



ABSTRACT

Agriculture – Announcements – Announcement made by the Hon'ble Deputy Chief Minister during the Budget Speech 2020-21 - Promotion of Collective Farming through formation of 2000 new Farmers Producer Group during 2020-21 - Administrative approval and financial sanction for a sum of Rs.95.4405crore – Sanctioned - Orders - Issued.

Agriculture (AP4) Department

G.O.(Ms).No.141

Dated: 14.07.2020

திருவள்ளூர் ஆண்டு 2051,

சார்வரி-ஆனி 30

Read:

1. G.O.(Ms).No.164, Agriculture (AP4) Department, dated 29.06.2017.
2. G.O.(Ms).No.214, Agriculture (AP4) Department, dated 20.8.2018.
3. G.O.(Ms).No.166, Agriculture (AP4) Department, dated 19.08.2019.
4. From the Director of Agriculture, Letter No.SS/42781/2019, Dated 21.04.2020

ORDER:-

In the Government order 1st read above, orders have been issued according 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 consultant at the State level to handhold the entire FIG/FPG/FPO formation process.

2. In Government order 2nd read above, permission has been accorded to continue the Collective Farming scheme for the year 2018-2019 by organizing two lakh Small and Marginal farmers into 10,000 Farmers Interest Group (FIG) and in turn federated into 2,000 FPGs and

transforming them into Farmer Producer Organizations and also sanctioned a 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 Government order 3rd read above, permission has been accorded 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 and accord financial sanction for a sum of Rs.100.58 crore from State fund for implementation of Collective Farming Scheme during the year 2019-20.

4. On the success of the scheme, Hon'ble Deputy Chief Minister has made an **Announcement during Budget speech of 2020-21, 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.100.56 Crore.**

5. Consequent to the above announcement, in the letter 4th read above, the Director of Agriculture has sent the proposal for approval of the Collective farming for the year 2020-21 at the cost of Rs.100.611 crore from State fund, as detailed below:-

Under Collective Farming Scheme so far **6 lakh farmers are benefitted by the formation of 30,000 Farmer Interest Groups from which 6,000 Farmer Producer Groups (Agriculture - 4485 FPG and Horticulture - 1515 FPG) were formed during 2017-18, 2018-19 and 2019-20.**

Corpus fund to FPG: The State Government extends Financial Assistance of **Rs.5 lakhs to each FPG** as Corpus fund .The Corpus Fund are being used for the purchase of Common Farm Machineries and implements for Collective cultivation.

The year wise name of Machineries purchased since the inception of the scheme -2017-18 are given below.

Name of the Machinery	2017-18	2018-19	2019-20
Tractor	722	664	527
Power Tiller	1801	1782	141
Power Weeder	1488	2378	2828
Rotovator	915	1164	1816
Others	3994	1741	1932
Total	8920	7729	8513

In order to generate Revenue for the sustenance of Farmer Producer Groups, the above machineries purchased using the Corpus Fund have been leased out and a sum of Rs.31.51 Crores is generated so far.

Hand holding period:

The Hand holding period of FPG is three years under Collective Farming scheme. Hence FPGs of 2017-18, 2018-19 and 2019-20 will be monitored and facilitated in dovetailing various Government schemes, Promotion of Livelihood, imparting Need Based Trainings.

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 2020-21 would constitute with the following components:

Sl No.	Scheme components	Proposed Fund Rs. in lakh
	Proposed from State Fund	
1.	Corpus fund for 2000 FPGs@ Rs. 5 lakh per FPG	10,000.00
2.	Printing of Registers	42.00
3.	Organizing Buyer Seller Meet and Documentation	3.70
5.	Mela for Mass Distribution of Farm Machineries	7.40
6.	State Consultant Fee	8.00
	Total	10,061.10

1. Corpus fund

Corpus fund of Rs 5.00 lakhs would be provided to each FPG as in last three 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 2020-21 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. Organizing Buyer Seller Meet and Documentation

