



Farmer Producer Organization (FPOs) and Agri-infra Fund Scheme

NABARD, Telangana RO, Hyderabad

13th February 2026

Farmer Producers' Organisation



Problem Statement

Backward &
Forward
Linkages

Lack of access to
Advisory and
Extension
Services

No/Lack of
Storage and
Warehouse
Facility

Lack of Access to
Modern
Technology

Lacks
Bargaining
Power in Mandi

Lack of Timely
Availability of
Inputs at
Affordable cost

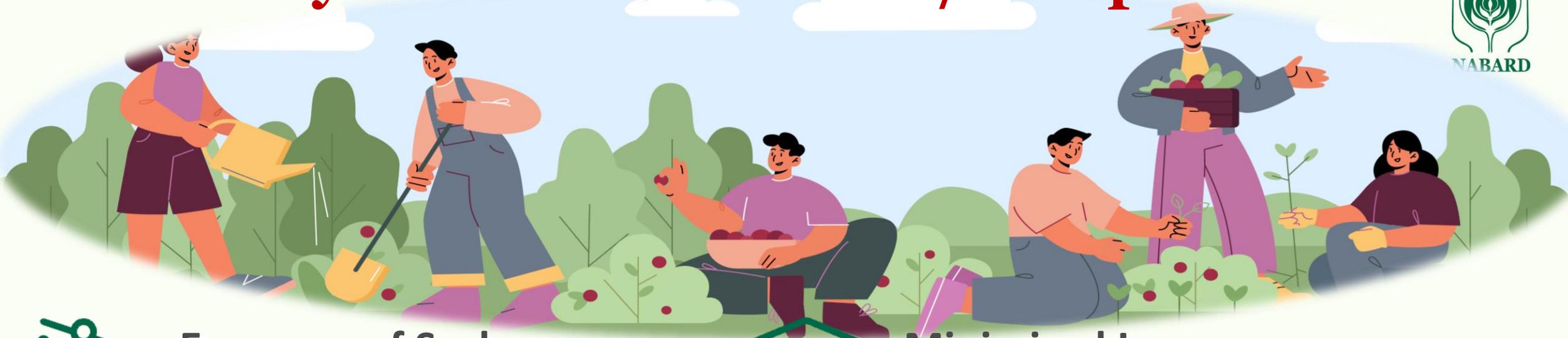
No value
Addition in
Produce



Individual farmers face significant hurdles, from limited access to resources and markets to high operational costs. These challenges often hinder profitability and growth.



Why Farmer Collectives/Companies



Economy of Scale

Attracts traders and bulk benefits.



Minimized Losses

Own storage facilities reduce post-harvest waste.



Reduced Costs

Aggregation lowers marketing and input expenses.



Improved Bargaining

Stronger presence in markets and better social capital.

FPOs empower farmers by providing collective strength, leading to better resource access, cost reduction, and increased profitability through shared infrastructure and knowledge.



Concept of FPO



- Legal entity formed by primary producer i.e. farmers, milk producers, fisherman, weavers, rural artisans, craftsman etc
- It can be a company under companies act or a co-operative society under state co-operatives act or MACS Act 1995
- Aim is to benefit farmers through aggregation availing the economies of scale
- Better bargaining power vis-à-vis bulk buyer of produce and bulk supplier of inputs
- Ownership lies with the members and management is through the representative of members







