

Bengal FPOs get corporate structure to avail of more fund

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Kolkata, Dec 8 (PTI) Many farmer producer organisations (FPOs) in West Bengal, which mostly had an entity structure like trust and cooperative society, have been converted into companies to get fund from central schemes and formal credit, a senior official said on Thursday.

An FPO is a registered farming organisation, and its members are primary producers of agricultural products. Several government benefits are provided exclusively to these organisations, which are otherwise not available to any individual farmer.

“There are around 353 FPOs in the state. These organisations in Bengal were mostly in a structure of trust or cooperative but are now being converted to companies with help of the state government,” said a senior official of National Bank for Agriculture and Rural Development on condition of anonymity.

All the FPOs, which are now being formed, are getting registered under the Companies Act, and the existing ones are in the process to complete the formalities for the new corporate structure, he said.

Among the several schemes, the official named the agri-infrastructure fund that offers low-interest loans up to Rs 2 crore for building storage, cold chains, and other related facilities.

“FPOs were facing difficulties in receiving some central subsidies and easy formal credit. We took an initiative to assist these organisations in converting into companies with corporate structures under the Companies Act so that they can get access to government benefits. Most of the FPOs have converted into the revised structure,” state Agriculture Minister Sobhandeb Chattopadhyay told PTI.

Notably, the Union government is promoting the creation and promotion of new 10,000 FPOs till 2027-28 with a total budgetary outlay of Rs 6,865 crore.

The Nabard-owned Nabkisan, which is active in the segment, has extended support to 550 FPOs across various states in the country with cumulative assistance of more than Rs 225 crore, the official said.

Raingunj-based FPO Bindole Agro Producer Company Ltd's CEO Kalicharan Banerjee said, "We are a 1,000-farmer organisation and now have converted it into a company under the Companies Act from a trust-like structure so that we can get a loan of up to Rs 2 crore. We propose to borrow some money in the upcoming season." With the change in the entity structure, NBFCs, which are providing financial support to the agriculture sector, are also showing interest in offering short-term credit, the official said.

"We have started our operation in Bengal recently and found there is a lack of awareness about the benefits of FPOs. We have tied up with four FPOs in West and East Medinipur districts and will expand the number to 15 FPOs by the end of the year," agriculture finance company Kissandhan business head Pankaj Ajmani said.

The lender has also planned to expand its operation to new districts such as Bardhaman, North and South Paraganas in the second phase, he added. PTI BSM BDC BDC

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