Buyer Seller Meet is organized at District level under the leadership of District Collector by Joint Director of Agriculture in co-ordination with Executive Engineer, Agricultural Engineering Department and Deputy Director of Horticulture. Buyer Seller Meet is a conclave of empanelled company dealers of Agricultural Engineering Department with the Office bearers of FPGs. The meet aids in improving the bargaining power of the farmers group and helps in purchasing the Farm machineries at a competitive price. Documentation of Buyer Seller Meet and other Farmers Interest Group, Farmer Producer Groups activities are to be developed at District level. For this, **an amount of Rs.3.70 lakh (@ Rs.10,000/district) is proposed from State Fund.**

4. Mela for Mass Distribution of Farm Machineries:

The Farm Machineries purchased under Collective Farming scheme are distributed to the Farmer Producer Groups during the Melas organised at District level in the presence of Honourable Ministers, Member of Legislative Assembly, District Collector. These Melas improve the importance of the scheme and provide more visibility to the farmers to join the scheme and get benefit out of this. For this, **an amount of Rs.7.40 Lakh (@ Rs.20,000/district) is proposed from State Fund.**

5.State Consultant Fee for empowering the new FPGs

As per the G.O Ms. No. 164 Agriculture (AP4) Department dated 29.6.2017, Dr.E.Vadivel has been appointed as State Consultant since 2017-18 to impart technical support for Collective Farming scheme who has rich experience in formation of Farmer Groups and Farmer Producer Organizations.

Enhanced fee for Consultant:

- **State Consultant Dr.Vadivel attends the Fortnightly Review Meeting** on Collective Farming conducted by APC & PS at State level at Secretariat, Chennai.
- The State Consultant performs various activities like providing solutions for **the issues with regard to FIG /FPG.**
- **conducts Region wise Interactive Session** (North,South,East,West) with Deputy Director of Agriculture, Deputy Director of Horticulture, Agriculture Officers, Horticulture Officers to sensitize the importance of Collective cultivation and Farm Accounting system.
- Imparts **Capacity Building Training to 4000 FPG Office Bearers every year in 10 centres pooling 3 to 4 Districts.**
- Through State Consultant intervention, **110 Farmer Producer Companies from Collective farming FPGs have been formed and registered.**
- State Consultant regularly organise **Mid –Term Corrections** by having interactive session with concerned implementing officials from both Agriculture and Horticulture.
- **Provides novel inputs then and there to improvise the scheme as Collective Farming is an innovative scheme.**

In order to continue the above said activities, it is proposed that the service of Dr.E.Vadivel may be extended during 2020-21 also.The consultant fee for the previous years was fixed at Rs.5.50 Lakhs. Owing to increased number of FPGs to be followed every year, need to show way to the FPGs to take up Business plan, to trigger the FPGs entrepreneurial capacity and to train the FPGs in Market oriented crop production Dr.Vadivel has requested to enhance his Consultant fee from Rs.5.50 Lakh/year to Rs.8.00 Lakh/year. Hence **an amount of Rs.8.00 lakh is proposed as Consultancy fee from the State fund.**

Trainings under SSEPERS ATMA

A. Capacity Building Training Under SSEPERS ATMA:

Capacity Building Training to the office bearers of the FPGs formed during 2020-21 is an important aspect under Collective Farming Scheme. The training provides insights on Collective purchase of inputs and Farm Machineries, Collective Cultivation and selection of farm machineries to be purchased with the Corpus fund. The Capacity Building training is imparted to the office bearers of the FPGs by the State Consultant. For

this purpose, **an amount of Rs.30.00 Lakhs may be dovetailed from SSEPERS ATMA.**

B. Follow up Trainings under SSEPERS ATMA:

In order to monitor and facilitate the groups formed during 2017-18, 2018-19 and 2019-20 Follow up trainings are essential. The Follow up trainings may be imparted to strengthen the groups regarding collective cultivation and maintenance of Farm Accounting Systems, Book Keeping, Machinery maintenance and Lease utilisation. Besides, trainings may be taken to provide knowledge on various livelihood activities for the sustenance of the Groups. For this purpose, **an amount of Rs.70.70 Lakhs may be dovetailed from SSEPERS ATMA.**

For the purpose of providing Capacity Building Training and Follow Up trainings, a total amount of Rs 100.70 Lakhs may be dovetailed from SSEPERS ATMA.