NABARD's support to FPOs

Spread of NABARD promoted FPOs in Telangana



No. of FPOs
393

PRODUCE – 62
PODF-ID – 291
CSS - 40

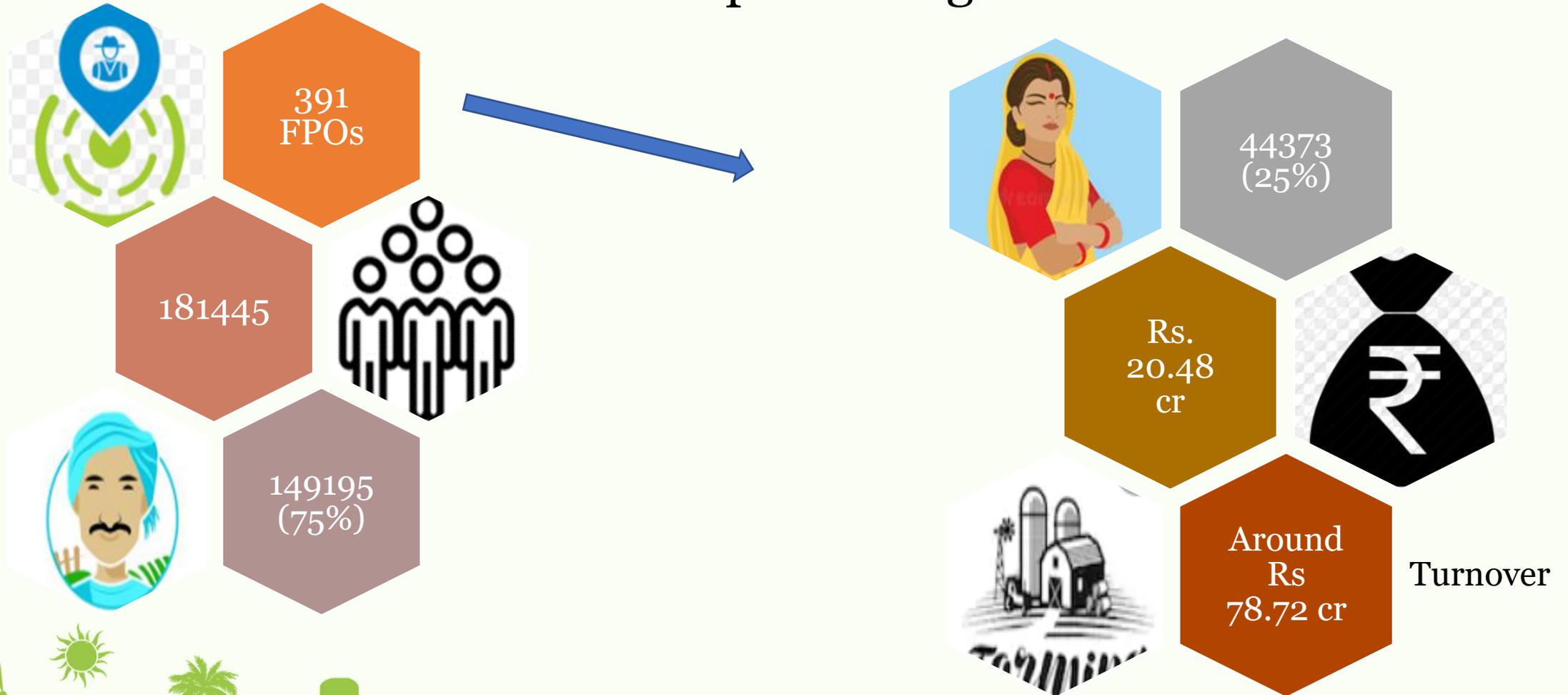
POPIs - 83

CBBOs - 05



Present Status of FPOs

- NABARD is promoting FPO in the State since 2015



Present Status of FPOs Promoted by Telangana RO



Business Details

- No. of FPOs into various business- 250
- Business undertaken-
 - Bulk purchase and distribution of agri-inputs like seeds, fert. & pesticides
 - Arranging farm advisory services to members
 - CHCs
 - Produce aggregation & procurement
 - Value addition/ processing
 - Marketing
- Total business turnover- ₹.78.72 cr



Support from NB under PODF-ID & Subsidiaries

1. Development of POs (5 Years)

- Formation/ Promotion
- Incubation/ Nurturing –
- Grant ₹38.66 lakh

2. Improve Capital base (₹15.0 lakh)

- Share Capital contribution
- Improve borrowing powers

3. Credit Support (Excl. Subsidiary-NabKisan)

- Long term
- Composite Loan (TL+WC)
- Working Capital

4. Credit Guarantee (Subsidiary - NABSAnrakshan)

- Eligible Lending Institutions (FIs)
- Up to ₹2 crore of Loan
- Collateral free lending

Equity Grant Assistance (EGA)

EGA can be used as :

- Working Capital
- Purchase of Small Infrastructure
(Processing, Grading, Packaging, Custom hiring, Accounting Software etc)
- EGA to be used along with Bank loan to be leveraged from Lending Institutions
- Maximum Support - ₹15 lakh per FPO (@750 members with maximum share capital of ₹2000 each)





