

Compendium of Key Advisories on Farm Livelihoods Interventions Under DAY-NRLM

Version 2.4

March 2020

Content

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1	Advisory on NRP Engagement	2019-20
2	Guidelines on Farmer Field School (FFS) in DAY-NRLM	2019-20
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Terms of Reference for engagement of National Resource Persons (NRPs) to provide Technical Assistance and Implementation Support services to State Rural Livelihoods Missions in Farm Livelihoods Interventions

1. About Deendayal Antyodaya Yojana- National Rural Livelihoods Mission (DAY-NRLM):

The Ministry of Rural Development (MORD), Government of India (GOI) has been implementing Deen Dayal Antyodaya Yojana (DAY) - National Rural Livelihoods Mission (NRLM) since June 2011. The central objective of the DAY-NRLM is to catalyze increase in household incomes to move towards elimination of rural poverty. NRLM encourages the delivery of services/entitlements (such as MGNREGS, PDS) through women SHGs and their institutions at different levels. The institutions of the poor set aside funds towards vulnerability reduction - food security, health security, etc. Vulnerability Reduction Fund is also used for meeting the emergency needs of the poor and meeting the needs of the ultra-poor and vulnerable households on a differential footing. NRLM promotes and supports collectives towards Sustainable Livelihoods of the Poor (CSLP) around their key livelihood options. These collectives offer their members access to livelihood knowledge, skills, technology, market intelligence, risk management products and credit support through their SHGs and Federations to individual members/households

2. About Farm Livelihood interventions of NRLM:

DAY-NRLM recognizes that the poor have multiple livelihoods and one of the key components of DAY-NRLM as envisaged in the NRLM Framework is enhancing and expanding the existing livelihoods of the poor. More than 70% of the rural poor are dependent on agriculture either as cultivators or as agriculture labourer. Besides, livestock rearing is again a key livelihood of the poor. In forest fringe areas NTFP is a major livelihood of the poor, who mostly belong to tribal communities. The intervention strategy of NRLM for Farm based Livelihoods promotion is focused on strengthening livelihood basket of the poor with the following objectives:

- ✓ Every poor household is supported on at least 2 farm sector livelihoods (agriculture, NTFP and livestock).
- ✓ Creation of Social capital for agriculture, NTFP and livestock, from among the best practitioners as extension workers.
- ✓ Year-long food & nutritional security for the household created by themselves.
- ✓ Supporting the small and marginal producers in market access through their value chain participation.
- ✓ Assured annual incremental income of more than Rs 50,000 per family per year after 2 years of intervention.
- ✓ Income streams throughout the year.

3. Rationale for engagement of National Resource Persons (NRPs):

DAY-NRLM recognizes that rural poor have multiple livelihoods and one of the key components of DAY-NRLM as envisaged in the NRLM Framework is enhancing and expanding the farm livelihood interventions of the poor through its deepening and expanding. SRLMs also now have the challenges to manage multiple commitments under SRLM-AAP, MKSP, NRETP. Programmatically also challenges are mounting to implement Agro-ecology, improved livestock rearing, NTFP, Organic farming (production, certification and marketing), value chain intervention through promotion of Producers Groups and Producers Enterprises (formalization, institution building, business operation, compliances etc.) and so on. Besides, the challenges of saturating intensive blocks with farm livelihood interventions require technical assistance and mentoring supports on a continuous basis for intervention strategization, capacity building, rolling out, monitoring, advocacy and knowledge dissemination on the farm livelihoods interventions.

National Resource Persons (NRPs) are a pool of technically qualified, dynamic experienced rural development professionals, experts in their specific domain, drawn from an array of reputed organisations / institutions across the country, they are selected, oriented and empaneled by NIRD&PR. These NRPs are having significant hands-on field level implementation experience with poor and marginalized communities. DAY-NRLM has created the pool of NRPs, primarily to provide need based supports to the SRLMs in project formulation, preparation of DPR, field monitoring, training and capacity building etc. Their engagement so far is purely need-based, discrete and for specific tasks to perform. The experience so far with the NRPs for providing these supports to SRLM has been encouraging. Looking at the emerging challenges we may see the scope of expanding the role of NRPs in providing a larger range of supports to SRLMs in programme implementation.

It is envisaged that one National Resource Persons (NRPs) will be engaged with specific SRLM to support the state Missions in strategizing, capacity building, implementation, monitoring and documentation of Farm Livelihoods interventions on a continuous basis. The NRPs will also provide required technical assistance in agriculture, livestock and NTFP based livelihood interventions during their course of engagement.

The engagement will provide continuous mentoring supports that will make SRLMs capable of facing the emerging challenges and complexities in implementation of farm livelihood interventions in the respective states to achieve the desired goal of NRLM. The engagement will act as a conduits for mutual flow of information, experiences, issues, challenges and follow up actions between Farm Livelihood team of NMMU and the SRLMs, enabling the Farm Livelihood Team to improve co-ordination, programme components and responses.

4. Objectives of the assignment:

The main objective of the assignment is to provide continuous, proficient and knowledgeable mentoring supports who can guide and support the assigned SRLM through his/her acumen

and experience, offers technical assistance and capacity building supports in planning, execution, monitoring and documentation of farm livelihood activities. The specific objectives of the assignment are:

- i. *Planning*: Support the SRLM in developing implementation plan for farm livelihoods intervention specifically on Agro-ecological practices, NTFP, livestock, organic and value chain interventions.
- ii. *Execution*: Support SRLM in execution strategy of farm livelihoods intervention plan specially Agro-ecological practices, NTFP, livestock, organic cluster and value chain interventions.
- iii. *Achievement*: Support SRLM in ensuring achievement of qualitative and quantitative targets under farm livelihood interventions - Agro-ecological practices, NTFP, livestock, organic cluster and value chain
- iv. *Monitoring, evaluation and documentation*: Support SRLM to develop robust field monitoring system at all levels (state, district, block and village), capturing and validation of MIS and maintenance of updated MIS on a continuous basis.
- v. *Immersion site development*: Support SRLM in creation of immersion sites for farm livelihood interventions in a cluster of adjoining 2-3 villages.

5. Scope of work for the assignment:

The NRP will support the assigned SRLM in AAP, MKSP-AAP, and NRETP on the following aspects:

Planning:

- a. Help SRLM in preparation of state annual action plan. Once the state level planned annual physical targets against key deliverables are approved, help the SRLM to break the targets into quarterly and monthly targets at district, block and upto village level.
- b. Help SRLM in planning for resources - HR recruitment, CRPs, m-CRPs, TSA engagement and hiring of RC, NSO engagement, convergence with line departments, managing partnership, training material development, printing of training materials and documentation of best practices
- c. Help SRLM in training calendar preparation for staff, m-CRPs, CRPs and Mahila Kisan (through FFS).
- d. Help SRLM in planning for identification and documentation of best practices.
- e. Help SRLM in development of continuous monitoring & evaluation framework.

Execution of plan:

- i. Help SRLM in execution of village action plan including village entry, planning, collection and analysis of progress data for livelihood activities.
- ii. Help SRLM in formation, orientation and functioning of VO Livelihoods sub-committee in execution and monitoring of livelihood interventions of the village.

- iii. Help SRLM in organizing all training & capacity building events as per the training calendar for staff, m-CRPs and CRPs.
- iv. Help SRLM in holding farmer field school / Pashu Pathshala regularly involving MKs
- v. Help SRLM in implementation of various advisories and guidelines issued by the Ministry.
- vi. Help SRLM in formation, & smooth functioning of PGs and LGs
- vi. Help SRLM in identification, engagement and periodic review of TSAs and RC

Achieving targets, Monitoring and documentation:

- i. Participate in monthly state level progress review meeting (Physical & Financial), taking inputs from field visits and MIS data. Preparation of action plan for the next month to achieve the planned physical target
- ii. Help SRLM to ensure periodic field visits of state and district level SRLM staff for on-field review.
- iii. Help SRLM in identifying best practice sites during field visits and document them (write up, short video clips), interacting with the MKs etc.

Immersion site development:

All the relevant farm livelihood interventions – agroecology, organic farming, value chain, convergence, need-based partnership to be showcased in a cluster of 2-3 villages starting from village entry exercise to develop village plan and individual household level plan on asset, access and skill development / improvement, its implementation and impact assessment based on primary data analysis.

6. Phasing of scope of works:

The NRPs may not be able to start all the activities together, s/he will need some time to get acquainted with the community and functioning of the SRLM thus will start with immediate do-able items and gradually take up other deliverables. Year-wise phasing of deliverables which may change based on the needs of the SRLM and NMMU has been presented below:

Year 1	Year 2	Year 3
<ul style="list-style-type: none"> ○ Planning and month-wise phasing of physical targets. ○ Preparation and help in execution of training calendar for staff, m-CRPs and CRPs ○ Help in preparation of calendar for FFS and Pashu Pathsala and its execution. ○ Review meetings at state, district and block levels and review of achievement of physical and financial target. 	<p>Continue with all the deliverables of year-1. In addition to it following deliverables will be added in the second year.</p> <ul style="list-style-type: none"> ● Create a pool of CRPs and staff to conduct village entry exercise. ● Help in identification and documentation of best practices. ● Identify a cluster of 2-3 contiguous villages and initiate development of immersion site in that cluster. ● Help in development of state specific advisories / technical protocols. ● Development of proposals, Detailed Project Reports, Baseline information. 	<p>Continue with all the deliverables of year-2. In addition to it following deliverables will be added in the third year.</p> <ul style="list-style-type: none"> ▪ Develop immersion sites in the identified cluster of villages with

Year 1	Year 2	Year 3
<ul style="list-style-type: none"> ○ Conduct field visit in randomly selected villages to see, take photos, shoot short videos (through mobile) the quality of works done by the SRLM. ○ Submission of monthly work done report as per template. 	<ul style="list-style-type: none"> ● Selection and engagement of TSA and/or RC. ● Scoping study to identify commodities, scope for value addition and marketing through PGs and PEs. ● Help in preparation of business plan for the PGs and PEs. ● Any other deliverables demanded by the SRLM and NMMU. 	<p>all relevant interventions of Farm Livelihood promotion by NRLM.</p>

7. Expected Outcomes of the assignment:

Though expected outcomes may change based on the scope of work and need of the SRLM, a possible list of expected outcomes has been shown below. The outcome will be at three levels:

A. At SRLM level:

- Training calendar for Staff, CRP and Mahila Kisan is in place and is being properly executed as per timeline.
- Monthly physical and financial plans are in place. Achievement of physical target as per approved annual plan for the state
- Review of progress is done on monthly basis (physical & financial) at all levels.
- Timely submission of DPR, inception report, baseline report and QPR to this Ministry
- Certificates are being issues to the MKs in organic cluster.
- Scoping, business modeling and business plan for potential PGs and PEs are in place.

B. Village level:

- CRPs have received trainings as per plan
- Custom Hiring Centres, NPM shop and FFS are in place and functional.
- In case of organic villages, LGs are formed, registered in the portal by the RC. Peer appraisal groups are formed and trained. LG leaders are identified and trained

C. Mahila Kisan level:

- Mahila Kisans have received training as per the plan through FFS/Pashu Pathshala.
- Agri- nutrition garden at each household is established for home consumption
- Each Mahila kisan has adopted at least two of the adoptable practices each in agroecology / livestock / NTFP as per need.
- Mahila Kishans have received scope / organic certificate if she has adopted organic farming.

8. Mode of engagement, evaluation and renewal of engagement:

- Initially the NRPs will be engaged for 10 days a month for 3 months after signing of

ToR. Thereafter extension after 3 months will be based on performance assessment by NMMU and feedback from SRLM

- The NRP is expected to visit the assigned state twice a month but one visit per month is mandatory.
- Monthly performance of NRP will be assessed by NMMU, NRLM taking input from respective SRLM, NRLM (RC) of NIRD&PR, quality of reports submitted by the NRP, this process may change from time to time as per need. Based on the performance of NRPs the continuance of the assignment will be decided
- If the NRP services are found to be as not satisfactory, NIRD&PR will withdraw the ToR at any time unilaterally with a day's notice based on the recommendation of Lead, Farm Livelihoods, NMMU.

9. Submission of reports and bills by the NRP:

- The NRP will prepare and submit a detailed tour plan in consultation with SRLM and submit to NMMU & NRLM(RC) of NIRD&PR for approval.
- Based on the advice of LEAD-Farm Livelihoods, NMMU, NRLM RC of NIRD&PR will make travel arrangements.
- At the end of every month, the NRP will submit a detailed report as per reporting template (annexure - 1) to LEAD-Farm Livelihoods, DAY-NRLM, MoRD, New Delhi and Director, NRLM Resource cell of NIRD&PR / NIRD&PR-NER with a copy to the SRLM on or before 5th of next month.
- The NRP has to submit all expenditure bills of the previous month before 5th of every month.
- Based on the advice of LEAD-Farm Livelihoods, NMMU, NRLM RC of NIRD&PR will make travel arrangements, payment of resource fee and reimbursement of TA&DA

10. Payment / reimbursement:

- Flight tickets will be arranged based on the NIRD&PR norms only
- TA&DA incidental to the visit to the assigned state will be reimbursed as per the NIRD&PR approved cost norm for NRPs.
- NMMU will follow up with NIRD&PR for timely payment of fees and reimbursement of travel expenses.

11. Dispute settlement:

In case under any circumstance, if any dispute arise which could not be resolved through mutual discussion, the decision taken by NIRD&PR will be final and binding to the NRP.

12. Dis-engagement:

The contract is not an offer for permanent employment to any SRLM or NRLM rather the tenure of engagement is as mentioned in the ToR, thus NIRD&PR holds full discretionary power to take decision on the continuance of the engaging, make changes in engagement from state to other as it thinks fit and such decision cannot be challenged to any higher authority / legal institution by the NRP.

The above terms of reference (ToR) is accepted in its letter and spirit by both the concerned parties as mentioned and signed as token of acceptance of the ToR.

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Designation:

For NRLM (RC) of NIRD&PR

National Resource Person

Name:

Name:

Designation:

Place:

Dated:

K-11060/02/2019/NRLM (Livelihoods)/Part1

Government of India
Ministry of Rural Development
Department of Rural Development
Rural Livelihoods Division

7th Floor, NDCC-II Building,
Jai Singh Marg,
New Delhi-01

Dated: 03rd March, 2020

To

The All State Mission Director

Subject: Guidelines on Farmer Field School (FFS) in DAY-NRLM

I am directed to say that DAY NRLM has been promoting farmer field school under farm livelihoods component. It is an institution mechanism of delivering the best practices knowledge and skill to the farmers .To make the extension mechanism effective and organized, innovative platforms like Farmer Field School (FFS) or Krishi/Pashu Pathshala is envisaged for capacity building of farmers.

To bring a common understanding on establishment of farmer field school under DAY-NRLM, the ministry has approved a guidelines on operationalization of farmer field school. The "guidelines on farmers field school" is attached herewith for your kind information.

Encl. Guidelines on farmer field school

Yours faithfully,



(H.R. Meena)

Deputy Secretary to the Government of India

1. PPS to JS (RL-1)

Guidelines on Farmer Field School (FFS) in DAY-NRLM

1. Rationale

Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM) has been strengthening farm-based livelihoods by interventions in agro-ecological practices, improved livestock rearing, sustainable Non-Timber Forest Produce (NTFP) collection, and value addition. It has a standard mechanism of knowledge dissemination with a step by step process. The process is comprised of National Resource Persons (NRPs) having subject domain expertise in various themes, who train the State Level Resource Persons (SRPs). The NRPs and the SRPs train the Community Resource Persons (CRPs) viz. Krishi and Pashu Sakhi, who is the last mile of extension for DAY-NRLM. CRPs are entrusted with the responsibility of training the subject matter and transfer the relevant skills to the women farmers (Mahila Kisan). The tasks of the CRPs on training is not only limited to skill transfer and on-field demonstration of best practices, but also in helping the Mahila Kisan to adopt various practices. So far, the extension mechanism has been externally driven, person-specific, with individual styles of communication. To make the extension mechanism effective and organised, innovative platforms like Farmer Field School (FFS) or Krishi/Pashu Pathshala is envisaged for capacity building of farmers in more productive and participatory. It is envisaged that the CRPs or Master CRPs (mCRP) will be the facilitator for an FFS.

A farmer field school is a Group Extension Method based on adult education techniques. It is a school without walls that teach necessary agro-ecology/livestock and management skills to make farmers expert in their farms. Traditional top-down technology and information transfer systems may play some role in agricultural development, but the intensive capacity building is required for the creation of independent learned farmers. Thus, Farmer Field Schools represent a significant step forward in agricultural education and extension. The main agenda of the concept of FFS is to adequately address the farmers' learning needs through adult learning techniques, participatory, and inclusive.

FFS is a forum of a group of women farmers (Mahila Kisan) at the village level who get together to practice, study and share their experiences, issues, and best practices to other members in the group. Typically, at an FFS, the topics covers include whole gamut of issues from Agroecology (soil, seed, water, and plant protection), organic agriculture, animal husbandry (General Management, feed management, Health management and breed management) advanced technologies used in agriculture, different support programs to improve agricultural and animal husbandry productivity, availing agricultural and livestock finances, marketing support among others that group members think relevant. The method of extension in FFS provides an opportunity for learning by doing and learning by sharing. It teaches necessary agricultural and livestock management skills that make the participating farmers, experts in their farms and eventually influencing larger communities. In this context, it is being felt that a

guideline on Farmer Field School outlining its element will be useful for the operationalisation of FFS under DAY-NRLM.

The FFS approach was first developed by the Food and agriculture organisation of the United Nations (FAO) in South East Asia as a way for small scale farmer to investigate and learn for themselves the skill required for and benefit from being obtained from, adopting practices in their agricultural/ horticulture fields.

FFS is a forum where farmers and facilitators debate, observations and experiences are shared, present new information from outside the community for improved production with the adoption of scientific practices.

- Farmer Field School (FFS) is a non-formal educational activity.
- All learning is a group activity and is field experience-based.
- Empowers farmers to solve their field problems by themselves.
- Fosters participation, interaction, and joint decision making.
- Farmers learn by carrying out activities through constant observation.
- Preparing collective action points that they could immediately implement in their farms.
- Collectively reviewing the progress of their farms, and resolving the issues, if any.

