vi) A certificate from ADA/ADH that the farmer is known to him for the past three years and he is cultivating crops in the survey number, patta number and the extent. This certificate can be issued by ADA/ADH to the Director designate based on the certificate from VAO on the ownership of land. **THE CERTIFICATE ISSUED BY THE ADA/ADH MUST BE IN ENGLISH AND THE SEAL MUST BE ALSO IN ENGLISH.**
  - vii) e-mail ID
  - viii) Mobile number
  - ix) Certificate for educational qualification
  - x) The 10 Director designates have to write the address in own hand and sign in the Memorandum of Association (MoA) and Article of Association (AoA) in the presence of Auditor. MoA describes the legal structure of the Company while AoA deals with rules and regulations to manage the company.
  - xi) The Directors have to fix an address for Registered Office of the company, as it should be indicated in the registration forms to RoC.
  - xii) A letter of consent to take part as Director in Rs.20- bond paper attested by Notary public. (The bond paper and Notary must be from the same district).

#### **Documents required from the owner of the registered office**

- a. Property Tax receipt
- b. EB bill/Gas Bill (not older than 2 months) in the name of the owner

- c. Aadhaar card of the building owner
- d. Lease or rental agreement to FPC in stamp paper
- e. NOC for establishing the office at the owners property

Any other document required by the Auditor due to modification of rules at RoC, in addition to the above shall be submitted by the Director designates.

#### **Step 06: Basic dictum to be followed for easy administration**

The unit value of one share shall be Rs.100/- (and not Rs.10/- or Rs.1000/-). The Authorized Share Capital of the Company to be indicated in MoA & AoA shall be Rs.10.00 lakhs at the time of incorporation as there is no RoC fee to be paid upto Rs.10.00 lakhs. The minimum paid up share capital to be indicated shall be Rs.10,000/-. The total cost of incorporation shall be Rs.50,000 including the cost of RoC fee, Auditor fee, fee for preparation of MoA and AoA, cost of mandatory registers and metallic Common seal.

**Step 07:** Hence all 10 Directors have to contribute a sum of Rs.50,000 @ Rs5,000 each. This shall be done as below:

a. Each Director shall draw the share amount money (already paid) of Rs.1,000/- from the FIG in which one is a member and pay Rs.4,000 personal money in addition; Out of Rs.5,000, Rs.1,000 shall be retained as additional share advance; The balance Rs.4,000 will be reimbursed as soon as the Company is incorporated and share money from all FIGs are transferred to Company Account.

OR

b. Few Directors may jointly contribute Rs.50,000/-, to incorporate the company and get it reimbursed after the Company is incorporated and share advance money from FIG is transferred to Company Account.

See working details given below:

#### **Working details of fund flow from FIG to FPC Account during and after incorporation of the Company**

##### **Assumptions:**

- i. Number of FIGs – 50 per Farmer Producer Company Ltd
- ii. Membership fee of Rs100/- farmer is not accounted

Sl. No	Particulars	Details Rs	Sum to be drawn from FIG A/c)	Cash to Auditor/ Director Rs.	Total Amount to be transferred to FPC Account
<b>A. 10 FIGs in which there is one Director</b>					<b>B.</b>
01	Sum available towards share advance / FIG: Rs.20,000	20 Farmers x Rs.1000 = Rs.20,000	1000 per Director	4000*	5000



02	Total Contribution by 10 Directors to be paid to Auditor for incorporation	10 X Rs. 1000 = 10,000	10,000	40,000	50,000
03	Sum to be transferred to Share capital A/C after incorporation of the Company	10 FIG x Rs19,000 = 1,90,000	-	-	1,90,000
<b>B. 40 FIGs in which there is NO Director</b>					
04	Sum to be transferred to Share capital A/C after incorporation of the Company	40 FIGs X Rs20,000.	-	-	8,00,000
05	Share capital		10,000	-	9,90,000
	<b>Total Share Capital Rs10,000 + 9,90,000</b>				<b>10,00,000</b>

The Director designates pay Rs.4000\*by cash (personal money) towards incorporation of the Company; The same shall be reimbursed from the Rs.10.00 lakhs available at the Company after allotment of shares to 990 farmers and after transfer of share capital sum to business account of the company duly passing a resolution in the BoD/AGM.

**Step 08:** Three Director designates (out of 10) in each FPC have to be offered training for one day by the State Consultant to ease out the process of incorporation and impart managerial skills to manage the company and undertake the business activities. Total number of trainees: 50 FPCs x 3 Directors Designates = 150; The training can be organised at Tamil Nadu State Agricultural Marketing Board Training Centre, Salem.

### **Step 09. Business Activities of the Farmer Producer Company:**

#### **General:**

The Farmer Producer Company with 700 - 1,000 shareholder farmer shall organize production collectively with the support of Department of Agriculture and Horticulture and procure the produce from the members, sort, grade, pack, store or add value and **collectively market the produce** to get better price for the farmers.