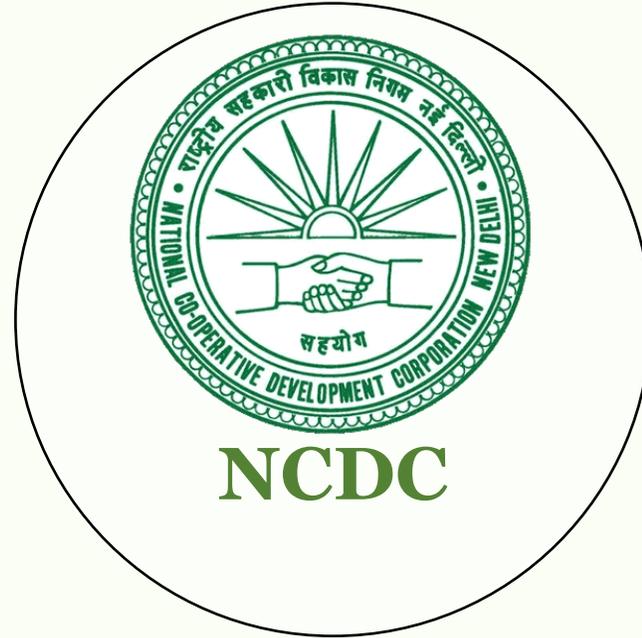
Central Sector Scheme

Objective

- To **promote 10000 FPOs** by mobilizing farmers (primary producers), particularly SF/MF, to be promoted in **crop clusters (2 FPOs per Block)**.
- To facilitate channelizing **supply of quality inputs, technology and extension services** for productivity increase of crops.
- To optimize use of resources and **increase farmers' income** through achieving **economy of scale and improved bargaining power** of producers



Implementation



Implementing Agencies (IAs)



Financial Assistance

- Financial Assistance of the 18.00 Lakhs per FPO towards promotion and nurturing. (First 5 years)
- Equity Support as Grant to FPOs @ ₹2000/- per member (Max. ₹15 lakh/FPO) with participation shareholding.
- Credit guarantee facility up to Rs. 2.00 Crore per FPO for project-based loans from Financial Institutions.



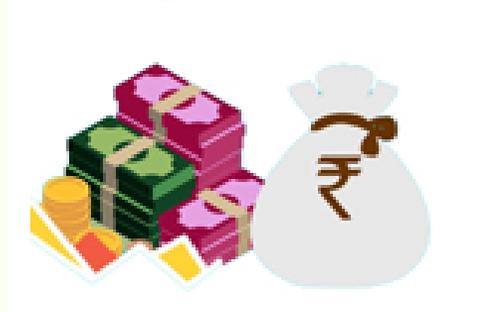


Credit Linkage of FPOs

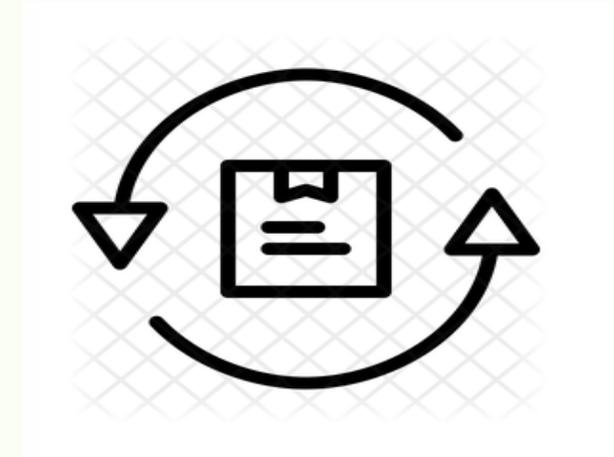
Credit Requirement

- FPOs carry out various types of Business Activities based on the commodities and require both Working Capital and Term loans

- Working Capital
(Input sales & Output aggregation)



Term Loans- Capital Equipment /
Agri Infrastructure



Margin
Money- Bank loan



Bank Finance to FPOs

- **RBI has included financing to FPOs under the PSL**
 - Loans up to ₹ 2.0 Crore under Direct Agriculture Finance
 - loans up to ₹ 5.0 crore to FPOs under Indirect Agriculture Finance.
 - Finance to FPOs- 75% shareholders are S&M farmers (by Number), - PSL-Agriculture- SF/MF on-lending target of 8%.