2. The composition of an FFS

In the context of DAY-NRLM, usually, an FFS should comprise of 10 to 30 women farmers who meet regularly during the production cycle (for crop, livestock and NTFP harvesting) experimenting as a group with new, and adopt improved production practices, access better marketing information, latest technologies, and other farming-related options as required. The trainer/facilitator of the FFS should be a CRP/m-CRP, dealing with the particular subject, i.e., agriculture, livestock, NTFP, fishery etc. The training is a regular affair, where after the training session, farmers continue to meet and share information regularly. For agroecological practices:

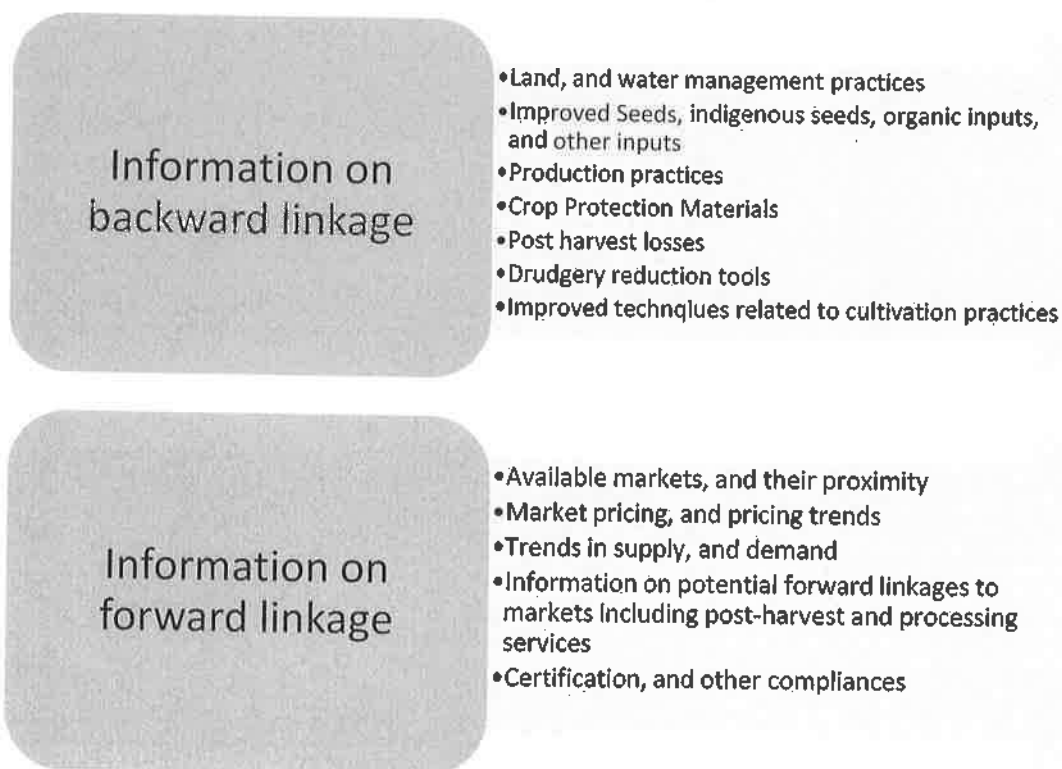


Figure 1 Typical discussion points in FFS (Krishipathshala) for agro-ecological practices

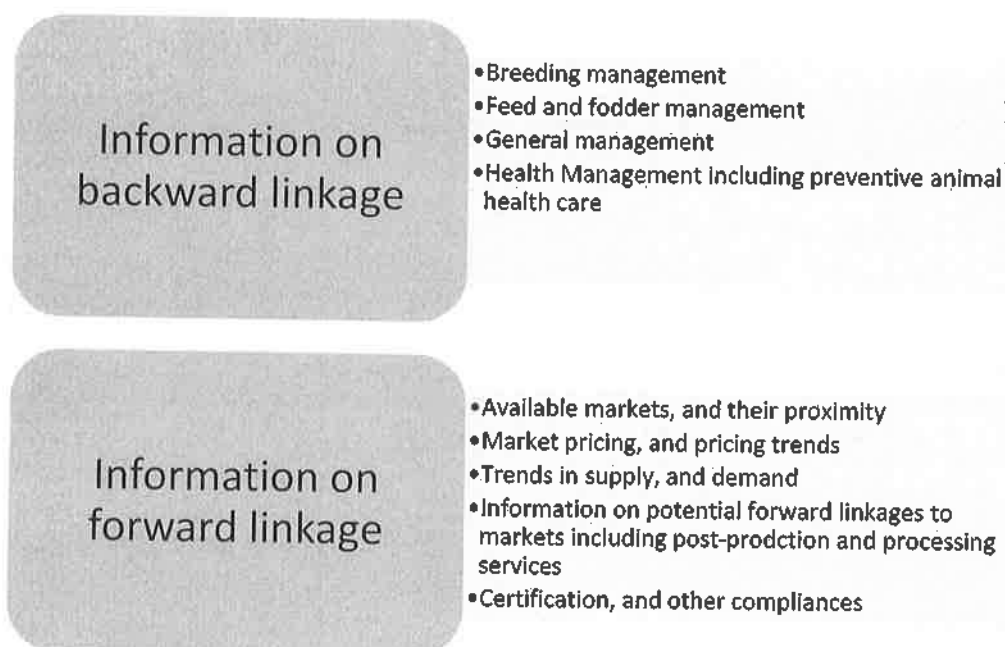


Figure 2 Typical discussion points in FFS (Pashupathsala) for sustainable livestock practices

To summarise, FFS as an extension methodology is a dynamic process that is practised and controlled by the farmers to transform their observation into action to create a more scientific understanding of the crop/livestock and the agro-ecosystem. A farmer field school is, therefore,

could be seen as a process, not a goal.

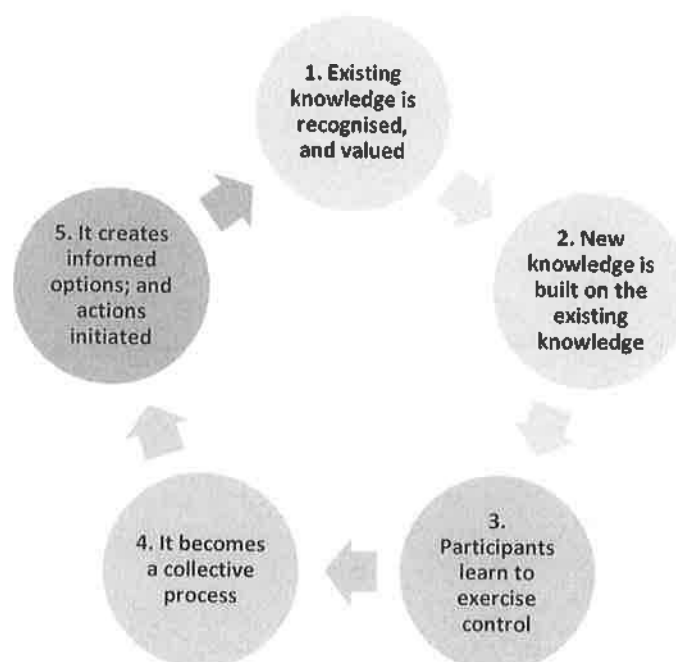


Figure 3 Process of FFS

3. Why FFS?

FFS is established on the principles of adult and non-formal education, experiential learning, conscientisation, and emancipatory learning. FFS thus plays a much broader role in society than merely a vehicle for agricultural development.

An FFS brings together a group of farmers to engage in the process of hands-on field-based learning over a season/production cycle as a time-bound activity, with a beginning and an end. For Krishi Pathshala (agricultural FFS), activities may cover "seed to seed" while in livestock-based FFS (Pashu Pathshala) they may cover "egg to egg" or "calf to calf." This initial primary learning cycle aims to strengthen farmers' skills and knowledge for critical analysis, to test and validate new practices and to assist in making informed decisions on-field management. The activities may extend to the market, i.e., seed to market (*Beej se Bazar*) too.

The first primary FFS learning cycle aims primarily to improve knowledge of field production and productivity (technical objectives) and to build a group of farmers with a better understanding of ecology and improved analytical skills, who are thus able to plan and implement post-FFS activities that will continue to enhance agricultural and livestock development.

The domain of learning through FFS

- FFS allows farmers to generate vital knowledge and localised solutions to problems.
- Farmers are the source of knowledge and at the same time leaders of transformation. The opportunities for farmers to transform their farming systems and environment towards not only future food and nutrition security but also environmental protection are tremendous, through improving not only their knowledge and skills base but also their perceptions.
- The FFS programs are to be re-positioned to contribute to the development of the rural economy, effectively address food security and nutrition issues

The (Table 1) mentions the critical domain of learning, generally followed in an FFS.

Table 1 Domain of learning in an FFS

Domain of learning	Characteristics
Technical	<ol style="list-style-type: none"> 1. Goal: Useful prediction and control of farming-related issues 2. Aims at technical control of the farms 3. Implementation of action points decided collectively during FFS
Practical	<ol style="list-style-type: none"> 1. Goal: the significance of interactions among the farmers 2. Understanding and meaning of social processes with other farmers/community members 3. Characterised by communicative action among the FFS participants
Empowerment/Emancipation	<ol style="list-style-type: none"> 1. Goal: able to differentiate between elements that are beyond farmers' control and, to expand their area of operation 2. Internal and environmental factors that inhibit the control over their own decisions 3. Characterised by self-reflective action 4. Critical thinking

4. Learning cycle in FFS

The primary learning cycle also aims at enhancing participants' *group cohesion* so that they can better work as a group, analyses questions or problems critically, draw on their own experience and observations and the experience and knowledge of others, create a consensus, and prepare for follow-up action once the FFS learning cycle finishes.

4.1. Agro-ecosystem analysis

The cornerstone of the FFS methodology is agro-ecosystem analysis (AESA), a field-based study of the interactions observed between crop/livestock and other biotic and abiotic factors co-

existing in the crop/livestock field (e.g., between plant/animal growth and pests, diseases, weeds, water, soil and weather conditions). The purpose of the AESA is for FFS participants to appreciate the value of numerous field observations and analyse ecosystem developments, problems and opportunities encountered in the field and improve decision-making skills regarding farm management, building on critical group discussion to reach improved shared understanding of different components and their interactions in agroecosystems.

The process is holistic, and farmers work in sub-groups of four to five persons making detailed field observations, discussing results, and analysing the field situation by producing a summary. Each sub-group presents to the plenary for further critical discussion to reach a consensus group-decision for field management for the week to come. Usually, this exercise takes about two to three hours and is done at weekly intervals throughout the season or learning cycle so that the problems and decisions being studied overlap with similar issues in the participants' fields, thereby increasing the motivation for learning and the possibility to test the practice. AESA is a four-stage process of distinct activities that align with the experiential learning cycle, as shown in Figure 3, followed by an explanation.

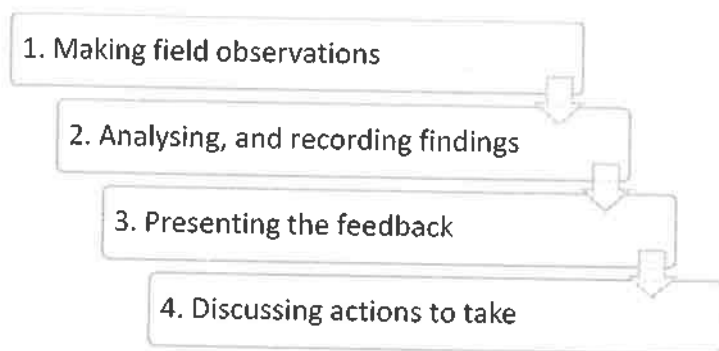


Figure 2 Agroecosystem analysis

4.1.1. AESA processes

- a) **Making field observations** - in sub-groups, farmers make observations in the field based on a range of monitoring indicators. Emphasis is on observing the interactions between various factors in the agro-ecosystem.
- b) **Analysing and recording findings** - each sub-group structure reflects on, records and interprets their results from the field, including making drawings of the field situation and elaborate decisions and recommendations.
- c) **Presenting the summary of findings** - In plenary, each sub-group presents their findings and analysis and conclusions. Feedback and questions from the other groups require the group to defend their decisions with logical arguments.
- d) **Discussing actions to be taken** - In a plenary, the participants synthesise the presentations and collectively agree and decide what steps to implement based on the decisions they have made.

4.2. *Special topic*

In addition to AESA and group dynamics, each FFS session determines a unique topic of interest for the group at the particular crop growth stage. Specific questions often involve small experiments to highlight specific technical issues related to crop production, marketing, etc.

With a backdrop of the particular topic, the farmer participants usually discuss, or facilitated to consider the following:

- a) What do they already know about the situation/topic?
- b) What do they want to know about the situation/topic?
- c) What are the information/situations where knowing more about the situation/topic would help them?
- d) FFS may invite specific subject matter specialists/experts to infuse outside / updated knowledge/solutions to the challenges identified. The role of such an expert is not prescriptive instead of exploratory / facilitate access to updated technology/skill and knowledge from outside to try and customise before adoption.

5. **Non-negotiables in FFS**

The learning process and knowledge generation are central to FFS and FFS programs:

- a) FFS are based on fields (or animal farms) through which to learn and experiment;
- b) Structured hands-on, experiential learning methodology is primarily used;
- c) Adult learning cycles emphasise observation, critical analysis, sharing and debate, conclusion/decision and implementation to enhance knowledge and decision-making skills that combine existing knowledge and improved higher-order knowledge and skills;
- d) Learning is a continuous process - regular meetings are held at critical crop/enterprise development stages to correspond with the decision-making of farmers/pastoralists;
- e) Through practices | development of skills and competencies is the main focus;

Building trust and strengthening groups to develop:

- a) Critical analysis skills;
- b) Feedback and evaluation skills;
- c) Planning skills;
- d) Basics of group work and collaboration (group dynamics exercises that enhance their presentation skill on findings, issues, etc.).

Facilitation of the learning process: competent master trainers and facilitators (technical, methodological and organisational skills).

For running the FFS successfully, it is essential to have competent facilitators with adequate experience and expertise in facilitating. She should be able to bring out the experiences of the FFS participants and facilitate the whole process effectively. Furthermore, the facilitator should

ensure that the group activities are inclusive and participatory. This would significantly improve the learning outcome of the FFS.

6. Essential elements of FFS in DAY-NRLM:

6.1. The group of people (10-30 in number) who have a common farming interest, forms the core of a Farmer Field School. The FFS tends to strengthen existing groups or may lead to the formation of new groups. Here the women farmers would be the constituent of the group from the same hamlet/ village. Learning by doing is the training approach used. Farmers learn by carrying out for themselves the various activities related to the particular farming practice they want to study and learn about. This could be compared to annual crops, livestock/fodder production, orchards or forest management. The critical thing is that farmers conduct their field studies. Their training is based on comparison studies (of different treatments) and field studies that they, not the extension/ research staff conduct. In doing so, they become experts on the particular practice they are investigating.

6.2. Regular Group Meetings: In the context of DAY-NRLM, the women farmers must attend the FFS *on a weekly* (for short duration crops), fortnightly (for long duration crops) or monthly (for plantation crops and livestock) basis according to regular schedules defined and agreed by the FFS participants. Another farm/forestry management practices the time between each session would depend on what specific activities need to be done, or be related to critical periods of the year when there are vital issues to observe and discuss in the field.

Training is related to the seasonal as well as a monthly cycle of the practice being investigated. For example, annual crops would extend from land preparation to harvesting. For fodder production would include the dry season to evaluate the quantity and quality at a time of year when livestock feeds are commonly in short supply. For tree production and such conservation measures as hedgerows and grass strips training would need to continue over several years for farmers to be able to see for themselves the full range of costs and benefits.

6.3. Learning materials are learner-generated: Farmers generate their learning materials, from drawings of what they observe in the field trials themselves. These materials are always consistent with local conditions, are less expensive to develop, are controlled by the learners, and thus can be discussed by the learners with others. Learners know the meaning of the materials because they have created the documents.

6.4. Group dynamics/team building: Training includes communication skill-building, problem-solving, leadership, and discussion methods. Farmers require these skills.

6.5. The Field is the laboratory, and it provides most of the training materials like plants, pests, livestock and other facilities. In most cases, communities offer a study site with a shaded area for follow-up discussions. All learning is based on the field. The field is where the farmers learn. Working in small sub-groups, they collect data in the area, analyse the data, make action decisions based on their analyses of the data, and present their conclusions to the other farmers in the field school for further discussion, questioning, and refinement.

6.6. Approach: Farmer's field school (FFS) is a critical activity for the transfer of technology and the sharing of best practices. Farmers upgrade their knowledge by sharing observations and experiments.

6.7. The curriculum: The curriculum usually follows the natural cycle of the subject, be it crop, animal, or soil. This allows all aspects of the matter to be covered in parallel with what is happening in the field. An exhaustive range of topics to discuss in FFS is mentioned (annexure-A) wherein the relevant topics will be identified and discussed based on need and relevance with season.

6.8. CRPs: The Community Resource Persons (**CRP-LH**)/Krishi Sakhi/Pashu Sakhi/ MCRPs nurtured by the SRLMs, will serve the fellow Mahila Kisans by training and providing extension services. The quality of extension service delivery to Mahila Kisan by CRPs is ensured through formal training of CRPs by the trained Resource Persons in multiple doses as per demand. The role of the trainers is very much that of a facilitator rather than a conventional teacher. Once the farmer knows what it is they have to do, and what it is that they can observe in the field, the extension worker takes a back seat role, only offering help and guidance when asked to do so. Presentations during meetings are the work of the farmers, not the extension worker, with the members of each working group assuming responsibility for presenting their findings in turn to their fellow farmers. The extension worker may take part in the subsequent discussion sessions but as a contributor, rather than a leader, in arriving at an agreed consensus on what action needs to be taken at that time.

In summary, the Guiding principle for the farmers' field school is:

Parameter	Agriculture	Livestock
Guiding principle	Promote Sustainable Agriculture in alignment with Agro-ecological Practices (AEP)	Deliver low cost primary veterinary care to small and marginal farmers
Interventions	Agro-ecology concepts enhance knowledge on climate, soil, seeds, cropping, agronomy, disease and pest management, harvest and post-harvest management practices.	Knowledge of breeds and breeding, feed and fodder, housing, vet care, ethnoveterinary practices.

7. Guidelines for the CRP to conduct the FFS at the field

7.1 The CRP should form the FFS groups on two components, i.e., agriculture (KrishiPathshala) and livestock (PashuPathshala). The KrishiSakhi shall handle the Krishi Path Shala, and the PashuSakhi should handle the PashuPathshala.

7.2 The group should be formed by those who are doing a particular activity; it may happen that one farmer may not be doing a specific crop. However, it is encouraged that she should attend the FFS to gain knowledge and use it in the future.

- 7.3 The CRPs plot should serve as the demonstration site and meeting place for the FFS. The animal shelter of the CRP, the crop field of the CRP, should serve as demonstration plots. It may happen that the particular CRP is not doing a specific crop can choose another farmer's plot for demonstration
- 7.4 The details about each FFS group member should be kept in the register about land details (area, irrigation status), soil test report (optional), crops grown (area and production), seeds and inputs used. This data should be updated for each cropping season. Similarly, for livestock rearing, the details about the number of animals (breed), feed and fodder details, deworming, and vaccination status should be mentioned. It can be revised every three months.
- 7.5 The record format should have an attendance sheet, where the record should be kept for each meeting. It also should record the discussion points, problems, and possible solutions.
- 7.6 A crop calendar may be developed with the various operations and record whether the farmer follows the intercultural practices (deep summer ploughing, land levelling, bund making, seed treatment, nursery preparation, transplantation, weeding, Non-Chemical Pest management practices, application of organic manure and pesticides). The help sought from fellow farmers and the CRP if the farmer has followed the advice or not.
- 7.7 The meeting should have a specific topic to be dealt with as per the above intercultural practices. The CRP should start with the topic and explain the theory of the particular subject (technology and skill related to the topic. Discussions among the farmers should be on a specific topic; their previous experience in dealing with the issue, their doubts and apprehensions should be addressed by the CRPs. Peer learning is a crucial process to be followed in conducting this meeting. Ideally, the session should last from 45 minutes to one hour. The meeting decorum should be as per the NRLM standards (i.e., like an SHG meeting).
- 7.8 In each FFS meeting, the place and time for the next meeting should be pre-decided and accepted by the group members. Each meeting should end with the fixing of the next meeting.
- 7.9 As mentioned the farmers learn from each other; it should be mandatory to devote field visits after each FFS meeting to learn from each other on the best practice, e.g., the usefulness of pheromone trap in pest control. The focus should be on to address problems one farmer is facing, and the group, along with the CRP, should explore possible solutions and suggest the best one to handle the issue.
- 7.10 The CRP should record all the learnings and discussion points of the day on the register. During the monthly VO meeting, the livelihood subcommittee should review the learning and discussion points reported by the CRP.

7.11 The remuneration (if any) for the CRPs for conducting the FFS should be as per the SRLM norms and can be provided through the VO/CLF/GPLF.