6. For effective implementation of Collective Farming scheme during 2020-21, the Director of Agriculture has requested to sanction a sum of Rs.10061.10 lakh.

7. The Government, after careful examination have decided to accord permission to continue the Collective Farming Scheme for the year 2020-2021 at an outlay of Rs.100.586 crore for 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 and accord financial sanction for a sum of Rs.95.4405 crore (Rupees Ninety five crore forty four lakh and five thousand only) from State Fund for implementation of Collective Farming Scheme during the year 2020-21 as detailed below. The balance amount will be provided in RE/FMA 2020-21.

(Rs. in Lakhs)

S.No.	Particulars	Fund for formation of 1400 FPGs by Agriculture	Fund for formation of 600 FPGs by Horticulture	Total fund for 2000 FPGs
1.	Corpus Fund @ 5 lakh/FPG	7000.00	3000.00	10000.00
2.	Printing of Register	29.40	12.60	42.00
3.	Organizing Buyer Seller Meet and Documentation	3.60	0.10	3.70
5.	Mela for Mass Distribution of Farm Machineries	7.20	0.20	7.40
6.	Consultancy fee	3.85	1.65	5.50
	Total	7044.05	3014.55	10058.60

8. The expenditure sanctioned in para7 above shall be debited to the following Heads of Account:-

- (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.

(Old DPC: 2401-00-115-KM-0933)
(IFHRMS DPC:2401-00-115-KM-30903)" - Rs.7044.05 lakh

- (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.

(Old DPC: 2401-00-115-JI-0932)
(IFHRMS DPC : 2401-00-115-JI-30903)" -Rs.2500.00 lakh

9. The Director of Agriculture and Director of Horticulture and Plantation Crops are authorized to draw and disburse the amount sanctioned in Para 7 above.

10. The Government permit Dr.E.Vadivel, Ph.D., to continue as the State Consultant for 2020-21 also, to maintain the stability and continuity of the scheme. The Government also accord sanction for the consultant fee of Rs.5.50 lakh per year to Thiru.E.Vadivel,Ph.D., State Consultant.

11. 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. While implementing the scheme, the Government direct that components like mela, meeting etc. needs to be reduced in cost. Moreover, only sufficient registers should be printed in a phased manner to save cost.

12. 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.

13. This order issues with the concurrence of Finance Department vide its U.O.No.15247/Fin (Agri)/2020, Dated:09.07.2020.

(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.

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Section Officer.

[G.O.(Ms).No.141, Agriculture (AP4) Department, dated 14.07.2020]

**COMPREHENSIVE GUIDELINES FOR JOINT IMPLEMENTATION
OF COLLECTIVE FARMING PROJECT 2020-21 – PART I**

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 93% 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 Farmers Interest Group and 5 such FIGs are integrated to form 2000 **Farmer Producer Groups** (FPG). 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., **1. Collective Purchase of inputs:** The Collective purchase of quality inputs such as Seed, Fertiliser, Pesticides etc., by FIGs at wholesale price reduces the cost of cultivation considerably. **2. Collective Cultivation:** Collective Cultivation of single crop and variety, based on Market Intelligence with synchronized sowing by minimum 20 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, Rs.100.42 crores during 2018-19 and Rs.100.58 crores during 2019-20 for the purchase of farm implements and machineries @ Rs.5 lakh per FPG. FPGs purchased farm machineries like Tractors, Power tiller, Power weeders, Rotovators, etc., amounting to 25,162 machineries during the last 3 years benefitting 6,00,000 Small and Marginal farmers. In view of the positive impact of this project among the farmers, the Tamil Nadu Government have sanctioned Rs.100.586 crores during 2020-21 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 Part II has been issued. The services of State Consultant Dr.E.Vadivel Ph.D former Dean (Hort) 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.
- ii. The member farmers should be in the age group of **18 -70** years.
- iii. Villages and blocks selected for 2020-21 should ensure even spread of FIGs across the district.
- iv. Villages covered in the last three years should be avoided.
- v. Formation of FIGs/FPGs should be in proportion to strength of Small and Marginal farmers.
- vi. The FIG should be in **one village** having the same cropping pattern.