Credit Guarantee Fund

- Under the CSS - a dedicated Fund of ₹.1,500.00 crore - maintained and managed by NABARD.
- Project Loan Limit - ₹2 crore
- < ₹1 crore – 85% of project loan
- Between ₹1 crore and ₹2 crore - 75% of project loan
- > ₹2 crore – Maximum ceiling of ₹1.5 crore



Major Constraints faced by FPO

- Low Capital Base
- Absence of credit history
- Inadequate Capacity Building
- Low level of active member participation in business
- Agriculture dependent on external factors
- Require business licenses
- Comply with statutory compliances



FPO Sustainability: Eight Point Mantras



Good Governance Structure



Appropriate & Viable Business Plan



Compliance – Statutory and Regulatory Requirements



Technology Intervention



Credit Linkage and Credit Guarantee



Focus on Output Business – value addition, branding and primary processing



Market Linkages – ONDC, Export Market



Convergence with Government Schemes





Success Stories

Indervelly FPCL – Godown and Cotton Ginning Mill established with credit linkage from Adilabad DCCB



Hasanparthy FPCL, Hanumakonda



- Hasanparthy FPCL was registered in 2019 and was dormant till 2021.
- The FPO is Basmati Seed Business
- The FPO has established Cattle Hostel for its members
- In FY 2023-24 FPO recorded a turnover of Rs.2.26 crore and profit of Rs.2.43 lakh



Maldakal FPCL, Gadwal



Maldakal FPCL, registered in 2019 with 549 members, exemplifies a thriving FPO. Specializing in input business and sweet orange trading, the FPO distributes its produce across major Indian cities including Kolkata, Mumbai, and Chennai.

549

Members

Established in 2019,
growing farmer
participation.

₹3.35

Crore Turnover

Achieved in FY 2023-24,
showcasing strong market
presence.

₹2.77

Lakh Profit

Reflects efficient
operations and effective
market linkages.

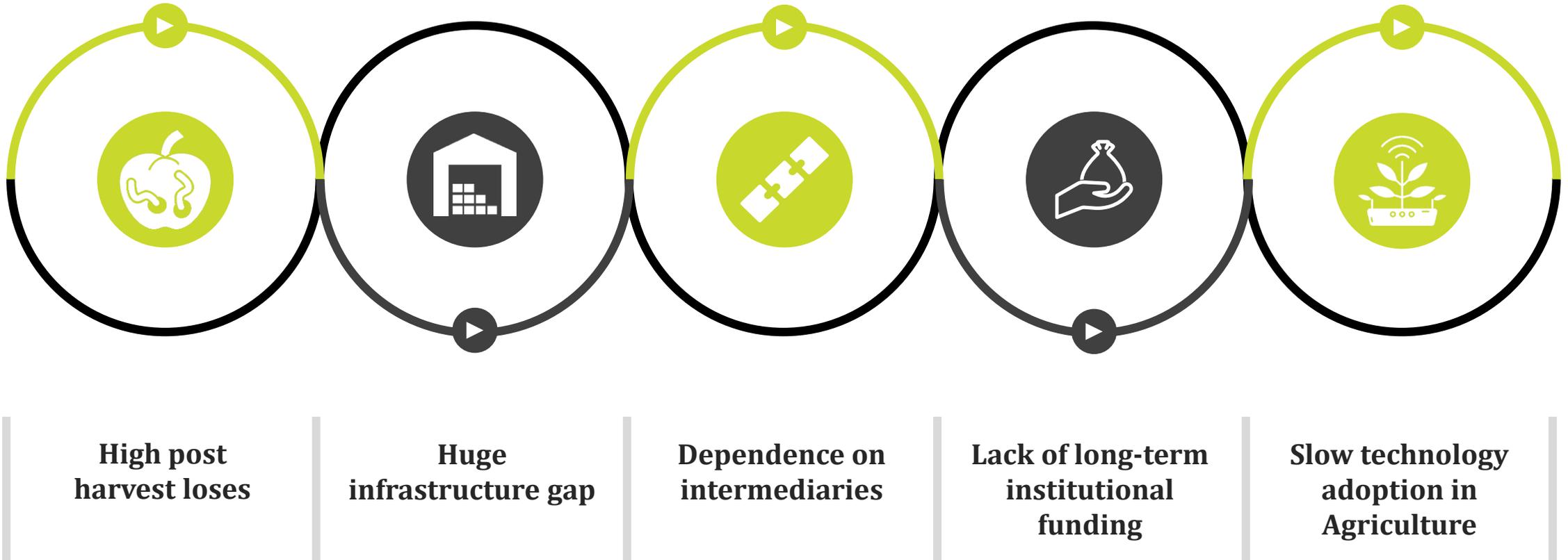
Looking ahead, Maldakal FPCL is strategically planning to diversify its operations by venturing into the export of mangoes, aiming to tap into international markets and further boost farmer incomes.