8. Principles for KrishiSakhi

8.1 KrishiSakhi emphasises the importance of growing healthy crops through following Agroecological practices in the local context and gradual movement towards organic farming. She facilitates the FFS meeting and field visits in keeping these in mind and the subjects and activities to be centred on locally feasible practices. She will use the flip charts, video shows apart from field visits as and when required.

8.2 She assigns the farmers to observe their crops regularly, which helps in informed decision making for appropriate interventions to be made quickly for water, soil, and plant management. Inputs used are based on agro-ecological and economic assessment. At the initial stages of FFS, she might have extensive involvement in implementing these processes within, however as the FFS approaches towards graduation, the farmers will be equipped with the necessary skills and knowledge to practice these on their own.

8.3 In her entire journey with FFS, her aim should be to make the farmers experts. Expertise implies a basic understanding of the agro-ecological system, decision-making processes, adoption of improved practices and sharing of experiences. She might use simple rules and directives during the FFS meetings, which may provide short term benefits to the participants as it improves the learning process.

9. Principles for Pashu Sakhi

9.1 Pashu Sakhi works on the principles of “prevention is better than cure” and the adoption of best practices for the Mahila Kisan with the tag line being the central theme. She should always be carrying the reference materials with her during the FFS meetings and make sure that the materials are accessible to every participant. Furthermore, she emphasises the importance of record-keeping at the farmer level, and she might regularly monitor the records at the initial stage of the FFS.

9.2 Pashu Sakhis, who are a “livestock extension cadre” at the village level, primarily works as an awareness campaigner and connecting link with livestock department for providing basic knowledge about the breed, breeding, general management, feed and fodder management, health management, first aid and ethnoveterinary treatment.

9.3 She can facilitate the promotion of ethnoveterinary practices with the participants by the help of Pashu Vaidyas locally available. The indigenous knowledge of the veterinary health care system acquired by traditional herbal healers (Pashu Vaidyas) is orally transformed from one generation to other that includes the popular beliefs, knowledge, skills, methods and practices.

10. Steps for implementation of FFS in NRLM:

The primary responsibility of implementing the FFS lies with the CRPs (Krishi Sakhi/ Pashu Sakhi/ Matsya Sakhi). Therefore, it would be required that the block level staff of the SRLM are directly involved in the activity for implementation of FFS. Constant handholding is expected from the block level staff apart from occasional support from the State Resource Persons (SRP) and National Resource Persons (NRPs). The steps envisaged in rolling out of the FFS are as per the following:

10.1 The state and block-level staff of the SRLM must go through an orientation (by NRPs) and exposure to the FFS method conducted in the vicinity.

10.2 The Block level team should train the CRPs in all aspects of it before the commencement of the FFS. The SRLMs should ensure that CRPs are graded (qualifying CRPs to select) before the beginning of the FFS programme.

10.3 Selected CRPs may be taken for exposure to nearby FFS, wherever in the vicinity promoted by NGO/ KVK/ATMA or the department of agriculture and to make sure that the sphere of learning should be centred around organic cultivation methods.

10.4 The livelihood subcommittee of the VO must be oriented about the procedures of FFS, and the special meeting must be conducted for information and norm-setting.

10.5 During the initial phase of 6 months, the CRPs must be supported during the FFS events in the field by block-level staff (who are oriented).

10.6 The concerned SRLMs may develop standard templates that include FFS meeting register, standard crop production practices, pest, and disease monitoring sheets, crop harvest record sheets etc. All the records and books required for the conduction of FFS must be supplied through the block level teams.

10.7 There has to be a training event and initial handholding support for the CRPs on the books of records and its maintenances before introducing the records.

10.8 VO should take stock every month on the status – achievements, challenges, etc. of the FFS in operation.

10.9 Fund allocation for the FFS: Farmer field school in principle should not be a cost centre but for an initial span of six months, some funds may be allocated for FFS management (books of records, training materials etc.).

11. Monitoring and Performance evaluation:

The livelihood sub-committee of Village Organisation (VO) will regularly monitor the progress of FFS. The CRP will appraise the VO livelihood sub-committee in its regular monthly meeting with respect to: (a) number of meeting conducted, (b) participation of FFS members, (c) major topics discussed, (d) follow up action taken by the CRP, (e) impacts in terms of adoption of

practices, (f) new practices tried and its result etc. in an organised manner. The SRLM may design a format for such reporting. VO livelihood sub-committee will conduct field review randomly to oversee the progress.

Performance evaluation of FFS will be done by VO livelihoods sub-committee at village level as well as MIS based monitoring system in terms of adoption of practices by Mahila Kisans.

12. Cost of establishing FFS / Pashu Pathsala:

FFS / Pashu Pathsala is a Group Extension Method based on adult education technique. It is a school without walls that teaches necessary agro-ecology, improved livestock rearing, NTFP management practices and various skills to make farmers expert in their farms. The farm of the CRP, existing farmers field, some of the best plots, farms of the village or surrounding villages will be used for on-field learning, thus SRLMs need not to create such demonstration farm specifically for the FFS / Pashu Pathsala. Moreover, the CRPs will act as the facilitator of the FFS / Pashu Pathsala, thus for promotion of FFS / Pashu Pathsala, the SRLM need not to allocate any budget as such.

13. Training and capacity building of Facilitator (CRP):

The existing active CRPs of a village will act as the Facilitator of FFS / Pashu Pathsala. The CRPs are the SHG members, essentially practitioners (agriculture, livestock, NTFP), have adopted the practices in her field, have the ability and willingness to support fellow farmers. After the selection they undergo field based induction, village entry and structured basic trainings (mostly practice based trainings – on field as well as off field) by the master-CRPs, SRPs, local resources with continuous on-field handholding supports and they in-turn train and provide necessary field supports to the Mahila Kisans through FFS / Pashu Pathsala in adoption of practices on Agro-ecology, Livestock and NTFP. The abstract of the basic training module has been presented below:

Modules No	Duration (days)	Topics covered
1	10	LH perspective, Mahila Kisan, Skill of facilitation, Agro-ecology, Agri-nutrition Garden (ANG), Soil, Seed, Water Management, Plant protection, Agronomic practices.
2	7	LH perspective, Skill of facilitation, Agro-ecology, Agri-nutrition Garden, Farmers Field School (FFS), Soil, Seed, Plant Protection, Agronomic Practices.
3	8	Agro-ecology, ANG, Soil, Seed, Water Management, Plant protection, Agronomic Practices.
4	8	Value-chain intervention, ANG, Farm Mechanization, FFS, Soil, Plant

Modules No	Duration (days)	Topics covered
		Protection, Agronomic Practices, Farm Mechanization.
5	7	ANG, Plant Protection, Agronomic Practices, Application of Learning, Situation Analysis game.
6	6	Entrepreneurship, Seed, Application of Learning, Comprehensive village entry (planning) exercise.
7	4	Climate change, Climate Resilient Agriculture.
8	5	Cost-benefit analysis of improved practices and crops, Integrated Farming Systems.

In addition to the above basic training, the Facilitators may undergo various other trainings from local resources like RSETI, KVK to augment their skill and knowledge to conduct FFS / Pashu Pathsala classes more effectively.

14. Operational cost of FFS/Pashu Pathsala (compensation of CRPs):

Every SRLM has its own payment and incentive structure against hiring the services of CRPs. It is advised that the facilitators of FFS / Pashu Pathsala who are the CRPs to be paid per FFS / Pashu pathsala class basis at a rate decided by the SRLMs.

15. Records to be kept in Farmer Field School:

A. Types of records: These are some of the records that need to be kept in a FFS:

15.1 Comparative Study records: These tracks the data about the FFSs studies/experiments in a systematic manner. The information collected enable informed conclusions to be made at the end of the study/experiments. This can be done in Physical records books too.

15.2 Physical record: This book records and track the daily activities of the FFSs and helps the members to follow up on the action points. They produce specific information for key FFSs activities which may include crops, livestock, fisheries and other household enterprises. Some of the physical records include inventory and activity sheets, production records, land records, livestock/poultry records and marketing records. This can be done in Physical Record book. The records may be kept in the format provided as annexure-B.

15.3 FFS training calendar: At the beginning of a year, each FFS should develop in consultation with the group members an FFS activity calendar including topics of discussions at different crop seasons/animal rearing seasons. This calendar needs to be in a printed form and will act as a reference for conducting FFS meetings. In addition to the activity calendar, the FFS can take up any other activities for discussion and follow up action as and when the situation demands.

15.4 Group information record/book: this is a record of daily attendance and primary baseline data of each member of the field school.

15.5 Minutes book: This record allows the group to track decisions for easy follow up.

It is essential to mention here that some of the records discussed above may be kept together in one register at each of the FFS. For example, the Group information/record book, physical record book, member information, attendance can be designed to keep in one register.

B. Keeping of records:

It is the responsibility of the facilitator of the FFS to keep all the records updated and preserve all such updated records at the FFS for future reference and uses.

Annexure-A

Agro-ecological practices to discuss in FFS

A wide range of agro-ecological practices is being promoted to make agriculture sustainable. These practices are aimed at improving soil health-increase soil microbial activities, increase water holding capacity, prevent seed-borne disease, the early establishment of healthy seedlings, control of weeds, pest, and disease.

The overall strategy is to use the local materials (bio-mass: both plant and animal origin) available in farming households and all our villages, minimise dependence on external agri-inputs and reduce cultivation cost as an immediate gain. In long run to address multiple issues viz. **production** - diversified food basket (minor millets, millets, cereals, pulses, oilseeds, vegetables, and fruits), **social**- create rural employment, reduced health risk for farm workers and pesticide-free food for the consumer; **environment**- groundwater recharge, improve water and air quality.

The activities are selected to influence farmers' measurable behaviour changes. For example, some of the specific topics are;

1. Soil Health: Improve the organic carbon content through the addition of well-decomposed biomass. It provides a suitable medium for harbouring microorganisms that facilitate nutrient uptake. The result, the soil is transformed into a living medium-

The Living Soil: Specific interventions: 1) NADEP, 2) Vermin Compost, 3) Ghana Jeevamrut 4) Green manuring 5) Azolla in rice cultivation, 6) Tank silt application, (7) different methods of preparing compost and bio-manure

2. Seeds: Quality seeds is a valuable input that contributes to crop yield. The small and marginal farmers are constrained to replace seed every year. So whatever seeds they use is sorted through winnowing and brine solution and purified using cow urine and cow dung (Beejamrut) which have fungicidal properties and helps control seed-borne diseases.

Specific interventions: 1. Physical purity tests 2. Brine solution treatment 3. Germination test 4. Non-chemical seed treatment 5. Quality seed production, preservation and conservation of local variety seeds. 6. Development of a list of climate resilience varieties of crops

3. Production-nurturing young and healthy seedlings for optimisation of plant population: Monsoon centric agriculture most often disrupts timely farm operation throughout the cropping season especially in the early stages of crop establishment - sowing, nursery and transplantation. These abruptions have been studied are being referred to as climate change-induced phenomena, now being widely appreciated as the greatest threat to the agriculture-based economy. Several easy to adopt practices have been promoted to take care of the above situation.

Specific interventions: 1. Direct seeded rice 2. Nursery- split type, raised bed nursery, poly house/shade net 3. Provision of temporary water harvesting structure- Jalkund, mobile pumping

4. Trauma less-transplantation in Line and spacing 5. Minimise competition for resource during vegetative growth. Variety-specific seed rate and spacing to be maintained need to be emphasised which significantly improve the productivity of crops.6. Seed bank

4. Weed control: Non-chemical weed control make nutrients available to field crops and increase in final yield.

Specific interventions: 1. Mulching 2. Weeding, mainly farm mechanised weeding like the use of weeders for both (dryland and wetland weeders)3. Brass-cutters 4. Other practices

5. Disease and pest control: Farmers in the last three decades have been exposed to a wide range of industrial inputs (insecticides and pesticides) to control pests and diseases. Continuous use of these inputs has disturbed the agroecology in our villages and more specifically in farming. The pesticides no doubt control disease and pests but at the same time eliminates beneficial organisms that take care of the Mother Nature. A beneficial microorganism that farmers do not recognise easily, but earthworms, spiders are higher-order organisms long identified as farmer's friends but have been drastically reduced/eliminated due to continuous exposure or overuse of technical inputs. Besides, these harmful chemicals get into the food chain and become the root cause of many ailments in human as well as animals. The overall strategy is to understand the natural dynamics and popularise practices that control and bring back the balance between the harmful and harmless organisms (insects and pest).

The control methods are chosen those optimise cost and its effect while minimising adverse effects. Examples of different control options are:

5.a Cultural Control

Using crop rotations (breaks pest life cycles, often improves tilth and fertility), cultivation techniques, sanitation and other farm practices that reduce persistent pest problems. Crop rotation is an example of a commonly implemented cultural control which is often factored into farming systems to break the cycle of increasing pest and disease populations. Soil preparation, good quality seed and management of weeds that can harbour aphids are also important cultural controls. If the crop can be established quickly and the plants are growing well, problems with establishment pests will be reduced. Some of the cultural control practices are as follows:

- Field Selection: Select a planting site that is ideal for the crop but unfavourable for the pest itself.
- Summer ploughing, deep ploughing, etc. that controls weed and improves soil structure, thus retaining more moisture in the soil
- Supply of balanced soil nutrition, especially organic composts
- Pruning, defoliation, thinning and topping (of the dead, diseased, or infected portion can significantly reduce the pest problem)
- Proper irrigation (frequency and methods) and drainage practices
- Field Sanitation by cleaning field borders, timely weeding, etc.
- Reuse of crop residue by conservation tillage techniques

- Introduction of trap crops
- Practising crop rotation on a planned basis
- Preparation and uses of 5% Neem Seed Kernel Extract, Neemastra, Agneyastra, Brahmastra, Panchagavya, etc.
- Introduction of NPM shop

5. b Mechanical and Physical Control

Use of, mechanical weeder, cutter, mowers to control the weed population before its flowering reduces the chance of providing co-lateral hosts for many pests and diseases.

Handpicking: Hand destruction or removal of insects and egg masses ensures quick and positive control. This method is especially useful with foliage-feeding insects such as bugs, and beetles.

Traps and Attractants: pheromone traps, light traps, yellow sticky stripe, barrier trenching, mouse traps etc. For pest monitoring and control sticky traps, which use an adhesive to capture insects; pheromone traps, which uses male chemical attractants to draw certain species of pests into the trap; and insect blacklight traps, which use ultraviolet light to lure and capture certain flying insects.

Water Pressure Sprays: A forceful stream of water will sometimes dislodge insects such as aphids and spider mites from foliage and plant stems.

5.c Biological Control, Here natural enemies, deterrents, and others are used to control pests. Natural enemies are organisms that kill or otherwise reduce the numbers of another harmful organism. Natural enemies that limit pests are critical components of many integrated pest management programs, particularly in protected crops. The most important natural enemies of insect and mite pests include predators, parasites, and pathogens. Examples of these are ladybird beetle which preys on many aphid species and parasitic wasps which prey on whitefly. Identification of beneficial insects and developing a compendium of such beneficial insects available in the village will be beneficial as reference materials for discussion in FFS.

5. d Organic plant protection; Organic pesticides should be given priority in controlling pests and diseases as these pesticides are prepared from various plant extracts

- These are poisonous for pests but are bio-friendly and not toxic to the environment.
- These are mostly used for multi pest and disease control.
- These are cheaper; the farmer can prepare themselves.
- These do not persist in food or do not cause any harm while eating the food produced.
- Establishment and operation of NPM shop

Improve Livestock rearing practices to discuss in Pashu Pathsala:

a) Breed and Breed management: The focus is on knowledge of local races available, their characteristics which can be adopted in the local area for enhancing productivity. The awareness of methodology to inhibit inbreeding and selective breeding needs to be spread among the masses through these PashuSakhis.

Specific interventions: Preventing inbreeding practices through better adoption of Artificial insemination, creating awareness about the importance of germplasm in breeding for improving productivity, buck rotation, conservation of local breeds, etc.

b) General management: This includes housing, hygiene, Care of pregnant and newborn animal, induction, casting, disbudding, colostrum feeding, general anatomy and physiology. The general observation is 1q various contagious disease can be prevented by proper hygiene and housing facility. Besides, the knowledge of the protocol for care and management of animals during their different phases of life help in better upkeep of the animal. Pashu Sakhis are being trained in these aspects to cater to the various elements of the same to the community.

Specific intervention; the house of animals owned by the members should have proper drainage, space, waste disposal system ventilation and cleanliness. The newly born cattle should have their horn disbudded, and suitable management facility should be available for newborn and pregnant animals.

c) Feed and fodder management: Feeding constitutes the bulk (70%) of investment in the animal, and thus its control is of paramount importance to reduce the expenditure on the feed of the animal. The role of the Pashu Sakhi will be to spread the knowledge of ration balancing based on the feed and fodder available in local area and season so that the cost of feeding can be reduced.

Specific intervention: The knowledge of maintenance, production and pregnancy ration based on the available local fodder should be known to the Mahila Kisan. Apart from this, cultivation of green fodder, practices on the preservation of fodder by promoting fodder banks may be practised by each farmer. The availability of land under fodder should also show an upward trend.

d) Heath management: Under the aegis of health, the focus is on prevention and first aid. Prevention through Deworming and Vaccination to reduce both morbidity and mortality in the animal population. Undertreatment, we plan to introduce first-aid care and ethnoveterinary medicine through the PashuSakhis so that the critically ill animal can be provided care at the doorstep of the farmer till the arrival of a veterinarian.

Specific intervention: Regular deworming and vaccination as per the schedule. Besides, PashuSakhis should be well versed in carrying out first aid and ethnoveterinary treatment.

Annexure-B

1. Format for physical record:

Name of farmer field school: Name of Krishi Sakhi Name of Mahila Kisan Group no. Plot No. Problem addressed:		Date: Week No.
General information Variety: Date planted: Age of crop: Spacing: Fertiliser: Weather: Time of observation: Plant population: Germination%	Measurement Length of leaves: Width of leaves: No.of leaves: No.of diseased leaves: No.of dead leaves: Length of plant: No.of pods:	Treatment Treatment schedule: Management practices:
Insect pests Pests seen:	Plant drawing	Natural enemies Natural enemies seen:

Observations Soil moisture: Diseases: Insect pests: Plant health: Deficiency: Weeds: Predators:	Recommendations What management practices should be applied?
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2. Format for sustainable livestock practices:

Name of farmer field school: Name of Pashu sakhi Name of Mahila Kisan Group no. Problem addressed:		Date: Week No.
General information Breed: Weight Date Checked: Age of animal: Stage of productivity: Housing & Hygiene Feed and fodder Preventive health care	Treatment done if any already Treatment schedule: Date of last vaccination Date of last dewormin Management practices:	
Observations Skin : General health; Productivity (milk/egg)	Recommendations What management practices/treatment should be applied?	

(367798)

File No. K-11060/02/2019/NRLM (Livelihoods)/Part1
Government of India
Ministry of Rural Development
Department of Rural Development
(RL Division)

7th Floor, NDCC – II Building
Jai Singh Road, New Delhi – 110001
Date: 10th December, 2019

To,

The SMD/CEO,
All State Rural Livelihoods Mission

Subject; Advisory on Agri-nutrition garden

Dear All,

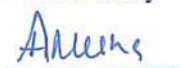
I am directed to say that DAY-NRLM has come up with an advisory on agri-nutrition garden which is an important constituent of farm livelihoods intervention. One of the integral component of farm livelihood intervention under DAY- NRLM, is assuring year-round household-level food and nutritional security by optimally using the resources available to the poor smallholders. Mahila Kisan Shasaktikaran Pariyojana (MKSP), launched in 2010-11 under DAY-NRLM has a stated objective of securing health and nutrition at the household level and more particularly for women and children. DAY-NRLM under its farm livelihoods intervention works with women farmers for the promotion of Agri-nutrition garden by involving them and thus increases the success rate manifolds.