- vii. To ensure Collective use of Farm Machinery, **"ONE VILLAGE ONE FPG "** is to be adopted or at the maximum, adjacent village may be added.
- viii. All the five FIGs should be formed in the same village.
- ix. Collection of filled-in application with copy of AADHAAR card from all the members is mandatory for 2020-21
- x. Total number of farmers in each FIG should be **20 Members**.
- xi. Office bearers such as President, Secretary and Treasurer would be selected by the member farmers to act in the common interest.
- xii. Each member farmer should contribute a minimum amount of Rs.1,000/- as share amount and Rs. 100/- as membership fee to the FIG. AO/HO should ensure that the entire amount, of Rs.20,000 collected from all members as share amount, 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. Each FPG should be formed in a single village. After the formation of FIGs, five such FIGs in the same village cultivating the **same or similar crops** will be integrated into one **Farmer Producer Group (FPG)** comprising 100 SF / MF.
- ii. In exceptional case, adjoining village within a Block shall be included to form one FPG. In such case, District JDA/DDH has to get necessary permission from Director of Agriculture/ Horticulture.
- iii. 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)
- iv. Once the FPG is found functioning actively at least for 4 months period, the District JDA/JDH will get the sanction for the purchase of farm implements and machineries worth Rs.5.00 lakhs chosen by the FPG from the DCFC headed by the District Collector. **The concerned Block ADA/District JDH/DDH 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.

- v. Registration of FPG under Societies Act is not mandatory. When the FPG buys machineries to be registered with RTO, Farmers Producer Group needs Registration under Societies Act.

2.3 Eligibility Criteria for the release of Corpus Fund:

FIG should follow the following rules as indicated below to qualify them 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. 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 to 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 in the Collective Farming. Work order/ supply order for purchase from corpus fund has to be placed by FPG. The Corpus fund should not be used to reimburse the

purchase of inputs like seeds, fertilizers, pesticides, etc., Totally, a **sum of Rs.100.586 Crores is sanctioned for 2,000 FPGs in 2020-21. 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 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 Hand holding period of FPG is three years. The District team will extend all the support required by FPG for collectivization of cultivation by minimum 20 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 2020-21 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.
- 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. 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. The lease amount may vary from District to District depending upon the cropping pattern and crop rotation.
- VII. The 50% lease amount collected by FPG has to be effectively utilized for internal lending (micro finance) or purchase of accessories for machineries like Tractors or it 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.

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 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, 2018-19 and 2019-20 can be combined to reach the maximum of 1000 Small and Marginal farmers as shareholders to get Start Up Grant from 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 fund support to strengthen their organizational capacity. Further DDAB will hand hold 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

Time-Line	Key Activities	Deliverables	Means of Verification
May -2020	Selection of villages for implementation	List of selected villages with production statistics	Reports
June -2020	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 -2020	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
August to November -2020	Collective purchase of inputs such as seeds, fertiliser, PP chemicals etc., by the FIGs.	Quantity and value of inputs purchased by FIGs.	Report from districts.
August to December - 2020	Collective cultivation activity by FPG.	Field demonstration on various crops by 20-50 farmers.	Report from districts.
August - 2020 to February - 2021	Follow up trainings to previously formed FPG	Dovetailing of schemes , strengthening livelihood activities, Specialised training, Book keeping etc.,	Report from districts.
August to September - 2020	Capacity building training to FPGs of 2021	Creating awareness on collective purchase of inputs, collective cultivation, collective marketing and collective purchase of machineries.	Report from districts.
September -2020	Buyer-Seller Meet	Machinery requirement of FPGs.	List of Machineries by FPG

			Reports, photographs, records, success stories.
October - 2020	Approval of PIP by District Collector	Approved PIP with time schedule	Meeting minutes and sanction proceedings.
November to December - 2020	Purchase of machineries.	Placing supply order by FPGs, Supply of machinery and bill settlement towards machineries.	Physical verification, Records, photographs.
January to March -2021	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

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

/ True Copy /


Section Officer.

