

## **Eligible Activities & Quantum of Grant Support for Promotion & Nurturing of new POs**

Need-based grant assistance for promotion, nurturing and handholding of new POs will be considered for sanction. The following activities are eligible for support:

### **i. Mobilization of Primary Producers**

Based on the diagnostic & feasibility studies and the baseline survey conducted by POPI, the producers around a particular cluster, commodity, market, processing/ storage units, etc. may be mobilized and adequate awareness created for organizing into POs. Existing Farmers' Clubs, SHGs, JLGs, Village Watershed Committees, Village Planning Committees of TDF projects, Dairy Co-operative Societies, inactive PACS, other interest groups, etc. could be considered for organizing them into a PO. Monthly meeting of the primary producers of the selected area/crop cluster/ identified activity would be organized by POPI to create awareness on concept & functioning of PO and to induce transparency in the functioning of the PO. To cover the initial expenses on such awareness / mobilization activities, a maximum grant support of Rs. 30000/- per PO shall be provided. Deliverables to POPI in terms of FPO progress for shareholder membership are as under:

<b>End of year</b>	<b>“Difficult” Areas</b>	<b>“Other” Areas</b>
3rd	200	400
5th	350	700

However, in respect of POs promoted for single commodity producers (such as FPO of cotton growers, FPO of Basmati Rice Growers, FPO of mango or grape or any single fruit growers), or dealing with a single activity (such as PO of dairy farmers, poultry growers, fish farmers, bee-keepers, lac cultivators, silkworm rearers, etc.), where the existing production clusters have less than the above stipulated number of primary producers / farmers, but their collectivization into a PO is expected to create perceptible impact in the cluster, the minimum shareholder / membership size in such PO, which may not impact its operations and/or financial sustainability, may be deliberated and approved by the PSC of the RO, while considering the proposal of the POPI. However, it may be ensured by the RO that the minimum membership size shall be 100 in “Difficult Area” and 200 in “Other Areas”. The same shall be specified in the Sanction communication to the POPI.

(a) The eligible grant assistance for such small FPOs is Rs.13.08 lakh in “Other Areas” and Rs.10.405 lakh in “Difficult Areas”, excluding a maximum grant assistance of Rs. 3.00 lakh towards Business Development Assistance for the FPOs promoted, irrespective of the category of the area, which may be sanctioned separately.

(b) The eligible grant assistance for normal FPOs with a minimum membership of 350 and 700 in “Difficult Areas” and “Other Areas”, respectively, to be attained remains unchanged as Rs.16.60 lakh (excluding a maximum grant assistance of Rs. 5.00 lakh towards Business Development Assistance, which may be sanctioned separately) for the FPOs promoted irrespective of the category of the area. The eligible grant assistance towards FPO administrative expenses involves towards CEO Remuneration and towards CA/CS/ Audit charges. It is necessary by the POPI to ensure continuous growth in the shareholder membership of the PO promoted and being nurtured by it

over the period of 5 years. The achievement of minimum membership norm is as under:

<b>End of the year</b>	<b>Difficult Areas</b>	<b>Other Areas</b>
1st	50	100
2nd	125	250
3rd	200	400
4th	275	550
5th	350	700

If the minimum membership in a PO is not achieved as above, only a part of the incentive to the POPI for that year shall be considered .

## **ii. Establishment & Registration**

The PO formed in the potential cluster is required to be registered either under the Indian Companies Act, 2013 or under the Cooperative Societies Acts of the respective State. PO registered under Trust Act or any other Act is not eligible for coverage from PODF-ID. Only the new FPO proposals sanctioned by NABARD (RO) and the actual formation and registration of FPO occurred thereafter are eligible under PODF-ID. FPOs promoted earlier under any scheme of State / Central Government or of any agency and / or already registered are not eligible under PODF-ID. The cost of establishing appropriate management as per preferred legal structure/ statute, registration charges, including statutory/ non-statutory compliances, etc., will be eligible for support as per actual expenses, subject to a maximum of Rs. 40000/- per PO. Minimum number of shareholders / shareholder members having voting rights in the PO shall be 50 in 'Difficult Areas' and 100 in 'Other Areas' at the time of registration.

## **iii. Training to Board of Directors (BoDs) / Governing Body of FPOs**

Only non-defaulters of banking institutions shall be nominated or elected as Governing Body / Board Members / directors of the FPO. The Board Directors / Governing Body Members shall be trained periodically, with focus on areas like functioning of the FPO, its organizational structure depending on its legal statute, business operations and management (including online platforms, exports, quality standards, value addition and processing, etc.) market linkages, credit linkages, legal aspects of functioning of the PO as per its legal statute, regulatory compliances, good governance practices, transparency & accountability, vision building, leadership development, communication skills, etc. These training programmes are organised at appropriate times, depending on the stage of growth of the FPO, potential for marketing of the produce, nature / diversity of operations proposed to be handled by the PO, etc. The grant assistance will be provided to POPI for organising training in a group mode with the help of designated Resource Support Agency / Bankers' Institute of Rural Development (BIRD) or any other reputed agency, in consultation with RO of NABARD.

#### **iv. Grant Support towards Remuneration of CEO**

The Board / Governing Body of PO shall appoint a professional CEO (preferably, a graduate in agriculture or subject related to the nature of product or operations of the PO/ agri-business expert) to manage day to day activities, undertake business planning, including mobilisation of financial resources, HR management, book keeping, statutory compliances, etc. Grant support to partially cover monthly remuneration of the CEO during initial three years period will be provided on a tapering basis, which may be extended for another two years period, based on the performance review / need.

#### **v. Preparation of Business Plan**

For ensuring the sustainability of a PO, a robust “Business Plan”, identifying the sources of finance / funding, for a minimum period of 5 years shall be prepared by the PO in consultation with the POPI. The Business Plan of PO should be vetted by ROs within one year from date of sanction of proposal and a copy of the same may be kept at RO. A grant assistance of Rs.0.20 lakh per PO has been provided to cover expenses towards preparation of the business plan.

#### **vi. Training to Chief Executive Officer (CEO) of POs**

Day to day operations and management of the business of PO is the responsibility of its Chief Executive Officer (CEO) under the guidance of the BoDs / Governing Body of the PO. The CEO shall be trained by the POPI through the reputed training institutions /RSA/ other professional agencies, in consultation with RO of NABARD, based on the standard modules developed by BIRD on various aspects of PO functioning.

#### **vii Support to POPI for handholding/ nurturing of POs**

POPI shall be responsible for promoting, nurturing and handholding of POs. Performance-based grant support shall be provided to the POPI for the same, with an annual cap of Rs. 1.00 lakh per PO.