Till September 2019, 28.71 lakhs households have been supported in promotion of Agri-nutrition garden across the country through DAY-NRLM, Farm livelihoods interventions. In these years, we have seen many good practices emerging across the country in Agri-nutrition garden. In this context it is being felt that an advisory on Agri-nutrition garden outlining its element will be useful.

This advisory will serve as a reference document for rolling out kitchen gardens (Hereafter the Agri-Nutri gardens) in the respective State Rural Livelihood Missions (SRLMs).

Enclosure: Advisory on Agri-nutrition garden

Yours faithfully



(HR Meena)

Deputy Secretary in Govt. Of India

Advisory on promotion of Agri Nutri Garden under farm livelihoods

DAY-NRLM recognizes that the poor have multiple livelihood activities, and therefore, the mission focuses on enhancing and expanding the existing livelihoods of the rural poor. More than 70% of the rural poor are dependent on agriculture either as farmers or as agricultural labourers. Livestock rearing is the complementary activity in agriculture as another significant livelihood activity of the poor with small ruminants and poultry forming the major chunk of the livelihood basket. In forest fringe areas, the forest dwellers depend on the collection, value addition, and sale of Non-Timber Forest Produce (NTFP). Along with it, DAY-NRLM has been actively involved in promoting fishery and allied activities for livelihoods promotion. One of the integral component of farm livelihood intervention under DAY- NRLM, is assuring year-round household-level food and nutritional security by optimally using the resources available to the poor smallholders. Mahila Kisan Shasaktikaran Pariyojana (MKSP), launched in 2010-11 under DAY-NRLM has a stated objective of securing health and nutrition at the household level and more particularly for women and children. DAY-NRLM under its farm livelihoods intervention works with women farmers for the promotion of agri-nutrition garden by involving them and thus increases the success rate manifolds.

Till September 2019, 28.71 lakhs households have been supported in promotion of agri-nutrition garden across the country through DAY-NRLM, Farm livelihoods interventions. In these years, we have seen many good practices emerging across the country in agri-nutrition garden. In this context it is being felt that an advisory on agri-nutrition garden outlining its element will be useful.

1. Why is Nutrition Garden required?

The centrality to the actions of DAY-NRLM are women coming from marginalised sections of the socioeconomic strata. The biggest issue affecting them related to poverty is food security and malnutrition. As mothers, they carry on the legacy of malnutrition, hunger, and therefore unhealthy current and future generations. The cycle of malnutrition is cyclic and affects generations. For example, if an adolescent girl is malnourished, then after marriage, there is a certainty that the girl will also become a malnourished pregnant woman. Generally, a malnourished child is born to such a mother. The child, even after growing up does not escape the cycle of malnutrition. The malnourished girl born from such a mother repeats the cycle of malnutrition. Though, the livelihood interventions are targeted towards income enhancement and food security it leaves out the crucial missing link of proper nutrition at the household level.

According to the World Health Organisation (WHO), having low dietary diversity at the household level is one of the reasons for malnutrition. Therefore, ensuring dietary diversity at the household level would help people to come out of the malnutrition cycle. One of the crucial components, thus, is to raise a nutrition garden in the backyard of each of the

household. At DAY-NRLM, the combination of fruits and vegetables, which are locally consumed and grown. This advisory will serve as a reference document for rolling out kitchen gardens (hereafter the Agri-Nutri gardens) in the respective State Rural Livelihood Missions (SRLMs).

Figure 1 Requirements for proper nutrition

Carbohydrates: Provides energy in terms of glucose to perform daily tasks (rice, wheat, ragi, maize, other cereals and starch-based food)

Fats: Other sources of energy and maintain the lubrication (animal fat, vegetable oil, egg yolk, meat, fish, cashew among others)

Protein: Primary role of protein in the diet is for healing injured tissue and for growth and development in the body (poultry, meat, eggs and fish, and plant proteins such as nuts, seeds, beans and legumes)

Vitamins and Minerals: Help perform bodily functions adequately and help the body fight diseases and immune system (fresh fruit and vegetables)

The purpose of the establishment of nutrition garden is to grow fruits and vegetables suited to the local agro-climatic condition for tackling malnutrition. Apart from growing the vegetables and fruits, rearing livestock, supplies the required animal protein in terms of milk, eggs, and meat for complete nutritional needs of the household. The Agri-nutri gardens are designed as such that, while ensuring food for the house, it does provide some additional income, as and when needed. According to a report published in 2010-11, the Food and Agriculture Organization has reported that about 70% reduction in complications related to deficiency of Vitamin-A is possible by the promotion of nutrition gardens.

2. Objectives of promotion of Agri-nutri garden

- 2.1. Ensuring adequate nutrition available in the household to avert malnutrition among family members (especially women and children)
- 2.2. Providing round the year availability of nutritious fruits, vegetables, milk, egg, and meat and reduce dependence on the market. Bringing food diversity at household level.
- 2.3. Availability of quality food material free from chemical substances, reducing toxicity and enhancing nutrition
- 2.4. Reduction of expenditure on food items and expenses related to health; therefore, increasing cash flow for an improved socio-economic condition

3. Agri-Nutri garden under DAY-NRLM

To promote supplemental food production among the underprivileged and poor people in rural areas, DAY- NRLM supports the Agri-Nutrition garden model to improve nutrition security and supplement household income. The primary objective behind this model is to

help improve the nutrition status of small and marginal farmers and their families, providing them with an assorted mix of fruits and vegetables for most time of the year. Communities, which are appreciable to the idea of rearing poultry birds and small ruminants are encouraged to rear animals on a low scale, which fulfils dietary requirements and provides an income as and when needed.

Agri-Nutri gardens can be established and maintained on a small patch of land with minimum technical inputs; hence, these gardens provide the rural resource-poor communities with a platform for innovations in supplementary food production as well as an opportunity to improve their livelihoods. Family labours, especially the efforts of women, becomes particularly important in the management of these gardens. Empowered with a reasonable minimum amount of skills and knowledge, these women members of rural families can easily fight crop losses and other negative implications, thereby making Nutrition gardening a successful initiative. Besides, the significant use of organic farming practices makes these garden environment-friendly as well.

Nutrition gardens are cost-effective, practical and efficiently meet the balanced dietary requirements of rural households as well as add substantially to the family income. Crops are selected considering the everyday food habits and climatic conditions of the implementation areas, and with the larger goal of ensuring availability of wholesome and nutritious food.

4. Pre-implementation phase for Agri-nutrition Garden

- 4.1. **Exposure:** The Livelihoods teams of the SRLMs along with CRPs should go on exposure to see successful models on Agri-nutri gardens in their vicinity. The exposure should be arranged to a location where various models are on display.
- 4.2. **Situational Analysis:** The livelihood team can quantify and assess the situation of the homestead land of each of the beneficiaries. The team then would prepare a database containing information about: the soil type, water availability at the homestead, number of animals/ birds reared by the household to ascertain the amount of bio-manure availability, and the food and nutrition security condition of the family if the need may be the date of Anganwadi Centres on status nutrition of the children and women of the house. It would be wise to record the PDS availability, Midday Meal available to the children, and the availability of nutritious food for the pregnant and lactating women. A matrix may be developed to understand the calendar of food and nutrient availability (as per the box above detailing requirements for proper nutrition) for the household and to identify lean months in the terms of availability.
- 4.3. **Information and knowledge dissemination:** At the monthly meeting of the VO, the livelihood subcommittee along with the SRLM staff shall discuss the importance of the Agri - nutri garden. In this meeting, the presence of CRP is essential, as they will

be the ones helping the beneficiaries in setting up Agri-nutri gardens and growing vegetables and crops. This discussion must happen at the CLF and SHG level to ensure the importance of the initiative to provide food and nutrition security.

5. Agri-nutri garden design for different types of beneficiaries

The livelihood team, in consultation with experts (practitioners, NRPs, scientists from KVK/ agricultural universities, leading CSOs), should design appropriate Agri-nutri gardens suitable to the geography and landholding of the farmers. In bigger states, where there are different agro-ecological zones and altered food habits, multiple designs should be prepared before implementation.

Various designs and models are provided in the guideline, for example. The state teams must compile a ready reckoner of different models of the Agri-Nutri garden. If there is an aberration (land and water availability), common sense may be applied for designing a particular intervention, with the approval of the concerned beneficiary. The Krishi Sakhi after analysing the data on land and water availability of the specific beneficiary should suggest the model that the beneficiary should adopt. This list created at each of the SHG should generate metadata, indicating the number of different models under implementation at various levels (SHG, CLF, VO, Block, SRLM, NRLM).

5.1 The Design principle of Nutrition Garden

The basic design principle is to establish a year-round supply of seasonal fruits and vegetables, including leafy greens in the homestead by using household-level wastewater and food waste (for manure).

- 5.1.1. A multi-tier design principle may be adopted to get the maximum from the same area. The principle behind the multi-tier design is photo-tropism i.e. different plants require different light, so multi-tier structure is best suited to harvest maximum sunlight.

Example:

First-tier: Root or tuber crops such as carrot, beetroot, ginger, etc. comes under this category. These plants require minimal sunlight.

Second-tier: Creepers, which cover the soil such as bottle gourd, cucumber etc. Creepers will act as live mulch.

Third tier: Leafy vegetables such as spinach, coriander, Amaranthus etc.

Fourth tier: Vegetables such as Brinjal, Tomato, chillies etc.

Fifth tier: Perennial Castor and Perennial Red gram etc.

Sixth tier: Papaya, drumstick, clustered apple, guava etc.

Seventh-tier: Fruit crops such as Mango, cashew, etc. These plants require maximum sunlight.

- 5.1.2. Perennial plants such as a drumstick, banana, papaya, curry leaf, gooseberry,

- mango, guava, custard apple, and sapota etc., should be located on one side of the garden. Usually, they should be planted at the rear end of the garden, so that they may not put a shadow over other crops.
- 5.1.3. Small spaces can be utilised for growing different short-duration varieties such as coriander, Amaranthus, fenugreek, mint, etc. These crops can be cultivated in different seasons.
 - 5.1.4. The fence surrounding the garden can be utilised for growing creepers and gourds such as sponge gourd, bitter gourd, snake gourd, cowpea etc.
 - 5.1.5. The inclusion of trellis in for creepers and shade-loving under the trellis-like broccoli, spinach etc.
 - 5.1.6. The compost pits should be placed in the corner of the garden.
 - 5.1.7. There should be corner pits to collect the utilised household water (bathing water, Nutrition waste etc.)
 - 5.1.8. The garden should be divided into small plots with raised bunds. In the bunds, one can grow root crops such as onion, turmeric, ginger etc.
 - 5.1.9. Medicinal plants should be integrated into this nutritional Garden like Tulasi, Kalmegh, aloe vera etc.
 - 5.1.10. Monocot – Dicot crop combination to maintain equilibrium for soil fertility
 - 5.1.11. Companion crops: Companion planting in gardening and agriculture is the planting of different crops in proximity for any of some various reasons, including pest control, pollination, providing habitat for beneficial creatures, maximising use of space, and to otherwise increase crop productivity. A list is given in Annexure.
 - 5.1.12. Crop diversity to manage pests
 - 5.1.13. The inclusion of livestock (backyard poultry and goat rearing) in the household nutritional security system.
 - 5.1.14. Planting vegetables in the gunny bags for the poorest households who do not have land for a nutritional garden.

5.2 Major Intervention for Nutritional Garden

In agro-ecological practices in farm livelihoods under DAY- NRLM emphasis is on the following significant areas:

5.2.1 Seed

- 5.2.1.1 Use of only native quality seeds, in some cases, high yielding varieties can be taken up.
- 5.2.1.2 In no case, HYV or GM seeds should be promoted.
- 5.2.1.3 While purchasing the seeds from the market, expiry date and % of germination should be checked.
- 5.2.1.4 All the seeds and seedlings should be treated with Bijamrut/ cow urine before sowing.
- 5.2.1.5 Seed selection should be carried out with either plain water or brine solution
- 5.2.1.6 Mahila Kisans may be trained in the preparation of good quality seeds from their

garden.

5.2.1.7 Every year seed production should be promoted at each household to avoid dependency on external sources.

5.2.1.8 Seeds should be selected from a healthy plant/ healthy, disease-free fruits.

5.2.2 Soil

Usage of mulching, green manure to increase the soil moisture and organic matter.

5.2.3 Plant nutrient management

5.2.3.1 No chemical fertilisers or chemical pesticides should be used.

5.2.3.2 Kitchen waste should be used for the preparation of compost.

5.2.3.3 Small FYM pits/ corner should be promoted to prepare compost from kitchen waste/ leaf litters. The landless farmers can also do the FYM in the earthen pots/ plastic drums.

5.2.3.4 All households, including the landless family, should have a practice of vermicomposting in a small earthen pot/ plastic drum or any old big sized utensils.

5.2.3.5 Ghan Jeevamrut or jeevamrut can also be applied to the plant for better & healthy growth.

5.2.3.6 Small Bhu-Nadep should be promoted to prepare compost from farm waste/ leaf litters

5.2.3.7 Green manures: Sowing seeds of green manure help to protect the soil and gives extra fertility and more production.

5.2.3.8 Other sources: Ash, oilseed cake, hair etc. are all resources which can be added to the soil to increase fertility as well as helping to prevent pests and diseases.

5.2.4 Water management

5.2.4.1 All the household wastewater (bath/ kitchen) can be collected through a ditch/ pit in the garden. It can do the watering of the plants.

5.2.4.2 At the time of land preparation of the agri-nutrition garden, the small irrigation and drainage channels should be made for better management of available water.

5.2.4.3 Pitch irrigation or drip irrigation should be adapted to avoid excess use of water/ for optimal use of water

5.2.4.4 Small dug well/ drums may be used to store water.

5.2.4.5 Mulching: It prevents the sun and wind from drying the bare soil.

5.2.4.6 Green Manures: Also cover the soil, and so help in conserving water.

5.2.4.7 Windbreak: Wind will dry out the soil, so stopping the wind helps to conserve soil moisture.

5.2.4.8 Provide shade: In the hot season, trees can provide shade to the Agri-nutrition garden. A few small trees, such as Leucaena, mulberry, moringa (drum stick), Persian lilac, or even fruit trees in the fence or within the garden can be used for this. As well as giving shades, these trees can also provide other benefits such as

firewood, fodder or mulch materials.

5.2.4.9 Mist collection; Mist collects on the leaves of the trees around and within the agri-nutrition garden and drips onto the soil for conserving the moisture.

5.2.4.10 Irrigation: By only putting a little water over a wide area, only the surface will be kept moist. This can cause roots to stay near the soil surface, and in intense sun, they can dry out quickly. So, it's much better to irrigate less area with more water, so the moisture goes more in-depth in the soil. Then this area will not need watering for a long time during the hot season, water in the evening or at night and not in the daytime. Collecting and using wastewater from the kitchen can be enough to water the garden. Also, direct water from the communal tap stand can be used in Agri-nutrition garden.

5.2.5 Plant protection

The Agri-nutrition garden needs protection from the very start. It should not be possible for livestock to enter the area. A permanent fence should be made. Thorny plants can be cut and used to create a fence, but the best method is to plant a living fence to protect the garden.

The crop within the garden will also need protection from any damage by pest and diseases. There are many ways to do the same as mixed cropping, rotations, liquid manure, bio-pesticides etc. For that:

5.2.5.1 The weeds should be uprooted as and when seen in the garden.

5.2.5.2 Each household should adopt the preparation and use of Pot Manure (Matka Khad), which acts as both manure and bio-pesticide.

5.2.5.3 Biopesticides like neemastra, brahmastra, and agneyastra should be applied in case of pest/disease attack.

5.2.5.4 All the seed materials should be treated through Bijamrut or with cow urine

5.2.5.5 Light trap, yellow sticky trap or water trap or pheromone trap may be used to trap insects.

5.2.5.6 Plantation of Marigold around the border will help in trapping insects.

5.2.5.7 A detailed list is given in Annexure

5.3 Agronomic practices

5.3.1 Site selection for agri-nutrition garden

If there is already an agri-nutrition garden then there is a need to improve rather than search for a new site

The following factors need to be considered for a new site:

5.3.1.1 How to protect the garden from livestock, who can graze?

5.3.1.2 How can you bring water to the site and irrigate it?

5.3.1.3 The quality and fertility of soil needs to be managed.

5.3.1.4 How can the site be easily accessed from the house?

5.3.2 Land preparation

5.3.2.1 The raised nursery bed should be promoted to avoid damage of the nursery from the rain.

5.3.2.2 Nursery beds may be covered with locally available materials like paddy straw or broad leaves

5.3.2.3 Adequate FYM/ Vermicompost/ NADEP compost should be added to the field during land preparation.

5.3.2.4 Ridges and furrow method should be adopted to check the excess use of water, manure and to avoid soil erosion.

5.3.2.5 Irrigation and drainage channel should be given in between the sub-plots.

5.3.2.6 The landless farmers can use gunny bags to grow crops. The central opening at the top can be used for non- creeper vegetables. Some holes can be made in the gunny bags. In these side holes, the creeper plants can be planted for optimum use of the gunny bags. The gunny bags should be filled with soil and bio manures like FYM/ Compost/ Matka Khad/ vermicompost.

5.3.3 Sowing and planting

5.3.3.1 Line sowing with proper spacing will increase productivity.

5.3.3.2 All the plantation crops like banana/ papaya/ lemon/ custard apple should be planted in the border of the agri-nutrition garden

5.3.3.3 All the creeper plants should be planted near to the plantation crops/ trees/ near to the hedges

5.3.3.4 Proper spacing should be maintained between the plants and between the rows.

5.3.3.5 Mulching may be promoted to conserve the soil moisture.

5.3.4 Selection of crops

5.3.4.1 There should be at least three to five plantation crops to be planted in the garden.

5.3.4.2 The plantation crops are Papaya, Drumstick, Lemon, Custard apple, guava, pomegranate, curry leaf etc.

5.3.4.3 There should be at least three creepers/ climbers to be planted in the garden. Example: Pumpkin, bitter gourd, bottle gourd, ridge gourd, pointed gourd, small gourd, spine gourd. Tomato, Malabar spinach etc.

5.3.4.4 The common leafy vegetables like Amaranthus (both dark and green) & Malabar spinach, vegetables like brinjal, okra and spices like chilli should be cultivated round the year.

5.3.4.5 Each agri-nutrition garden should have plants representing from legume crops

5.3.4.6 At least two to three tuber crops should be planted in the garden. Example: Yam, Radish, elephant foot yam, taro, sweet potato etc.

5.3.4.7 Minimum one to two beans should be planted. Example: cluster bean, broad

bean, common bean, kidney bean, French bean, cowpea, lima bean, sword bean, ridge bean, field beans, lablab beans, runner beans etc.

5.3.4.8 A detailed list is given in Annexure.

6. Models for Agri-nutri garden

If seeds and seedlings are planted too wide, the interspace will go waste, and this space will be used by weeds to grow. Weeds use precious water and compost, and also wastes labour in their removal. Besides the water and compost lost, needs to be replaced. This is why it is better to plant vegetable plants densely. But if only one variety is grown, it will compete with itself for space above and below the ground, and so will not be beneficial. It is better to plant a mix of small and large types, to make different layers of crops on the same bed. These will also have different layers of roots in the soil. This means many plants can be grown in a small space, but there is no competition between crops for space, water and nutrients. As small vegetables are harvested for food, this makes space for the long lasting vegetables, while in between new seedlings can be planted. Some of the models in use for the agri-nutrition gardens are as followed:

6.1 Rectangular model

Seven parallel raised bed plots of 10-20 ft. Length and 3-4 ft. Width to be prepared across the yard. At the four corners four circular mounds to be dug. Around the garden, fruit plants which are lesser in height and are less shrubby should be planted, e.g. papaya, lemon, and guava among others to be planted.