[G.O.(Ms).No.141, Agriculture (AP4) Department, dated 14.07.2020]

**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 and 5 such FIGs are integrated to form 2,000 **Farmer Producer Groups** (FPG). 7-10 such FPGs are grouped into **Farmer Producer Company** (FPC).

The primary purpose of incorporation of FPO (Producer Company) with 700-1,000 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 for better profitability. The Producer Company can undertake any type of agribusiness suited to the region, earn profit and share the profit with shareholder members as dividend. The producer Company would empower the FPGs and FIGs by sharing the part of the business or if FIG and FPGs undertake any business, the Producer Company can extend market support. The FPC, FPG and FIG could 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 for Rs. 11.25 crore during 2019-20 for the formation and promotion of 45 FPCs benefitting around 45,000 small and marginal farmers. During 2020-21, it is proposed to promote 150 FPOs with a total budget of Rs. 37.50 Crores. The number of FPOs to be promoted may vary based on the funds sanctioned.

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) jointly shall group the FPGs (minimum 7 FPGs and maximum 10 FPGs) of the respective district to incorporate the 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, 2018-19 and 2019-20 can be combined to reach the maximum of 1500 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 registered under the Companies Act, 2013. The FPCs would follow all the legal compliances prescribed under the Companies Act, 2013.

The DDA (AB)s 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 DDA (AB)s 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 150 FPO's – approximately 1,50,000 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, select 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 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 nd 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	792000
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
	Sub Total	11,17,000	13,47,000	24,64,000
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
	Grand Total	11,35,000	13,65,000	25,00,000

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 Producer Company Limited:

DDA (AB)s in every district shall facilitate the formation the 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/RI may be availed for the entire process of incorporation of the Producer Company under new amended Company Act 2013 effective from 26th 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 Producer Company.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 Producer Company 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 Producer Companies 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 Producer Company Ltd.,The suffix shall be as below; The FPG members may suggest any name as prefix.

1. Producer Company Ltd(suffixMandatory)
2. **Collective Farm** Producer Company Ltd (Possible)
- 3..... /..... 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 to get the

- 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 in 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 RoC fee, Auditor fee, fee for preparation of MoA and AoA, cost of mandatory registers and metallic Common seal.

Step 07: Hence all 10 Director have to contribute a sum of Rs.50,000 @ Rs.5000 each. This shall be done as below:

a. Each Director shall draw the share amount money (already paid) of Rs.**1000** from the FIG in which one is a member and pay Rs.**4000** personal money in addition; Out of Rs.5000, Rs.1000 shall be retained as additional share advance; The balance Rs.4000 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 FIGs on transfer 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 / 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
A. 10 FIGs in which there is one Director					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 Rs.19,000 = 1,90,000	-	-	1,90,000
B. 40 FIGs in which there is NO Director					
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
Total Share Capital Rs.10,000 + 9,90,000					10,00,000

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/RI 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 Producer Company:

General:

The Producer Company with 700- 1000 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.

- a. FPC shall provide services to member farmers viz., financial, technical, social, marketing services for enhancing the quality of life of farmers.
- b. FPC shall avail Start up grant,once a proper Business plan is developed.
- c. Avail equity grant from SFAC and increase the working capital of the Company.
- d. Eligible FPCs shall avail Mezzanine Capital Assistance, Credit Guarantee and Revolving Fund support as per G.O.Ms.No.266, Agriculture(WD1) Department dated 15.11.2019.
- e. Avail term loan up to Rs.100 lakhs in any commercial bank utilizing the Credit Guarantee Fund Scheme of the SFAC and Venture capital assistance to strengthen the business.
- f. Dovetail the benefits of all eligible schemes like TNIAMP and Mission on Sustainable Dry land Agriculture to scale up the business of FPC

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 DDA(AB)s 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 DDA(AB)s every month.

Step12: Capacity building training

The Deputy Director of Agriculture (AB)s in consultation with FPC and RI will conduct the Capacity building training to FPCs based on their location specific 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 Rs.100 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 and Fruit 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. Stake holder in Food parks
58. Market Integration Partners of Primary Processing Centres in Supply Chain Management scheme

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

/ True Copy /


Section Officer.