- FPC shall provide services to member farmers viz., financial, technical, social, marketing services for enhancing the quality of life of farmers.
- Avail equity grant from SFAC and increase the working capital of the Company.
- Avail term loan up to Rs100 lakhs in any commercial bank utilizing the Credit Guarantee Fund Scheme of the SFAC and Venture capital assistance to strengthen the business.
- Dovetail the benefits of all eligible schemes like TNIAMP and Mission on Sustainable Dry land Agriculture to scale up the business of Farmers Producer Companies.

**Step10: Appointment of CEO**

CEO will be recruited and appointed by RIs as per the guidelines of SFAC-GoI or as per guidelines which may be brought into force by Government of Tamil Nadu. Farm graduates with master degrees, MBA in Marketing or UG graduates with experience in FPO management are eligible for recruitment.

**Step11: Release of budget**

The budget for CEO salary will be released on quarterly basis and the budget for all other activities will be released annual basis through DDAB of respective district. CEO salary will be released to RI during the first year and through FPO during second year. The acknowledgement for receipt of salary would be produced by the CEO to RI and DDAB every month.

**Step12: Capacity building training**

The Deputy Director of Agriculture (AB) in consultation with FPC and RI will conduct the Capacity building training to FPCs based on their requirements.

**Business models for FIG , FPG and FPC:****Model 1:**

The FPC can have a separate major business plan for execution with an investment of Rs100 lakhs by availing Credit Guarantee Fund of SFAC-GOI; CEO and staff employed for the purpose will run the business as per the Direction of the Board.

**Model 2:**

The FPC can have a business of same magnitude as Model 1, but the activity can be shared with interested and capable FIGs and FPGs as job work. There are 3 approaches:

- i. The budget or investment is entirely by FPC and no investment by FIG/FPG;
- ii. The FIG/FPG can also invest 50:50 basis (or any other ratio) with FPC and share the profit on investment basis (investment share basis)
- iii. The FIG/FPG can invest but get interest for the investment from the FPC and not to share the profit.

**Model 3:**

The FIG/FPG invests in a business and no investment from FPC; Manufactured by FIG/FPG and marketed by FPC model. The FIG pays a



royalty of 3% to the FPC on net profit. The FPC extends market support and publicity support.

**Indicative list of Agri businesses for FPCs :**

1. Seed production
2. Seed marketing
3. Foundation and truthfully labelled seed enterprise
4. Large scale Nursery for Horticultural Crops
5. Organic stores
6. Retail outlet for micro-irrigation equipment
7. Spare parts shop of agriculture machinery
8. Solar utilities
9. Micro-nutrient organic solutions
10. Poultry-related utilities store
11. Veterinary utilities store
12. Packing material supply for FPOs
13. Neem cake and soil amendments
14. Mulching material
15. Fumigation and sterilisation services
16. Kitchen and nutri-garden material
17. Hardening of day old poultry chicks and selling
18. Feed mixing units
19. Packing houses
20. Apiary
21. Mushroom cultivation
22. Vermicompost production
23. Micro finance within members
24. Value added food products (Juices, Pickles, Masala powders)
25. Bio fertilizer and bio control agents production
26. Edible oil extraction (Wooden Extractors)
27. Milk collection and vending
28. Copra trading
29. Vegetable vending in city limits
30. Dehydrated fruits and vegetables production and marketing
31. Animal Feed manufacture
32. Coconut products ( edible and non edible items)
33. Solar dried greens and powders
34. Traditional cane Jaggery manufacturing
35. Palm Jaggery manufacturing
36. Palmyra Jaggery manufacturing
37. Traditional rice varieties production
38. Banana Chocolate and figs
39. Food catering exclusively with minor millet lunch and dinner
40. Agri Input shops
41. Agri clinics
42. Back yard Poultry (eggs and birds)
43. Rabbit and Kadai rearing
44. Animal fodder seed production

45. Goat farms for Pedigree breeding
46. Procurement, sorting, grading , storing and marketing of agri-horti produces
47. Processing of i). Pulses, Millets and Paddy, ii). Fruits, vegetables, spices and plantation crops, iii). Coconut edible products
48. Hub and spoke model Fruits and vegetable collection and marketing
49. Coconut based industry (Non edible) : Coir and shell products
50. Chicken and meat Industry
51. Volatile oil and oleoresin Industry
52. Neera production and value addition of Neera
53. Perfume industry in areas of flower cultivation
54. Export of raw and value added agri horti and animal products
55. Networking of all FIG/FPG and FPC within the State for collective retailing
56. Collaborator in the Terminal Market
57. Stakeholder in Food parks
58. Operation of Primary Processing Centres in Supply Chain Management scheme

GAGANDEEP SINGH BEDI,  
Agricultural Production Commissioner and  
Principal Secretary to Government.

//True copy//

V. Anandavally 20/8/19  
SECTION OFFICER  
20/8/19