It should be noted that plants like banana or papaya should be planted on the eastern or southeastern side of the garden. This will allow appropriate sunshine to fall on the garden. Plants with larger canopy, i.e. drumstick, guava, custard apple need to be planted on the west or northwestern direction.

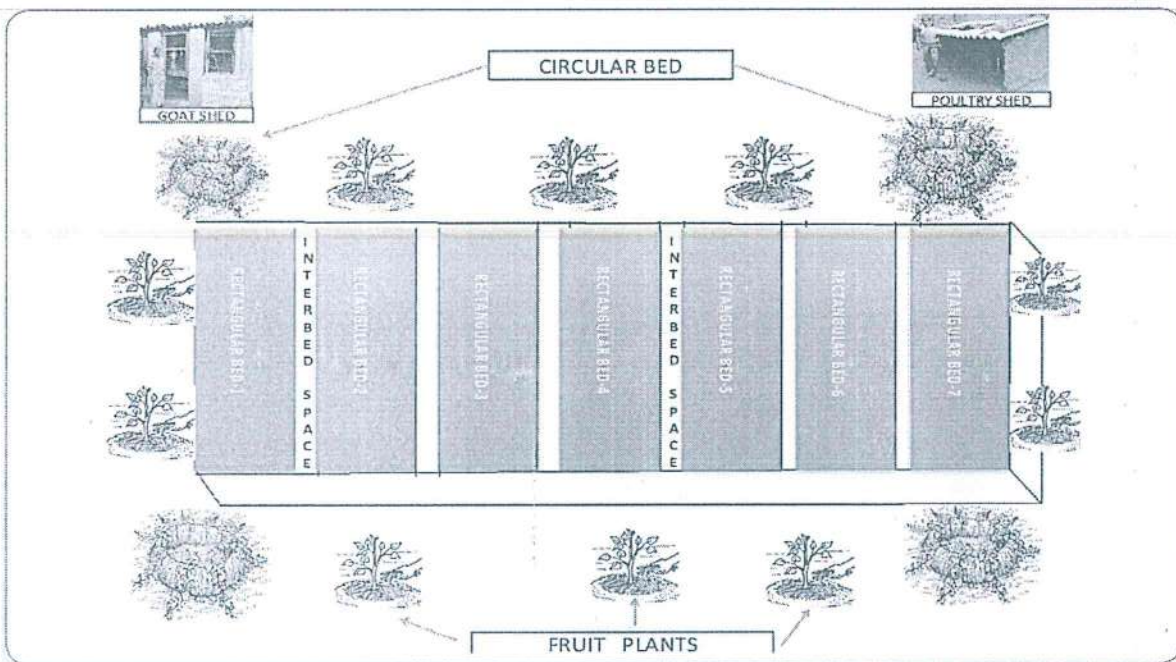


Figure: Rectangular model for Aqri-nutrition garden

6.2 Circular model

In this model a circle would be made, and four mounds at the four corners will be made. Around the garden, fruit plans which are lesser in height and are less shrubby should be planted, e.g. papaya, lemon, and guava among others to be planted. It should be noted that plants like banana or papaya should be planted on the eastern or southeastern side of the garden. This will allow appropriate sunshine to fall on the garden. Plants with larger canopy, i.e. drumstick, guava, custard apple need to be planted on the west or northwestern direction.

1. The diameter of the garden should be 1 meter.
2. With a 0.5-meter tape should be used with a centre point and a circle should be marked around it
3. Pulverize the soil with hoe/ plough.
4. The plots should be prepared against the direction of the hoe.
5. Farmacyard manure/ Compost should be mixed, and mound should be made around the circle

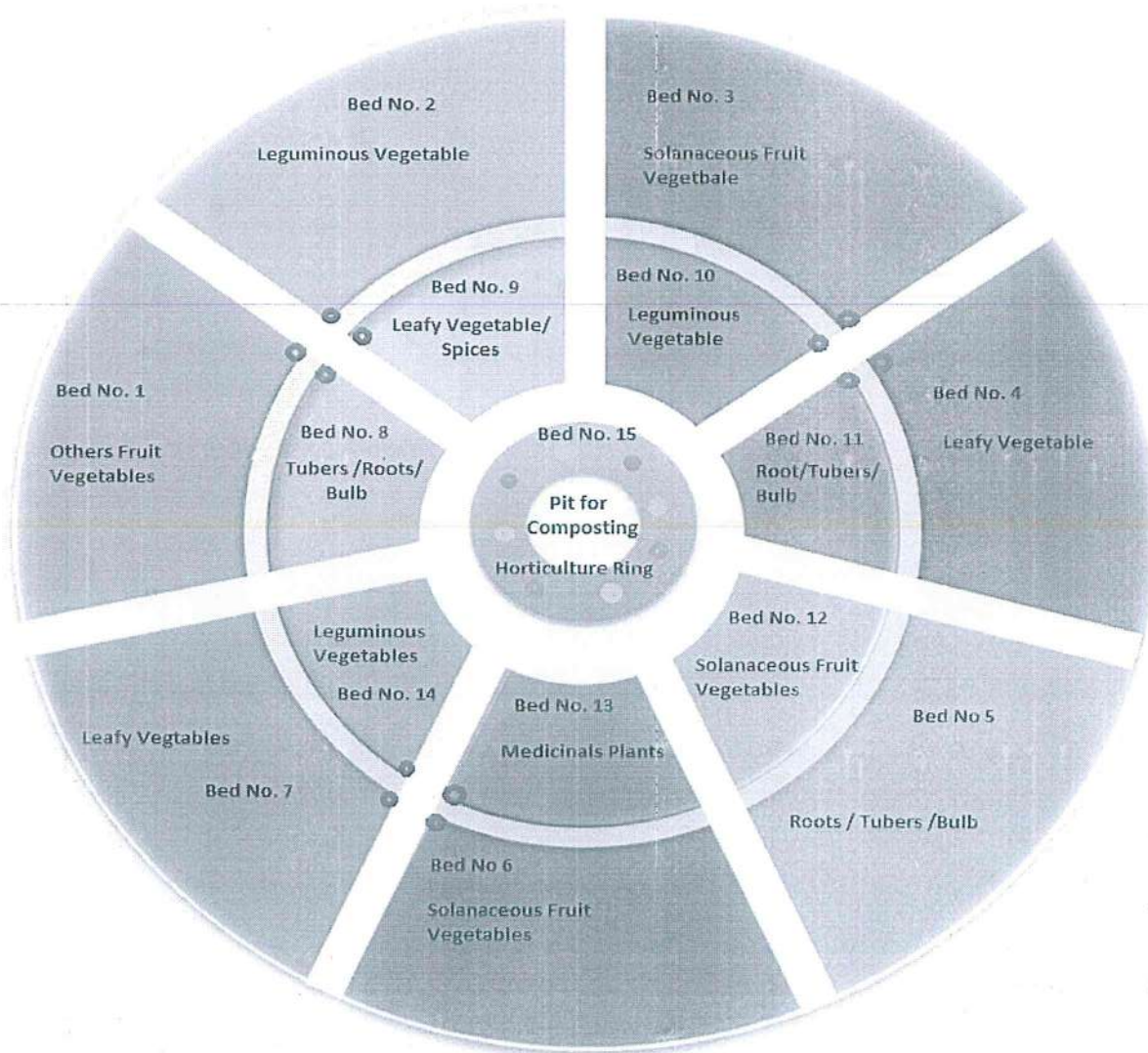


Figure: Circular model for agri-nutrition garden

6.3 Nutrition Garden for landless

Raised Garden	Creepers (bitter gourd, cucumber, ridge gourd, long beans, beans, ivy gourd, and spike gourd, Amaranthus, and spinach can also be grown	In an earthen pot or polythene soil, rice bran, FYM/ Compost in the ratio of 3:1:2 The creepers can be supported with tape, wire, or bamboo sticks
Hanging garden	Vegetable and other leafy vegetables	Pots can be hanged from the roof with the same composition of soil mixture. Is beneficial to keep off cattle
Drum garden	All vegetables	A drum is cut into 2 equal halves where soil mixture is kept for the growth of vegetables

6.4 Nutri garden with a Gunny bag

- 6.4.1. Select a sunlit place
- 6.4.2. Fill the gunny bag with clay loam soil and FYM/ compost
- 6.4.3. Mark 4 holes around the gunny bag at equal distances, the holes should be above 1 foot off the ground level.
- 6.4.4. Put a Bamboo stick in the middle of the bag to facilitate irrigation and drainage of excess water.
- 6.4.5. To settle the soil, pour water for 2 to 3 days
- 6.4.6. Put 4 seeds of 2 different types of creeper in each hole
- 6.4.7. At the top of the gunny bad 2 plants of either tomato/ chilli/ or brinjal can be put.
- 6.4.8. Irrigate the bag in every 2 days to keep the bag moist
- 6.4.9. Keep it off limits from animals and children
- 6.4.10. For the creepers make the facility for trellis, the creepers will start fruiting after 45 days and continue fruiting for 45 days
- 6.4.11. A household would be able to get adequate amounts of vegetables from 2-3 gunny bags

7. Importance of animal protein and its benefits

For growing children and the pregnant and lactating mothers, there is a significant need to provide in terms of milk, egg, and meat to fight malnutrition. From eggs, 12 essential vitamins and minerals are sourced apart from choline, which helps in the development of the brain and more so among the children. Eggs are a great source of protein, which aids in the formation of new tissues and repairing of old tissues. One egg has equal amount of protein as with 30 grams of animal meat. In a week, one should consume about 3 to 4 eggs. Pregnant women should not consume raw or half cooked eggs. Poultry meat is also a good source of protein which is white meat. According to the estimates, one normal human should consume 180 eggs and 12 kgs of animal meat. The faeces and droppings of poultry and goat act as a good source of fertilizers for the Agri-nutrition garden and also help in recycling of roughages.

Recommended consumption of egg for growing children and women

Category of special need	Egg requirement (weekly)	Egg requirement (annual)
Children (6 months to 3 years)	3	156
Children (3 years to 6 years)	5	260
Adolescent girl (10 years to 19 years)	4	208
Pregnant and lactating women	3	156

Therefore, the intervention at the household should be such that each member (children and women), should at least have 120 eggs a year (every 3 days) and have chicken twice a month (26 birds) and sell 12 birds in the market to earn additional income.

7.1 Backyard poultry for household nutrition

The basic tenets of backyard poultry are

- 7.1.1. Secure the birds by the construction of a shed from predators, heat, and rain, while having a litter to soak up the bird droppings (can be sold as manure rich in phosphorous)
- 7.1.2. Apart from scavenging give the birds some balanced feed.
- 7.1.3. Each bird should at least have 200 ml of fresh water per day.
- 7.1.4. Deworming in every 3 months (i.e. 4 times year)
- 7.1.5. 4 times the vaccination of Ranikhet/LaSota, and 2 times vaccination of bird flu. The estimated cost for all the vaccination and deworming per year is about Rs.10.

The scale and operation of backyard poultry

- 7.1.6. Each female bird gives about 50 eggs per year, while giving 3 to 4 eggs at a time.
- 7.1.7. If a household rears 4 birds, the household will get 200 eggs per year.
- 7.1.8. The household should consume 120 eggs and use the rest 80 for hatching.
- 7.1.9. With an 80 % success in hatching, there will be 64 chicks.

- 7.1.10. Out of the 64 chicks, 60% will become full-size birds at the age of 6 to 8 months; i.e. 38 full-size birds.
- 7.1.11. The household should consume 26 birds, and sell the rest 12 birds. The birds will at least fetch a price of Rs.300 providing an income of Rs. 3,600 in the household. The expenses on balanced feed are about Rs.500, and the cost on deworming and vaccination is about Rs. 500. Therefore, the net income from poultry is about Rs. 2,600.

7.2 Improved goat rearing for household nutrition

The basic tenets of improved goat rearing are

- 7.2.1 Secure the goat shed from predators, heat, and rain, with proper drainage (the goat dung can be composted and used as high manure, the market price of the manure is very high with proven bio-availability)
- 7.2.2 Balanced feed for the animals.
- 7.3.3 Each goat should have fresh water.
- 7.3.4 Deworming in every 4 months (i.e. 3 times year)
- 7.3.6 Vaccination against 4 deadly diseases (PPR, Goat Pox, Enterotoxemia, and Foot and Mouth Disease)

The scale and operation of improved goat rearing

- 7.3.7 In 24 months (at an interval of 8 months), one female goat gives birth to 5 kids, while there is a chance that 2 kids might die due to complications/ natural sequences.
- 7.3.8 The sale price of the three goats in the 24 month cycle is approximately Rs. 9,000 (kids: in the first birth - 16 months, second birth- 8 months, and the third birth- 0 to 1 month).
- 7.3.9 If a household rears 2 goats, the income is Rs. 9,000 per annum. The cost of deworming and vaccination is Rs.120 per year per goat (includes the cost of Krishi Sakhi). Therefore, the price of the whole herd is Rs.480-Rs.500 per annum for the household. Apart from it, the cost of balanced feed per year is about Rs.300.
- 7.3.4 Therefore, the net income from the enterprise is Rs. 8,200

8. Funding and Convergence

Funding for Agri-nutrition garden: The budgetary requirement of formation of Agri-nutrition garden is low which can be taken as a loan by Mahila Kisan from the SHG. There is no need to keep a separate budget for the promotion of the same.

Different schemes are under implementation, which supplies inputs and planting materials for agriculture. The SRLF block team may arrange such linkages for procurement of inputs. If needed personal assets for in-situ soil and water conservation may be created under the MGNREGS.

Annexure

1. Crop combination in nutrition garden

Plot	Season	Main Vegetable	Supplementary vegetable		
Raised beds	Kharif/ Rainy	Brinjal/ Eggplant	Radish, Amaranth Leaf		
		Chilli	Marigold, Coriander		
			Okra	Long beans/ Okra	
			Pumpkin/ ash gourd, bottle gourd, pointed gourd, bitter gourd, ridge gourd, Snake gourd, cucumber	Water spinach	
			Rabi/ Winter	Tomato, Onion	Spinach
				Beans	Coriander, Mint
	Carrot	Fenugreek			
	Zaid/Summer	Cabbage/ Cauliflower	Radish		
		Okra	Long bean		
		Brinjal/ chilli	Guar bean		
Circular bed	Kharif/ Rainy	Brinjal + Long beans + Bitter Gourd/ Snake Gourd			
		Chili + Long beans + cucumber/ pumpkin			
		Okra + Long bean + Ridge gourd / Malabar Spinach			
		Brinjal + Scarlet gourd/ Ivy gourd +Water spinach			
		Rabi/ Winter	Tomato + Bean + Spinach		
	Zaid/Summer	Ivy gourd + Water spinach + Coriander / mint / fenugreek			
		Okra + Malabar spinach			
		Guar Bean + Amaranth leaf			
		Brinjal + Bean			

2. Examples of good co-crop

Crop name	Companion crop	Enemy crop
Beans, Green peas	Almost all vegetables	Onion and garlic
Brinjal, chilli, tomato	Onion, pulses, radish, carrot, coriander, Holy Basil, and marigold	Mustard and Rapeseed
Pumpkin	Pulses, Onion, and marigold	Coriander and Holy Basil

3. Examples of better intercropping

Cabbage	Radish, carrot, turnip, beetroot
Potato	Amaranthus, carrot, radish, wild spinach
Tomato	Radish, carrot, and Amaranthus
Onion	Amaranthus and wild spinach
Garlic	Coriander and other leafy vegetables
Pumpkin	Kharif radish
Maize	Cucumber, pumpkin, Long beans, and watermelon

4. Planting distance (plant to plant and row to row) in cms

Vegetable	Row to row	Plant to plant
Brinjal	75	60
Chili	60	45

Vegetable	Row to row	Plant to plant
Tomato	75	60
Bean	45	30
Long beans	45	30
Water spinach	25	20
Radish	25	20
Carrot	25	20
Guar bean	60	45
Okra	75	60
Pumpkin/ bottle gourd	150	120
Ridge gourd/ snake gourd/ cucumber/ ivy gourd/ bitter gourd/ Malabar spinach	120	90
Tree based fruits		
Drumstick	700	600
Lemon	500	400
Mango	1000	800
Papaya	300	250
Banana	300	250
Custard apple	700	600
Guava	800	600

5. Vitamin information

Type	Vegetables	Vitamins and Minerals
Leafy vegetables	Amaranthus, spinach, Malabar spinach, water spinach, pumpkin leaves, drumstick leaves	Vitamin A, C, and K, Folate, and Iron+ Dietary Fibres
Red coloured vegetables	Pumpkin, Tomato, carrot, among others	Vitamin A
Other	Brinjal, bottle gourd, snake gourd, bitter gourd, and cucumber	Vitamin A and C + Potassium
	Beans, flat green beans, drumstick	Protein, iron, calcium, Folate, Phosphorous
Tuber	Potato, sweet potato, turnip	Carbohydrates, Potassium, and fibre

6. Planting time and period

Vegetable	Months	Days
Bottle gourd	February- March, May-June	140-150
Beans	November-January	90-130
Bitter gourd	March-May	90-125
Ridge gourd	February- March, May-June	120-150
Brinjal	May-June, October-November, January-February	120-150
Chili	February-May	210-240
Long bean	June- September	90-105
Coriander	June-September, October-November	30-40
Cucumber	June-October, January-February	90-100

Vegetable	Months	Days
Carrot	September-November	90-100
Okra	Round the year except the cold winter months	100-110
Pumpkin	February- March, May-June	90-125
Snake gourd	February- March, May-June	135-180
Radish	September-January	45-60
Tomato	October-November, January-February	90-145
White Amaranthus (Kharif)	March-April, October-November	40-100
Red Amaranthus (Rabi)	March-April, October-November	40-100
Amaranthus (White and red)	October-January	30-40
	March-October	40-100

7. Cultivation techniques of common vegetables

Vegetable	Season	Method of planting	Spacing	Seed rate	Pit size	Fertilizer management (for 1 cent area)	Duration of crop	Duration of crop
Amaranthus viridis	All	Seeds should be mixed with sand and broadcast in beds	-	10-15 gms/cent	-	Farm Yard manure 100 kgs or compost 50 kgs with 2 kgs of neem cake	-	Varies according to variety
Ash gourd hispida	July-Nov April	Seeds to be dibbled in pits	2.5 x 2 mts	3-4 seeds/pit	30 x 30 cms	1 kg of FYM and 100 gms neem cake	Compost or vermicompost 250-500 gms / plant	140-150 days
Beans Phaseolus vulgaris	July- January	Seeds to be dibbled in pits	2 x 2.5 mts	3-5 seeds/pit	30 x 30 cms	1 kg of FYM and 100 gms of Neem cake per pit	Vermicompost- 500 gms / pit	6-7 months
Bitter gourd Momordica charantia	Dec – Mar	Seeds to be dibbled in pits	2 x 2 mts	3-5 seeds/pit	0.5 x 0.5 x 0.5 feet	1 kg of FYM and 100 gms of Neem cake per pit	Vermicompost – 500 gms/pit	90-125 days
Bottle gourd Lagenaria siceraria	July-Aug Nov	Seeds to be dibbled in pits	2 x 2.5 mts	3-5 seeds/pit	1 x 1 x 1 feet	1 kg of FYM and 100 gms of Neem cake per pit	Vermicompost- 500 gms/pit	120-150 days
Brinjal Solanum melongena	Dec-Jan	Sown in nursery and transplanted after 28-30 days	75 x 60 cms	2 gms/cent	-	100 kgs of FYM and 1-1.5 kgs of Neem cake	Groundnut cake – 1 kg/cent	165-180 days
Carrot Daucus carota	July-Feb	Seeds to be sown in ridges	30 x 10 cm	16 gms/cent	-	100 kgs of FYM and 1-1.5 kgs of Neem cake	Vermicompost 10 kg /cent	100-120 days
Chilli Capsicum annum	Nov-April	Sown in nursery and transplanted after 40-45 days	30 x 30 cms	5-6 gms/cent	-	Farm Yard manure 100 kgs or compost 50 kgs with 2 kgs of neem cake	25 kgs vermicompost with 4 kgs of well decomposed poultry manure	210-240 days
Cluster beans- Cyamopsis tetragonoloba	July-Aug Dec	Seeds to be sown in the ridges	45 x 30 cms	40-50 gms/cent	-	Farm Yard manure 100 kgs or compost 50 kgs with 2 kgs of neem cake	-	90-105 days
Coriander Coriandrum sativum	June-July Nov	Seeds to be sown in ridges	20 x 15 cm	50-100 gms/cent	-	100 kgs of FYM and 1-1.5 kgs of Neem cake	Vermicompost 10 kg /cent	30-40 days
Cucumber Cucumis sativus	June-July April	Seeds to be sown in ridges	60-90 cms	4 gm/cent	-	100 kgs of FYM and 1-1.5 kgs of Neem cake	Neem cake – 1 kg/cent	90 – 100 days