Agri-Infra Fund

WHY AIF



KEY EVENTS

15 May 2020

Announcement of Rs 1 lakh crore Agri Infrastructure Fund under Atmanirbhar Bharat Package by Union Finance Minister

09 Aug 2020

Formal Inauguration of the Scheme by Hon'ble Prime Minister in the presence of Union Agriculture Minister

May 2022

Modifications approved by Hon'ble Minister of Agriculture

01

02

08 July 2020

Approval by the Cabinet Committee - chaired by Hon'ble Prime Minister

03

04

08 July 2021

Modifications approved by Cabinet Committee

05

06

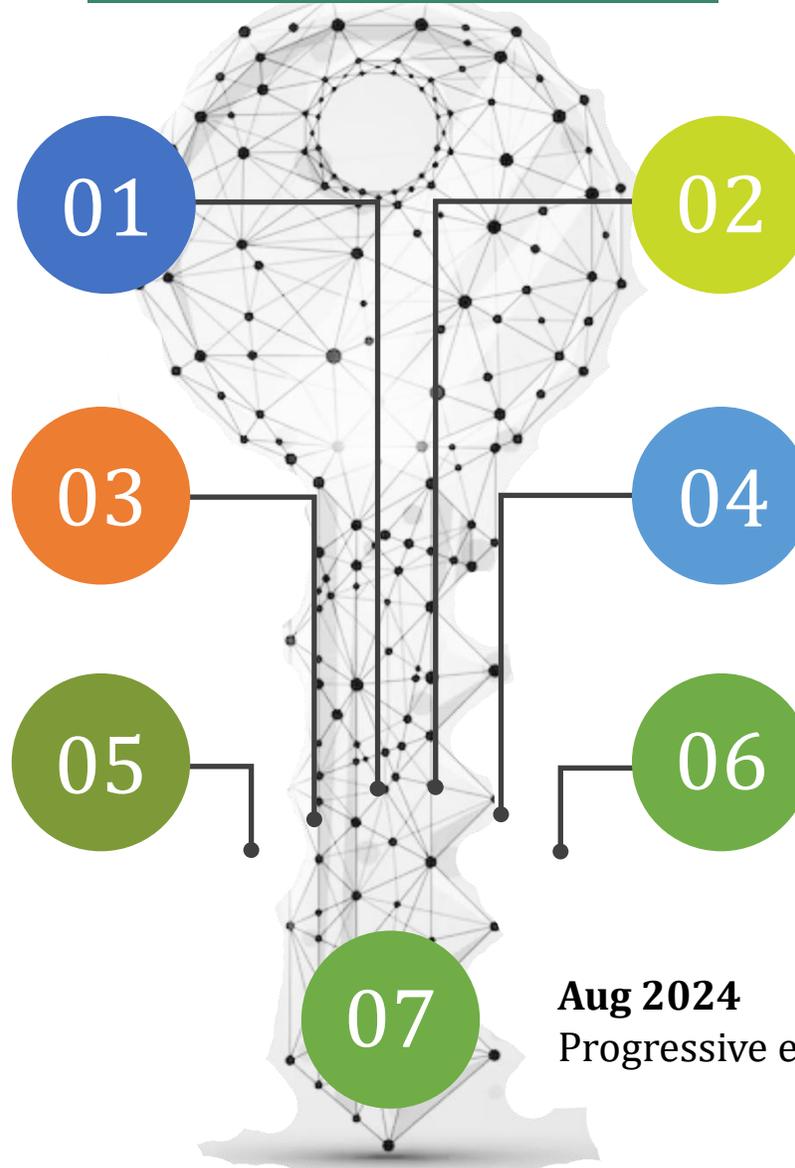
Jan 2023

Modifications approved by Hon'ble Minister of Agriculture

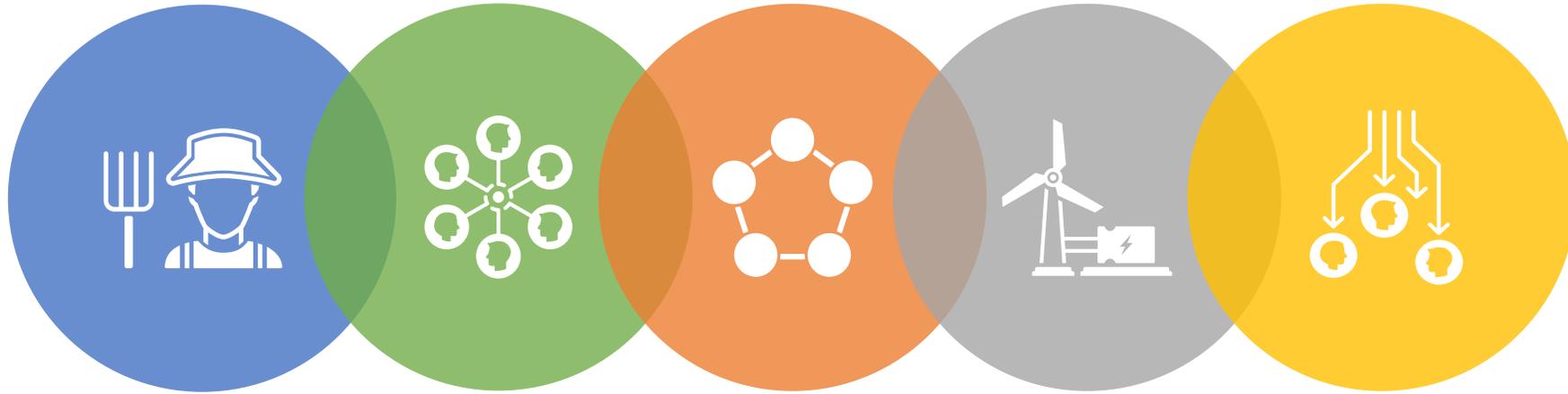
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Aug 2024

Progressive expansion of AIF



ELIGIBLE BENEFICIARIES



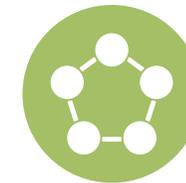
Farmers

- Individual farmers



Farmer Groups

- Farmer Producer Organizations
- JLGs, SHGs
- Primary Agricultural Co-op Societies



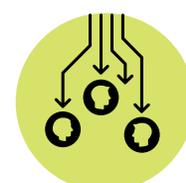
Large businesses

- FMCG players
- Exporters
- Food processors



Agri Entrepreneurs

- Individual business owners - millers, exporters, etc.
- Supply chain players
- Startups



State Agencies

- Agricultural Produce Marketing Committees (APMCs)
- Federations of FPOs, SHGs, Cooperatives
- State Warehousing Corporations

FEATURES OF AIF

Rs. 1 Lakh Crore Fund

Interest Subvention
Cap of ROI \leq 9% &
subvention of 3% p.a.
(NABARD loans for PACS at
1% post subvention)



Convergence