Curry leaf <i>Murraya koenigii</i>	June-July	Seedlings to be raised in the nursery. One year old seedlings to be transplanted in the main yield	10-12 feet	-	1.5 x 1.5 x 1.5 feet	3 kgs of FYM and 300 gms Neem cake before planting	-	20 years
Drumstick <i>Moringa oleifera</i>	June-July	Cuttings to be planted in pits	10-12 feet	-	1.5 x 1.5 x 1.5 feet	3 kgs of FYM and 300 gms Neem cake before planting	-	10 years
Lady's finger <i>Abelmoschus esculentus</i>	Jan-Feb July-August	Direct sowing in the main field	30 x 30 cms	40 gm/cent	-	100 kgs of FYM and 1-1.5 kgs of Neem cake	Neem cake -- 1 kg/cent	100-110 days
Pumpkin <i>Cucurbita maxima</i>	July-Jan April	Seeds to be dibbled in pits	2 x 2.5 mts	3-5 seeds/pit	1 x 1 x 1 feet	1 kg of FYM and 100 gms of Neem cake per pit.	Compost or vermicompost 250-500 gms / plant	Varies according to variety
Radish <i>Raphanus sativus</i>	June-July Plains	Seeds to be sown in ridges	15 x 10 cm	40 gm/cent	-	100 kgs of FYM and 1-1.5 kgs of Neem cake	Vermicompost 10 kg /cent	45-60 days
Ribbed gourd <i>Luffa acutangula</i>	July-Dec April	Seeds to be dibbled in pits	2 mts between pits	3-4 seeds/pit	-	1 kg of FYM and 100 gms of Neem cake per pit	Vermicompost- 500 gms/pit	125 days
Snake gourd <i>Trichosanthes cucumerina</i>	July-Dec April	Seeds to be dibbled in pits	2 x 2.5 mts	3-5 seeds/pit	30 x 30 x 30 cms	1 kg of FYM and 100 gms of Neem cake per pit	Vermicompost- 500 gms/pit	135-180 days
Tomato <i>Lycopersicon esculentum</i>	Dec-Jan June Oct-Nov	Sown in nursery and transplanted after 28-30 days	60 x 75 cms	2 gm/cent	-	100 kgs of FYM and 1-1.5 kgs of Neem cake	Groundnut cake -- 1 kg/cent	125-145 days
Vegetable cowpea <i>Vigna unguiculata</i>	June-July Mar	Seeds to be sown in ridges	45 x 15cm x 30 cm	80 gm/cent	-	1 kg of FYM and 100 gms of Neem cake per pit	Vermicompost- 500 gms/pit	75-90 days
Watermelon: <i>Citrullus lanatus</i>	Dec-May	Seeds to be dibbled in pits	2 x 2mts	3-4 seeds/pit	30 x 30 x 30 cms	1 kg of FYM and 100 gms of Neem cake per pit.	Compost or vermicompost 250-500 gms / plant	120 days

8. List of plants to be planted based on nutrition

Nutrition	Vegetable/ fruit
Proteins	Broccoli, Spinach, Banana , Strawberry, Water melon
Calcium	Almond, Broccoli, Chinese cabbage, Kale, Orange
Iron	Dark leafy greens , carrot
Vitamin A	Asparagus, Cauliflower, Cabbage, Carrot, Lettuce, Mango, Sweet potato
Thiamin	Green leafy vegetables (Asparagus, Avocados, Broccoli, Cabbage)
Riboflavin	Mushroom, Plantain, Spinach , Apple, Tamarind
Niacin	Asparagus, Broccoli, Mushrooms, Pea nuts
Vitamin C	Grape fruit, Guava, Lemon, Sweet potato, Tomato , Water melon , Drum stick leaves, spinach
Total Folate	Asparagus, Broccoli, Lettuce, Spinach , Strawberries , Beets
Vitamin B Complex	Amaranth
Copper	Yam and radish
Zinc	Sweet Potato
Iodine	Tapioca

9. Companion crops

Vegetable	Companion Plant	Don't Plant Together
Asparagus	Tomatoes	None
Beans (Bush or Pole)	Celery, corn, cucumbers, radish, strawberries and summer savory	Garlic and onion
Beets	Bush beans (not pole beans), cabbage, broccoli, kale, lettuce, onions, garlic	Pole beans
Cabbage Family (cabbage, broccoli, kale, Brussels sprouts)	Beets, celery, dill, Swiss chard, lettuce, spinach, onions, potatoes	Pole beans
Carrots	Beans, tomatoes	None
Celery	Beans, tomatoes, cabbages	None
Corn	Cucumber, melons, squash, peas, beans, pumpkin	Tomatoes
Cucumber	Beans, corn, peas, cabbage	None
Eggplant	Beans, pepper	None
Melons	Corn, pumpkin, radish, squash	None
Onions	Beets, carrots, Swiss chard, lettuce, peppers	All beans and peas
Peas	Beans, carrots, corn, cucumbers, radish, turnip	Garlic, onions
Potatoes	Beans, corn, peas	Tomatoes
Squash	Corn, melons, pumpkins	None
Tomatoes	Carrots, celery, cucumbers, onions, peppers	Corn, potatoes, kohlrabi

10. Care of poultry birds

1. The birds can be fed with maize, broken rice, bajra, jowar, ragi, and rice bran
2. Mix the feed with little bit water for making a mash before giving it to the birds
3. For getting more and bigger eggs the birds should be fed with dried fish powder, scallop/snail powder, earthworm, and termites.
4. Waste food items in the house should be given to the birds.
5. It is advisable to keep the birds in a secured space free from predators while letting them gain weight in the confined space.
6. The chicks up to the age of 21 days, can be kept in bamboo baskets for protection and safekeeping.
7. The birds can be kept inside a bamboo made enclosure or a separate shed according to the financial condition of the rearer.
8. The shed can be made with locally available raw material (timber and bamboo), each bird needs a space of 1 sq ft, and the shed must not be overcrowded.
9. The shed should be well lit with ventilation. There must be facility to clean the shed on a timely manner
10. Nearby shrubs should be cleared to check snakes. Application of ash and lime keeps the lice and ticks in check.
11. MGNREGS has the provision of creation of individual livelihood asset (here the poultry shed) with the following estimates
 - a. 14 female birds, with the sole purpose of eggs: 44 sq ft. = Rs. 30,000
 - b. 48 large indigenous birds: 70 sq ft. = Rs. 36,000
 - c. 48 large indigenous birds: 118 sq ft. = Rs. 52,000
12. Market: The birds should always be sold by weighing and not by mere estimation of weight.

11. Care of goats

1. Each adult goat consumes about 2 to 3 kgs of green leaves/ fodder
2. *Ficus racemosa*, *Acacia nilotica*, *Ficus spp.*, *Azolla*, *Stylo hemata*, *Napier grass*, *gliricidia*, *Ficus spp.*, *radish leaves*, *jackfruit leaves*, *moringa leaves*, *mango leaves*, *maize leaves* are nutritious fodder for the goats. The leaves can be dried to give during the lean season.
3. The cover of legumes is a good source of protein and can be given to the goats.
4. Use of mineral mixture for the goats will increase the shine on the animal, increase milk yield, help in pregnancy, increase urea content in the dung, and helps to avoid the animal drinking its urine.
5. Black salt can be given to animals who have improper digestion and is underweight. It helps lactating animals.
6. Urea Molasses Block should be given to animals having mostly dry fodder.
7. The newborn kid should be wiped off at the nose and mouth portions.
8. The umbilical cord should be cut at a distance of 4.6 cms with a new blade with the application of iodine for 5 days.
9. The newborn should always be fed with colostrum for immunity.
10. The tits of the lactating animal should be washed with Dettol or potassium permanganate.
11. The goat is a very adaptable animal for accommodation. However, it is good to have a separate goat shed if reared for an economic purpose as it protects the animal from predators and nature. It keeps the animal clean and hygienic, hence less susceptible to diseases. This helps the animal to rest and recuperate.
 - a. The shed should have a proper roof to a height of 8 to 9 feet to protect from sun, heat, and rains,
 - b. The floor should have a slope for easy drainage
 - c. The walls should not have any opening to protect from snakes
 - d. Every day, the shed should be cleaned and the dung and urine to be used for making compost
 - e. An enclosure could be made to keep the goats during daytime and deworming and vaccination.
 - f. A water pane and a feeder can be kept for the animals
12. MGNREGS has the provision for the creation of individual livelihood asset (here the goat shed) with the following estimates
 - a. 3 does and 6 other goats: 45 sq ft. = Rs. 34,000
 - b. 5 does and 10 other goats: 97 sq ft. = Rs. 43,000
13. Market:
 - a. The castrated bucks should be sold within the age of 2 years.
 - b. Goats with growth issues, old female and diseased goats should be sold off immediately
 - c. Healthy Does should be bought at the age of one year
 - d. The buck should have equal testicles and should not be aggressive while mating
 - e. Inbreeding should be avoided at any cost.

F. No. K-11060/01/2019/NRLM(Livelihoods) (E- 366609)

Government of India
Ministry of Rural Development
Department of Rural Development
(RL Division)

7th Floor, NDCC II Building
Jai Singh Road, New Delhi-110001
2nd August, 2019.

To

The State Mission Director of all SRLMs

Sub: Custom Hiring Centres (CHCs) Operationalization Manual

Madam / Sir,

I am to say that DAY-NRLM has been promoting the CHCs under the farm livelihoods promotion strategy wherein the primary focus is on productivity enhancement and also on drudgery reduction of women farmers. So far more than 10,000 CHCs/tool bank have already been established in the country and these units are being managed by the women SHG members. Custom hiring of agricultural equipment is seen as an appropriate institutional arrangement which can promote mechanisation of agrarian operations on small farms. It is being envisaged that an adequately managed CHC should be a self-sustaining business model.

To bring a common understanding on establishment of CHC under DAY-NRLM, this Ministry has approved a manual on operationalization of Custom Hiring Center (CHCs). The "CHC Operationalisation Manual" is attached herewith for your kind information.

Encl: CHC operationalization Manual

Yours faithfully,


(Anita Baghel)
Director (RL)

Copy to Principal Secretaries of all States

Custom Hiring Centres (CHCs) Operationalisation Manual

1. Why CHC and the need for it?

Under Farm Livelihoods interventions, the core focus has been to promote sustainable agriculture, where the inputs are localised, risks are mitigated, productivity is enhanced, and food and nutritional security is ensured. Hence the net income of the family is increased. In sustainable agriculture, NRLM is focused on the agroecology by promoting low-cost, sustainable practices such as Non-chemical Pest Management (NPM), Integrated Nutrient Management, the inclusion of cultural practices, resilient climate practices, soil health improvement/ management, in situ water conservation, diversified poly crop model, and promoting the indigenous variety of seeds.

DAY-NRLM recognises the issue of *drudgery* related to women in farm operations. It has underpinned the fact that the tasks, which involve the highest stress and drudgery, are allocated to women, e.g., transplanting, weeding, manual irrigation, and harvesting of crops. Long hours of exposure to such strenuous tasks affect adversely to women health. Therefore, one of the primary focus has been on the *reduction of drudgery* in farming operations for women, by enabling access to affordable farming equipment for women farmers.

In rural India, farm productivity suffers because of the plethora of issues, and one amongst those is absence and timely availability of farmer-friendly agricultural equipment. Usually, small and marginal farmers do not own equipment required for different farming operations and typically borrow/rent them from well-off farmers in their village. However, the equipment is available to them only when they are not in use by the owners. This dependency many times, is detrimental to the intercultural operations and adversely affects the yield. But the cost of such equipment is not affordable by smallholders in many cases or does not make any economic sense to buy them. It calls for sharing of the cost of equipment by innovative institutional arrangements.

In the recent past, custom hiring of agricultural equipment is seen as an appropriate institutional arrangement, which can promote mechanisation of agrarian operations on small farms. Tool Banks or Custom Hiring Centres (CHC) store such required equipment centrally for the smallholders and make those available at affordable rates. Since its inception, DAY-NRLM has focused on the promotion of CHCs, primarily as a means of drudgery reduction for the women. So far about 10,000 CHCs are in operation across the country. The women SHG members are successfully managing all these CHCs.

It is being envisaged that an adequately managed CHC should be a self-sustaining business model. From the rental revenue it generates, the manager of the CHC, i.e., the CRP/ CSPs (Krishi Sakhi/ Pashu Sakhi) would be able to earn an income, the equipment can be maintained/ repaired/ replaced, and further resources can be procured for the users as per need and requirements. The objective would be to keep the inventory of equipment such that there is optimum usage of the equipment during the season, without letting it remain idle.

The DAY-NRLM has been helping set up such CHCs along with the promotion of agro-ecology across the country. The CHCs have been set up with budgets allocated through the Annual Action Plan, Mahila Kisan Shasaktikaran Pariyojana (MKSP), and through convergence with Sub-Mission on Agricultural Mechanisation (SMAM). The CHCs have been found beneficial for improving productivity and reduction of drudgery; there is a need for a guideline for the establishment, operation, and management of such CHCs. This document may be referred to as a reference document; however, the SRLMs may add up essential items felt necessary according to the local conditions.

2. Custom Hiring Centres under DAY-NRLM

2.1: The uniqueness of the CHCs promoted by the DAY-NRLM is the CHCs are initiated and managed by Community based Organisation for sustainability. It is based on the local needs of the women farmers with an intention to reduce drudgery. The focus on storing of women friendly equipment in the CHC is another plus point of the DAY-NRLM promoted CHCs.

A CHC is a convenient, one-stop solution for farm equipment needs of constituent SHG members (women farmers/ Mahila Kisan) under the DAY-NRLM. It is meant to offer rental of agricultural equipment at affordable rates. The CHCs would not be uniform in composition across the country and should be customised as per the local agricultural requirements of the fellow women farmer and the crops cultivated in the region. The clientele base also would determine the quality and power inputs of the equipment. However, the fundamental objective would be to provide equipment which is women farmer friendly, cost-effective, locally repairable and would be used by a large number of farmers. A CHC at a nascent stage should have few equipment or small tools, which are easily maneuverable and housed with any existing house/ facility of the Village Level Organisation.

2.2: The concept of equipment hire is not new, which started during the 1960s in the name of Agro Service Centres (ASC). The ASCs provided inputs and equipment as a one-stop solution under the aegis of government, private companies, and CSOs. The primary difference, however, has been in the ownership of the facility, functioning, and location of the centres. CHC is community owned, managed, created as per the need of the community with a focus on storing equipment and not on other inputs such as fertilizer or pesticides. While specifying the scope makes the operation smoother, it allows the farmers to be satisfied with their smallholder specific equipment needs. The equipment stored, are enlisted with participatory processes as per the low cost, ease of handling for women farmers, with a strong focus on sustainability. Primarily the CHC should engage in hiring out agricultural equipment on a rental basis. Before the start of the activities of the CHC, one should be cautious in management, cost, benefit, and sustainability of related activities.

3. Objectives of setting up a CHC under DAY-NRLM

- a) Reduce the drudgery of women by the supply of women-friendly mechanical equipment
- b) To make available various farm equipment to small and marginal women farmers

- mobilised under DAY-NRLM
- c) Lower the factor of production cost related ownership of the otherwise expensive equipment
 - d) Ensuring equipment availability in an entrepreneurship mode with an articulated business plan, so that it is operated sustainably

4. Users of CHC

The primary users of the CHC are the women farmers (Mahila Kisan) who are also the SHG members mobilised under the umbrella of DAY-NRLM. The essential criteria would be that the farmer is part of the agro-ecological extension mechanism under DAY-NRLM. However, the equipment is available to other *farmers (non-members of women SHG)* on a first come first serve basis and at the sole discretion of the management of the CHC, i.e., VO livelihood subcommittee.

5. Planning for Setting up of CHC

5.1 Groundwork

Before deciding on setting up of a CHC three key issues need to be determined; i.e.

- a) Where to set up the CHC?
- b) What are the equipment (the inventory) need to be stored in the CHC?
- c) To ensure the sustainability of the operations, who will manage it?

Necessary pre-conditions, which are of an advantage in setting up of a CHC:

- d) If there is a space available for free/low of cost (VO building, Panchayat, unused/ vacant spaces)
- e) Availability of good quality CRP (Krishi Sakhi/ Pashu Sakhi)
- f) There is no formal/ informal market available for rental of equipment

5.2 Area of Operation & Composition of custom hiring Centre

Custom hiring centres will be established as per the SRLM AAP in villages having low farm power availability and large area under small and marginal holdings. There are certain groundworks, which needs to be taken up before setting up of CHC. In every village, where farm livelihoods have been taken up as an intervention should have a CHC, depending on the population of the village. It is also assumed that the village organisation (VO) has been formed and a VO level livelihood subcommittee is already in place. The formation of a CHC can be an entry point activity for initiating farm livelihood activity of the village. Before the setting up of a CHC, a thought out business plan should be in place. The concerned SRLM may identify the villages and incorporate the list in their Annual Action Plans. Therefore, the SRLM is deciding on the number of CHCs to be set up and the villages as per their rollout plan and should put it in their annual action plan.

- a) Each CHC will have the capacity to cover a minimum area of 2 ha/day and at least 50 ha in a cropping season. Machines can be hired for entire operations from land development to residue management
- b) Each CHC will be set up on specific crop based, cost-based and cluster-based approach

- c) Each CHC will have small crop specific machinery suitable for the local requirement for mechanised farming under small and marginal holdings.
- d) In feasible CHC locations following interventions may be taken up which may help demonstrating the activity and also generating additional income:
 - a. Composting activities such as NADEP compost pit, vermi compost & other bio-fertiliser/concoction production.
 - b. Plastic waste management through activities like shredding, pressing etc.

The following parameters may be chosen for setting up custom hiring centres:

- e) Low farm equipment availability.
- f) Small and marginal operational Holdings
- g) Less productivity of food grains but potential to enhance productivity.
- h) The SHGs and VOs promoted under the DAY-NRLM to have convergence with the Ministry of Agriculture, and Farmers Welfare implemented Sub-Mission on Agricultural Mechanization (SMAM) to avail the benefits of SMAM in a transparent and time-bound manner.
- i) The SRLMs through their Annual Action Plan should estimate the physical outreach and financial requirement for establishing CHCs.
- j) ICAR institutes /SAUs and KVKs functioning in the district should be used for imparting training to the farmers and extension personnel.

6. Management and governance of the CHC

- a) The ownership of the CHC is vested with the VO/CLF.
- b) On behalf of the VO, the livelihood subcommittee will look after the governance of the CHC and formation of laws and statutes.
- c) The day to day running of the CHC may be entrusted to the Krishi Sakhi for smooth operation and sustenance of the revenue model; therefore, the capacity of Krishi Sakhi to operate the CHC should be assessed as she has to maintain the books of records properly. This will also ensure the sustainability of the CRP.
- d) The Krishi Sakhi has to closely interact with the VO livelihood subcommittee for any damage, repair, replacement of any equipment.
- e) The Krishi Sakhi will present the performance of the CHC before the VO every month.
- f) There should be a proper grievance redressal mechanism to be handled by the VO

7. Choice and Inventory of equipment

7.1: A **need assessment** exercise through a participatory process with the women SHG members in the village, who are engaged in the agriculture to be conducted in the village to understand the type and number for each equipment for particular CHC at the village level; A soil testing kit may be kept at the CHC level. The block level livelihood staff of the SRLMs should identify the areas of the low ratio of farm power availability /areas with a large number of small and marginal holdings for implementation of farm mechanization components. If a Pashu Sakhi is operating in the same area and is performing vaccination

services, a small refrigerator may be kept at the CHC subject to availability of adequate power supply to maintain the cold chain.

7.3: The block SRLM staff along with VO level livelihood subcommittee should do a **benchmarking of the existing rates of the hire** of equipment for hire in the area.

7.3: Inventory of equipment: The block livelihood staff would also collect a long list of equipment suitable for the area by consultation with the target beneficiaries, agriculture department, KVK, or both. Necessary care should be taken for the choice of equipment to cover essential agricultural operations, (land preparation, intercultural operation, water management, plant protection, harvesting, and post-harvest activities). The inventory of the equipment at the initial stage can be in the form of a *tool bank*, where there could be of few mechanical weeders (appropriateness should be checked), sprayers, dusters, and winnows for post-harvest operations. The decision of the inventory (depends upon the needs assessment, equipment inventorisation, and demand of the community) should remain with the livelihood subcommittee of the Village Level Organisation; consultation may happen with the livelihood sub-committee of the federation and block level staffs of the SRLM. If the constituent farmers under the VO have more than 50 acres of land under farming in the area, then the inventory of the equipment may increase as per the requirement. For example, the weeding in paddy as per line transplanting or the System of Rice Intensification, there is an element of weeding for 3 to 4 times during the plant growth period. If the area under paddy is 10 acres; and the total person-days required for weeding is 20 person-days; the window for finishing the operation is five days; then the CHC should have at least four mechanical weeders with a provision of a spare weeder in case of breakage. A similar exercise is required for inventorying the equipment and the numbers needed at the particular CHC. Similarly, the expansion of the inventory of equipment is dependent on the number of farmers and the area under cultivation. The inclusion of some members/ demand from the community in the VO should entail in expansion in the inventory of the equipment of the CHC.

Table 1 Category of equipment

Value \ Usage	Low	Medium	High
Low	X	X	X
Medium	√	√	X
High	√√	√	√

There should be a conscious decision on the equipment to be stored, and the above matrix is an indicator where the low value and high usage equipment should be stored for sure. Equipment with the high cost and low usage should be avoided. The access to that equipment is not there with the smallholders. The equipment, which is of high value and high usage, should be maintained with the utmost care. All moving parts should be adequately oiled. Every CHC should have a list of critical equipment needed for agricultural operations during the peak season. A detailed list of equipment for the different

agricultural operations has been provided in the revised operational guidelines of the SMAM. Detailed pattern of assistance/ subsidy has been provided in the document with special provision for SC, ST, Small & Marginal farmers, Women, and NE States beneficiary.

Table 2 Suggested type of equipment for CHC

Classification of the CHC	Number of farmers	Size of operation	Tillage operation	Sowing operation	Intercultural operation	Irrigation Operation	Spraying Operation	Post-harvest activity and Miscellaneous
Small	10-20	Tool bank	X	Dibbler, simple seed drills	Weeders	X	Sprayers and dusters	Winnow, separator
Medium	20-50	CHC	Ploughs, levellers, pulverisers	-Do-	Power Weeder. Mechanical weeders, pruners	Portable pump sets powered by preferably solar energy)	-Do-	Harvesters, reapers
Large	50-100	CHC	Power tiller/ Tractor	Transplanter	-do-	-do-	-Do-	All above+ Grader/ Sorter
*Wherever possible, use of renewable energy, i.e. solar, wind, hydel should be promoted								

7.4 Exposure visits for VO livelihood subcommittee and CRPs

The state may organise exposure visit/s of some of the VO level livelihood subcommittee members and the CRPs to any nearby operating CHC. Some of the state livelihood team members along with few community leaders may be sent to CIAE, Bhopal or for NE states RRTC, Umran, Meghalaya or any established CHC run by agricultural universities, NGOs, or by the department of agriculture.

7.5 Procurement of equipment

Standard community procurement norms of DAY-NRLM shall be followed. The procurement of equipment should be from the approved suppliers/manufacturers. However, only tested equipment from either Farm Machinery Training & Testing Institutes (FMTTIs) or designated Institute from Department of Agriculture are eligible for subsidy¹ for establishing the custom hiring centre under SMAM. Detailed list of equipment and extent of financial assistance is provided as annexure (Page number 36: Component No. 3: Financial Assistance for Procurement of Agriculture Machinery and Equipment) in the

¹ <https://farmech.dac.gov.in/farmfaqs.htm>

recently revised Operational Guidelines of the Sub Mission on Agricultural Mechanisation (2018-19)².

Also, some equipment, which might not be useful and relevant in the locality may be changed by seeking permission from the appropriate authorities, e.g. in an undulating terrain, where there are smallholders, and there is a provision of tractor; the VO may request for relevant machinery such as power tiller, reaper, or thresher, which would be economically viable and appropriate. For small tools and equipment community procurement manual of the DAY-NRLM may be consulted, whenever applicable.

7.6 Insurance of equipment

Equipment with high value such as tractor, power tiller, reaper, and harvester which can be insured from an insurance company should be insured as per norms. Government of India has repealed the Dangerous Machines (Regulation) Act, 1983, Act No. 35, the year 1983 vide Gazette of India Notification no. 4 of 2018 dated 5.1.2018. Hence, to look into the safety aspects of the farmers/operators while operating various agricultural machinery, it is advised that the users/ CRPs may be suitably encouraged to obtain “Pradhan Mantri Suraksha Bima Yojna” for himself/herself and also for the actual operator who operates his/her agricultural machinery. “Pradhan Mantri Suraksha Bima Yojna” which covers the various benefits to the person insured like death, total irrecoverable loss of eyes, hand or feet, etc. during operation of any agricultural machinery. It can also be extended under “Pradhan Mantri Jeevan Jyoti Bima Yojana” which provides coverage in case of death due to any reason for persons between the age group of 18 to 50 years.

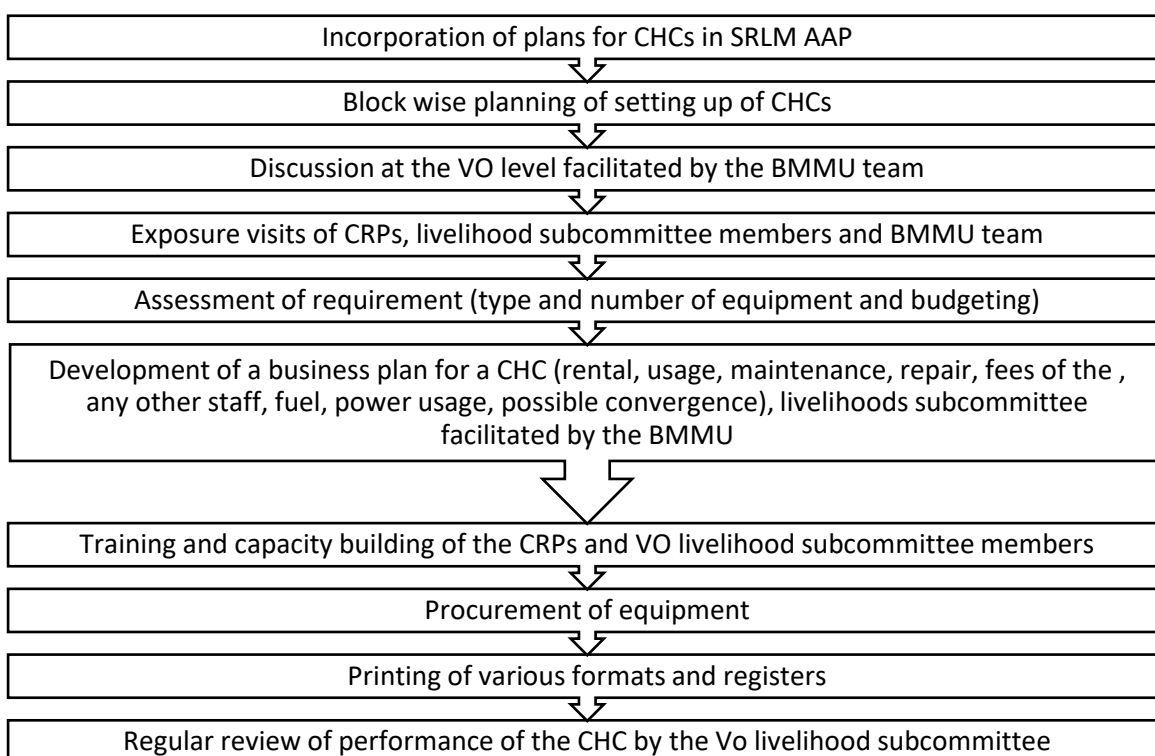


Figure 1 Steps for establishment of the CHC at a VO

² [https://farmech.dac.gov.in/SMAMNewGuidLine/FF%20PDF%20SMAM%20FF%20\(REVISED%202018-19\).pdf](https://farmech.dac.gov.in/SMAMNewGuidLine/FF%20PDF%20SMAM%20FF%20(REVISED%202018-19).pdf)

7.7 The housing of the CHC and storage of equipment

The block staff along with VO will decide where the CHC would be housed. The place for housing should be secured with proper well-secured doors and windows and adequate lock and key mechanism. The entry should be large enough to move equipment in and out of the CHC. Provision of electricity is preferred, with well-lit conditions. The facility could be rented, and the rent should not exceed 10% of the projected rental revenue. Subsequently, the VO may take up the matter with the Gram Panchayat to set up the shed under MGNREGS. If a VO building exists, or is proposed to be constructed, and planned to be built, then provision should be made for CHC within the premises. Ideally, the floor should be cemented, raised, to prevent flooding or intrusion of reptiles of wild animals. The flooring should not be damp, and the facility should be well ventilated. The premises should have a big/ wide courtyard to store/ keep large equipment, including tractors, power tillers, reapers. The CHC should be preferably accessible from the side of a motorable road. All the equipment should be vertically stored. All moving parts must be lubricated and appropriate application of solutions to be used to control corrosion of equipment.

7.8 Demonstration and training of CRPs on handling and maintenance of the equipment

As the equipment procured and used by the women farmers could bring in some unfamiliarity for the CRP, they will require some training in this regard. The training to make the CRPs understand about repair, maintenance and other nuances must be done in advance. The training and capacity building of the CRPs can be done in the arrangement of support from agricultural universities, Krishi Vigyan Kendras (KVKs), and other competent agencies present in the district/ state.

Crop-specific operations approach may be adopted in the same plot of land. At least one demonstration may be carried out in each crop. The demonstration site should be easily accessible for the farmers and the extension workers. It should not be in an isolated field. The selected site should be the representative of the soil type of the area. The demonstration should be conducted with the help of the Agricultural functionaries/State Agricultural Universities, ICAR Centres through their Regional Research Stations/KVKs located in the area.

The exposure and training on CHC have a detailed curriculum and various topics under the Sub Mission on Agricultural Mechanization scheme. Under the *annexure IV-A* of the recently revised Operational Guidelines of the Sub Mission on Agricultural Mechanisation (2018-19) the topics are mentioned. Under the Annexure IV B of the same guideline trade based skill development training are mentioned. The User level topics on equipment dealing are provided for free. Topics such as Management, Repairing, and overhauling of equipment training are provided for a fee. A state-wise detailed list of training institute is provided in the document, however, for entire north east there is a lone training centre at Gangtok, Sikkim.

The training topics of importance for DAY-NRLM supported CHC are as per the following

1. Introduction to various equipment
2. Moving parts, moving parts, breakage issues, lubrication, and safe handling
3. Correct way of operation for drudgery reduction and efficient operation
4. Maintenance and repair basics
5. When to repair an equipment
6. Proper storage and record keeping

The training component related to management and record keeping aspects of the CHC can be dealt separately by the SRLMs. The details of the curriculum has been provided in Annexure-5.

8. Issuance of equipment, return, maintenance, repair, and replacement procedure

Equipment at the CHC will only be **available to the villagers** where the CHC is located.

8.1 Issuance of equipment

- a) Villagers will have to register their demand for equipment/type/ and the days of the requirement at the CHC with a requisition slip and the CRP records it in Requisition Register. It will have the date and time of booking, the need for the equipment (date, days, hours), and the payable amount for the same. They will be provided with the equipment according to the recorded list on a first come first serve basis. The priority would always be given to the SHG members; if the supply is exceeding the demand or there is the availability of equipment, nonmembers could be given the equipment.
- b) An availability register of the equipment should be maintained. The SRLM may develop a format as per one example provided as annexure. The members should be encouraged to register their minimum 3 days in advance and a maximum 6 days in advance clearly stating the exact date of hire and the number of days of hire. Any overwriting in the register should be avoided.
- c) The rental of the equipment needs to be decided by the CHC management as per the local prevailing rates of hire. It is mentioned earlier that the block level teams should do a benchmarking before setting up of the CHC. As most of the potential users of the CHC are smallholders, their requirement of use can be limited for a few hours. Also, the same equipment can be used by another farmer/s on the same day. Therefore, hourly charges may be fixed for the equipment, where the lease value of the equipment should never be more than the prevailing market rates. The Rental for one day of the equipment will have to be paid in advance. In case, the farmer is not able to pay in advance, an application from her concerned SHG may be presented to the CHC for late payment of the fees. For the user who is not part of the DAY-NRLM promoted SHGs, caution money needs to be collected, which is refundable during the time of the return of the equipment. One day rent for the equipment will be charged for 24 hours. Receipt of rent will be provided. Farmers are urged to demand the rent receipt from Krishi Sakhi.
- d) The farmer cannot keep the equipment for more than the fixed number of days. If the equipment is retained for an extended period, one and half times rent will be payable from the first day. However, in case of breakdown, excessive rainfall, power cuts regular rent will be applied.
- e) Krishi Sakhi will not be responsible for injury caused due to improper and negligent use of the equipment by the farmer.

- f) The farmer is responsible for taking the equipment from the Centre and returning it in good condition at the Centre. The situation is to return the equipment in the same state/condition. At the time of the issue of the equipment, the shape of the equipment needs to be reviewed by the Krishi Sakhi and the renting farmer. In case of any problem, it would be noted in the issue register and the receipt voucher issued to the farmer.

8.2 Return policies

- a) At the time of return, the condition of the equipment is reviewed again, and assessment is done for any possible damage to the equipment. The farmers will repair damage caused to the equipment due to misuse or improper use of their cost.
- b) Complaints and suggestions on the functioning of CHC can be given in writing in the register available at CHC. The Krishi Sakhi will consult VO, and higher level organisation or sometimes BMMU improves the functioning of CHC.

8.3 Maintenance and repair of equipment

All the hired equipment should be returned to the CHC after cleaning and suitable to be given to the next user. Also, there is a requirement to understand the moving parts and need to maintenance and repair of it. If maintenance is not done regularly and properly, the equipment will become useless. The moving parts must be covered at all times and care must be taken to lubricate it properly.

In case the equipment is beyond repair and need to be replaced, the CRP should inform the CHC management subcommittee about the irreparable condition of the device and need of replacement. The VO should follow the same procedure of community procurement for replacement of the same. Maintenance of the equipment needed to be done regularly by the Krishi Sakhi; however, any major maintenance, exceeding 20% of the cost of the equipment must be reported to the CHC subcommittee.

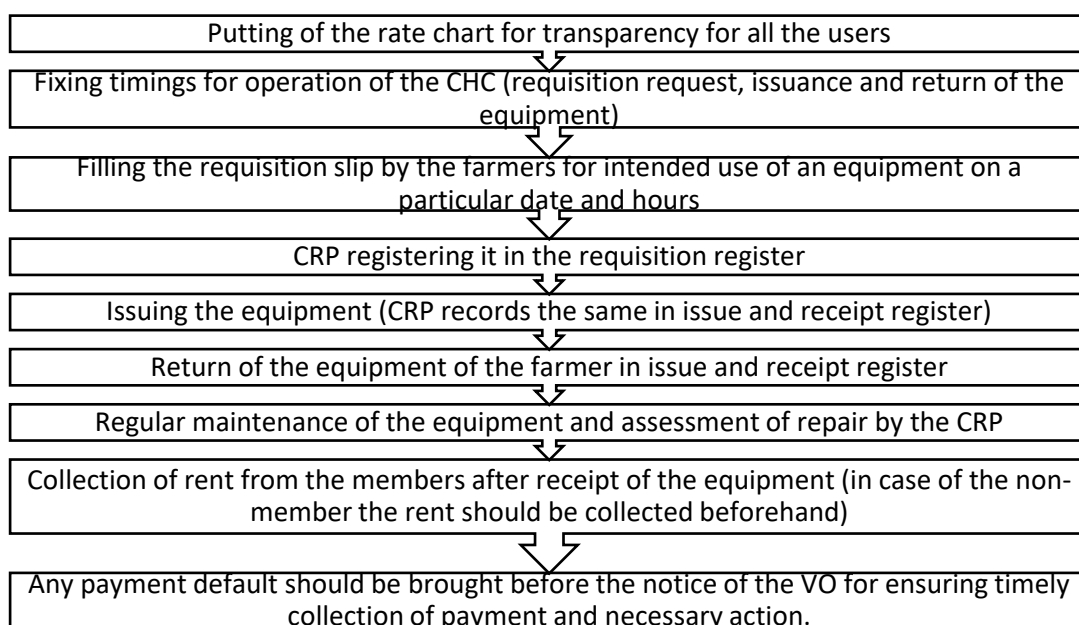


Figure 2 Standard Operating Procedure of a CHC

The **net revenue** is collection from rentals subtracted with the running cost of the CHC. The net revenue needs to be deposited to the VO regularly. It is understood that the lease of the equipment is a season-specific activity and hence if required the fees need to be deposited to the charges in a weekly manner. The VO, in turn, would be depositing the money in their existing bank account. A separate ledger should be maintained at the VO level for income and expenses of the CHC. As per the revenue of the CHC and the amount of time spent by the Krishi Sakhi for the operation of the CHC an honorarium should be decided as per the VO.

There should be a proper **incentive-based system** for the CRP to **generate resources** from the CHC to sustain their activities. The model should be such that up to a certain level of revenue, there is an incentive for CRP to generate incremental revenue. This revenue should be calculated after deducting the operational cost.

Ideally, not more than 40%-50% of the revenue of the CHC should be the honorarium for the CRP; 15%-25% for repair and maintenance; and rest for replacement or procurement of new equipment. The Krishi Sakhi should give the invoices and requests for maintenance and repair of the equipment to the CHC management subcommittee. The funds for maintenance and repair should be immediately delivered to the Krishi Sakhi by a fast track process. For replacement of the equipment, a decision should be taken in the VO meeting, and a resolution adopted to replace equipment.