Allowed to dovetail with
several schemes (across
ministries, state govt.)



Credit Guarantee
Under CGTMSE and
NABSanrakshan scheme for
loan up to Rs. 2 Crore



Project Eligibility
Upto 25 projects at different
locations Rs.2 Cr. per Project



Loan Repayment Period is 7 years (Including moratorium period of upto 2 years)

ELIGIBLE ACTIVITIES UNDER AIF

Post-harvest Management Projects

- Storage Infrastructure & Assaying Units (Warehouse, Silos, Cold Storage etc.)
- Packhouse, Ripening chamber
- Primary processing centres
- Integrated primary and secondary processing
- Cleaning, Drying, Sorting, Grading units
- Supply chain infrastructure (also with e-marketing facility)
- Solar panel on eligible infrastructure
- Logistics facilities (only insulated /refrigerated vehicles)
- CHC- tractor & implements, combined harvestors, drones etc
- Farm mechanisation

Viable farming Assets

- Smart and Precision agriculture
- Input Production (Seed processing, Tissue culture, Nursery)
- Bio-stimulant production
- Farm/Harvest Automation
- Purchase of drones, sensors on field, Blockchain and AI in agriculture etc.
- Remote sensing and Internet of Things (IOT), Farm advisory services through GIS applications
- Integrated production & processing units - Spirulina, Sericulture, Honey
- Plant quarantine units
- PMKUSUM Component A,B & C
- Hydroponic Farming , Vertical farming, Aeroponics farming, Poly house/ Greenhouse, Mushroom farming,



Thank You

**NABARD TELANGANA, REGIONAL OFFICE,
HYDERABAD**