9. Running of the CHC

9.1 Record keeping and accounting procedure

- i. Regarding record keeping and maintenance, training and capacity building should be done for the CHC management subcommittee members and the Krishi Sakhis done at the block level, supervised by the block level livelihood teams.
- ii. The accounting procedures for maintenance of the books would be as per the general norms set and implemented by the DAY- NRLM

Registers/ records to be maintained at the CHC

Various books of records, registers, need to be kept at the CHC level for smooth operations, reporting, monitoring, and evaluation. The different documents need to be kept at the CHC are

- a) **Rules and statutes of the CHC:** The book would state the membership clause for the CHC. The membership fees that need to be collected. The regulations of hire, repair, and maintenance of the CHC. The charges for hire of different equipment. The role of the CRP, the livelihood subcommittee, and the SHG members would be given in details in the document.
- b) **Asset register:** As per the (GAAP) an asset register is a list of the assets owned by the CHC. It contains details about each of the equipment, their value, and

location. The register shows the quantity and value of the different equipment stored in the CHC.

- c) **Cash book and ledger:** A **cash book** is a financial journal that contains all **cash** receipts and payments (with Receipt and payment vouchers), including bank deposits and withdrawals for the CHC. Entries in the **cash book** are then posted into the general ledger.
- d) **Suggestions / Complaint register:** For grievance redressal, there should be a register, which will have the suggestions and complaints of the users. This needs to be reported in the monthly VO meeting, where the suggestions and complaints must be discussed and way forward should be drawn.
- e) **Equipment Requisition register:** The register will record the demand for equipment/type/ and the days of the requirement at the CHC with a requisition slip and a **Requisition Register** from the villagers
- f) **Availability, Booking, and Movement register (Equipment wise):** The objective of this register is to use all the equipment optimally, have a time slot for maintenance and repair for each of the equipment, booking of the equipment and collect hire charges for the equipment. Other registers deemed necessary by the CHC

The CRP should maintain all the books of records and be verified every month by the VO livelihood subcommittee.

9.2 Liaising and convergence

- a) All the villagers and farmers will extend their cooperation in the smooth functioning of the CHC.
- b) **Convergence:** DAY-NRLM has always emphasized the need for convergence as a non-negotiable strategy. The SRLM will facilitate the convergence for setting up of CHCs. There is a circular to facilitate the *Convergence of National Rural Livelihoods Mission (NRLM), MORD and the Schemes/Programmes/Missions of Department of Agriculture, Cooperation and Farmers Welfare, MOA&FW on File # 1-1201 I/23/2012-SGSY(C) dated 28th October 2015*. This circular also has the details on subsidy about each of the equipment. For an already existing CHC which has stored equipment, feels the need for expansion in inventory, can do so by convergence. The shed of the CHC may be built in convergence with **MGNREGS**. Any such project implemented by the state governments may also be considered. Other such schemes if are run by any state or central governments in the area may be considered for accessing equipment or establishment of the CHC. There should be strong convergence between SRLMs and **SMAM** for availing the subsidy and procure necessary equipment. Necessary support to the VOs and livelihood sub-committee may be provided with by the livelihood staff of the SRLM. The local banks should provide assistance to the CBOs in insurance of the women farmers and CRPs.

9.3 Funding

The funding for the CHC as per the size will be phase wise. While the first tranche will help facilitate test the management skills of the VO in running of a CHC. The livelihood subcommittee along with the block level staff of SRLM should have a grading based on equipment usage hours/ days in %, revenue collected, and the growth in a number of farmers using the CHC. As mentioned earlier under SMAM, the subsidy is available for the purchase of equipment in convergence with the MOA&FW. Funding may be sourced for the establishment of CHC from “Infrastructure and Marketing Support Fund for Livelihoods” [mentioned in the framework of DAY-NRLM (Page no.27)], which seeks to ensure that the infrastructure needs for the major livelihoods activities of the poor are met with. For operationalisation of the CHCs, all help must be extended by the block level livelihood teams to the VO livelihood sub-committee and the VO at every step.

Annexures

Annexure – 1: Roles of the Livelihood subcommittee

- i. The decision of housing/ storage of the equipment for the CHC;
- ii. All the operating rules and norms should be decided and approved in a VO meeting.
- iii. Framing rules and regulations for CHC (Hiring process, rentals, maintenance, repair, and replacement)
- iv. Procurement of equipment for CHC approved at the VO level; The purchase of equipment should be taken up following the community procurement manual of DAY- NRLM. In case of high-value motorised equipment covering the equipment with insurance should be done. Any other statutory provision for the equipment should be obtained. The VO should ensure that the person driving a tractor should have a driving license.
- v. Assign responsibilities for the Krishi Sakhi and monitoring of the Krishi Sakhi monthly on the performance of the CHCs
- vi. There should be a record of transactions; the details of the registers should be maintained.
- vii. A set of registers and documents to be maintained in CHC and tracking of the same during the VO meetings every month.
- viii. Storage, repair, and replacement of the equipment with the inputs from the Krishi Sakhi to the CHC.
- ix. All the payments regarding repair of equipment, the rental of the building, etc. should be made by the CRP with approval from the livelihood subcommittee.
- x. Collection of cash from the Krishi Sakhi, handling of the rentals and depositing in the bank, payment to the Krishi Sakhi for her services to maintain the CHC, allocation of funds for maintenance, repair, and replenishment of the equipment.

However, monthly stock taking and auditing is mandatory and should be done by the VO/ Livelihood sub-committee.

Annexure – 2: Roles of the Livelihood subcommittee *Roles of the Krishi Sakhi in running of the CHC.*

- i. Abiding by the lending rules of the equipment set by the VO livelihood subcommittee.
- ii. The issue of the equipment to the farmers on a first come, first serve basis, receipt of the equipment, assessment of damage, maintenance, repair, and replacement/ acquisition of new equipment of the equipment.
- iii. Maintain different books of records of the CHC (viz. Assets register, demand register, issue register, cash book, vouchers among others)
- iv. **Monthly reporting** (revenue and expenditure of the previous month, stock, and performance indicator (maximum and minimum used equipment, payment status, equipment damaged by member while in use) among others.

Collection of rental from the users, depositing it into the VO's bank account.

Annexure – 3 Formats for CHC related registers and records

3.1 Meeting Minutes Register

The meeting minutes may be recorded in the regular register of the community institution or a separate register can be utilized for the purpose.

3.2 Purchase Invoice Register

The following is a tentative format for a Purchase Register. It may be modified as per requirement.

Date of Purchase	Details of Equipment with company, model, make etc	Number of Units procured	Price per Unit	Total Cost	Remarks	Signature of Procurement Committee Lead	Signature of Treasurer

3.3 Assets Register

The following is a tentative format for Asset Register. It may be modified as per requirement.

S. No.	Name of the Asset	Description	Purchase Date	Purchase Cost of the Asset	Signature of the CHC In-Charge

In case of multiple assets of the same make and type, the entry should be as “Name of the asset-1” and so on. This will provide the total number of assets in the CHC.

3.4 Requisition Form

To be filled up by the applicant

Name of farmer (in case of SHG member please write SHG member name)	
Identity (Aadhar No. / Voter id card No.)	
SHG Member / non- member	
If SHG member, Name of SHG	
Village name	

Equipment(s) is/are requested to hire:				
Sr.	Name of equipment	Requisition for date	Duration of requisition (no. of hours)	Purpose
1.				
2.				
3.				

Undertaking

I, Sri/Smt..... undertake to use the equipment for my own production and not for subletting. I shall return the cleaned equipment in good condition after completion of the duration mentioned above. For its use in additional duration I shall pay the additional cost as per the tariff fixed. I shall be responsible for miss handling, damage and loss of the equipment and bear the cost of the repair of the equipment or cost of the equipment as the case may be.

Signature of Customer

Date:

Official Use

Requisition No. (number as per the sr. no. in the register)	
Booking Date	Booking time:
Amount deposited (Rupees)	

Usage of equipment				
Sr.	Name of equipment	Duration of usage (no. of hours)	Area (Acre)/ Volume of Use (Kgs):	Total Payable amount (Rupees)
1.				
2.				
3.				
Total				

Hiring Charges Settlement			
Amount (Rupees)	Receivable	Amount Payable (Rupees)	Signature of Recipient

Signature of Person in-Charge of CHC

Undertaking

I, Smt/Sri..... undertake to use the equipment for my own production and not for subletting. I shall return the cleaned equipment in good condition after completion of the duration mentioned above. For its use in additional duration I shall pay the additional cost as per the tariff fixed. I shall be responsible for miss handling, damage and loss of the equipment and bear the cost of the repair of the equipment or cost of the equipment as the case may be.

I am paying a leasing amount of RS. _____ against the expected total amount of Rs.

_____.

Signature of Customer and Date

Signature of Witness and Date

(Official Use)

Name of Equipment:

Duration of Use:

Leasing Cost:

Advance paid:

Remaining amount:

To be paid:

Signature of Person in-Charge of CHC

3.5 Issue and Receipt Register

The register should have the following tentative field. It may be modified as per requirement.

S. No.	Name of Field	S. No.	Name of Field
1	S. No.	12	Total Amount to be Paid (in RS.)
2	Name of Farmer	13	Amount Deferred (in RS.)
3	Name of Village	14	Cash Received (in RS.)
4	Name of Group	15	Credit Amount (in RS.)
5	Date of Work	16	Signature of Customer
6	Name of Equipment/ Machine	17	Signature of CHC In-Charge
7	Duration of Work (in Hrs and Min)	18	Amount received as final settlement
8	Area Covered (Acre)/ Volume (Qtls)	19	Date of settlement
9	Advance Amount (in RS.)	20	Signature of Customer
10	Cost of Leasing (In RS.)	21	Signature of CHC In-Charge
11	Cost of Transportation (in RS.)		

3.6 Log Book

The following is a tentative format for a Log Book. It may be modified as per requirement.

Date	Name of Equipment	No. of Hours Utilized	Quantity of Fuel Consumed	Any other Expenditure made for operating the equipment	Signature of the Operator

3.7 Cash Book

Regular Cash book may be utilized for the purpose

3.8 Requisition Register

Insert Date (duration of booking in hours)						Booked for					
S r.	Date of requisition	Time of requisition	Name of farmer	Whether a women SHG member (yes/no)	Name of equipment	date (s)	Hours	Payable amount (INR)	Charges deposited in advance (amount)	Signature of farmer	Signature of CHC manager
1											

3.9 Monthly Availability, Booking, Movement Register (Category of Equipment wise)

Name of equipment :							
Machine no.	Name of farmer	booking (for dates)	booking (hours)	Actual engagement date	Actual engagement hours	Settlement Amount (INR) received if any	Signature of CHC Manager

3.10 List of equipment according to their agricultural operations:

Agricultural Operation	Equipment
Pre Tillage operation	
Tillage operation	
Sowing operation	
Intercultural operation	
Irrigation Operation	
Spraying Operation	
Post-harvest operation and Miscellaneous	

3.11 Rent Card of CHC (From 10 am of day 1 to 9 am of day 2)

Sl.	Equipment	Rent for SHG Members	Rent for Non- SHG Members
1		30	30
2		10	10
3		10	10
4		10	10
5		20	20
6		10	10
7		03	03
8		03	03
9		03	03
10		10	10

* All figures in Indian Rupees

VO may decide on the charges for members and nonmembers. Proactive display for transparency.

Annexure 4 Display Material

4.1 Display Board (to be placed outside CHC)

Name of Custom Hiring Centre

Name of the VO

Village-----GP-----P.O-----

Block-----Dist-----

Name of the 1st person In-Charge:

Contact No of 1st person In-charge:

Name of the 2nd person In-Charge:

Contact No of 2nd person In-charge:

Working Days:

Working Hours:

Date of Commencement:

Supported by:

4.2 Poster on Leasing for Machines and Equipment at CHC

S. No.	Name of Machine/ Equipment	Leasing Rate* (Per Hour/ Per Day/ per Acre)	Max period for Hiring**	Remarks

* Some high utility/ high demand equipment may be leased out on a per hour basis while the other lower end equipment may also be leased out on a per day basis. The same needs to be clearly defined.

** Given the demand for specific equipment, the max hiring period may be limited to cater to larger number of members.

Conditionalities for Leasing

Some of the following conditionalities (more can be added) may be presented on the poster to ensure awareness;

- a. The member leasing the equipment should understand the following conditionalities clearly before leasing equipment.
- b. The member should ensure that the equipment is in good working condition before taking it on lease. It is responsibility of the member to return it cleaned and in the same condition.
- c. The “Rates of Leasing” and “Maximum Period for Hiring” should be well understood by the member leasing the equipment. The member should clearly mention the period of hiring even if “Maximum Period for Hiring” is not applicable for equipment.
- d. If the member exceeds the period hiring, a leasing rate of ___% would be applicable. If the members exceeds the max period of hiring for equipment, a leasing rate of ___% will be applicable for the extra period.
- e. In no case should the member replace the equipment or any part of the same. In such a case, the member will have to get the original equipment or any part of the same.
- f. In case of fuel operated equipment, the member should have a clear understanding of the type of fuel. No cheaper alternative should be used for operating the equipment like Kerosene. In such cases, the entire cost of repair will have to be borne by the member.
- g. Any damage or loss has to be immediately reported to the CHC/ representatives.

Signature

Chair-Person / Person In-Charge of CHC

(Name of Community Institution)

Annexure 5- Training topics on CHC for VO Livelihood subcommittee members and CRPs

Collaboration should be done with the SMAM for training on Operations, technicalities, maintenance, management, differentiating the machines, and use of the machines. This has been provided in the main document. The SRLM should schedule training programmes intended for the Livelihood subcommittee members and CRPs and should be scheduled for at least 4 days as per the indicative following topics

A. Refresher on DAY-NRLM, its importance on agro-ecological practices

1. Women as a farmer (land rights, i.e. 98% land ownership with male), role division (60% of the work is done by women), no recognition as a farmer
2. Role of NRLM in promoting agro ecological practices (seed, soil, water, and NPM) through MKSP and AAP. Promotion of improved livestock rearing practices. Evolution of NRLM activities, objectives of NRLM for enhanced income

B. Agricultural operations and question of drudgery reduction

1. Different agricultural operations, role of women and use of machine (land preparation, nursery raising, transplantation, irrigation, weeding, application of manure and pesticide, crop cutting, other post-harvest operations, transportation, and storage. Need of various equipment for raising livestock in smallholder household.
2. Issues affecting women as a farmer, drudgery and its implication on women health
3. Need of equipment at different stages, availability, and applicability
4. Need of equipment as per the local crop and livestock requirements

C. CHC History, use and its importance for smallholders

1. Why CHC, history of CHC/ Agro service Centre, and need of it?
2. Concept of usage and value of the equipment and need for keeping high usage equipment

D. Pre-establishment needs for a CHC

1. Decision on CHC membership, users, and admission of nonmembers for hiring of equipment, rules, regulations and procedures
2. Inventorying of equipment as per the need of the CHC (number of users, area under crops, etc.)
3. Fixing of rates of the equipment as per the local prevalent rates/ usage and value of the equipment
4. Detailing the usage, required maintenance, repair norms, and replacement procedures
5. Selection/ Identification of facility for storage and establishment of CHC
6. Selection of the CRP/s for management of the CHC based on capability to handle people, proven leadership, education, ease of handling books and records

E. Establishment of the CHC

1. Norms and process for procurement (as per the NRLM norms of getting quotation, following the SMAM norms) etc. for the equipment

2. Housing of the equipment, requisition by farmers for equipment, movement issues and handling for hourly usage of farmers
3. Return of the equipment, inspection for its condition and procedures for fine collection and the procedure

F. Introduction to management and governance of the CHC

1. Various records to be handled in the CHC (voucher, cash book, requisition slip, asset movement register, cash receipts among others), on field practice of the records to be maintained.
2. Reporting format for the CRP for monthly VO meeting on usage, maintenance, repair, replacement of equipment, collected revenue, operational issues, grievances among others
3. Collection of revenue, maintenance of books, procedure for deposition of the revenue in the bank and allocation for usage while underlining the importance of “net profit”
4. Sub-committees stance of expansion, convergence with other schemes for CHC related operational issues and running the CHC as an enterprise with a business plan.

G. Recordkeeping and maintenance of books of accounts

Introduction and practice in keeping of the following records for the CHC

Rules and statutes of the CHC, Asset register, Cash book and ledger, Suggestions / Complaint register, Equipment Requisition register, Availability, Booking, and Movement register (Equipment wise)

H. Exposure visit (optional) to nearby KVK, CHC, Agro Service Centre for practical demonstration of an existing CHC/ Agro Service Centre

Annexure 6- Model CHC Plan

Before setting up of CHC a business plan with must be done with help of the SRLM. The following model is suggested by NABARD for a model Custom Hiring Centre and is essentially suited for areas where paddy is cultivated predominantly. The CHC may comprise the following machinery:

- i. 35 hp tractor - for tillage operations, traction source and transport
- ii. Power tiller – for tillage operations in small farms, traction source for small equipment and agri input transport for short distance.
- iii. Multi-crop Power thresher
- iv. Winnowing:
- v. Self-Propelled Reaper
- vi. Sprayers:
- vi. Repairing tools

The cost of the unit works out to Rs. 15.50 lakh, which includes cost of construction of a workshed of 500 sq. ft. The land cost which is not considered in the project may however, be treated as margin. Provision of a workshop shed has been made for parking the machinery, carryout day-to- day repair, maintenance and service works.

Income and Expenditure

While the major income is generated out of custom hiring, recurring cost involved are fuel/ lubricant cost for the machinery, driver charges, repair maintenance charges, labour, interest on bank loan and insurance are the major recurring cost taken in the economics. The details of assumptions leading to the income and expenditure are indicated and the statement of income and expenditure is given below.

Financial viability of the project:

The financial viability assessment is given below:

- Net Present Worth @ 15 % discounting factor = Rs. 343432
- Benefit Cost Ratio = 1.08 : 1
- Internal Rate Return =23.4%.
- Average Debt Service Coverage Ratio = 1.49:1

Custom Hiring Centre - With Combine Harvester

Sl.	Items of Investment	Cost (Rs.)
1	Tractor - 35 hp	4,90,000
2	Trailer	1,10,000
3	Implements	
a	Mould Board Plough	26,000
b	Cultivator - 9 tyne	30,000
c	Cage Wheel - 18"	30,000
d	Disc harrow	30,000
e	Seed Drill	30,000
f	Accessories	12,000
	Sub Total	7,58,000

Sl.	Items of Investment	Cost (Rs.)
4	Transplanter	2,00,000
5	Power Tiller - 13 HP	1,50,000
6	Multi Crop Power thresher with electric motor	80,000
7	Winnower	8,000
8	Self-Propelled Reaper - 3.5 HP	90,000
9	Sprayer : Powered - 1 No.	8,000
10	Sprayer : Manual - 2 No.	5,000
11	Servicing tools	4,000
12	Tools for repairing of machines	22,000
	Sub Total	5,67,000
		0
1	A shed for keeping the tools and machinery – 500 sq. ft. @ Rs. 450	2,25,000
	Total Cost for Unit	15,50,000

Usage of the equipment

Sl.	Item	Unit	Rental Cost /	Annual Working	
1	Annual usage of tractors			hiring	Nos.
	a) Agricultural Operations	Rs. Per hour	600	Hrs	700
	b) On transportation work	Rs. per day	750	days	150
2	Annual usage of Power tiller	Rs. Per hour	300	Hrs	700
4	Annual usage of Power sprayer	Rs.per day *	80	days	60
5	Manual sprayer	Rs. Per day	50	days	60
6	Annual usage of Power thresher	Rs.per day *	750	days	90
7	Annual usage of winnower	Rs.per day *	120	days	45
8	Annual usage of Reaper	Rs. Per hour	250	Hrs	400
9	Diesel Price	Rs. Per lit.	65		
10	Lubricant Cost	Rs. Per lit.	180		
11	Diesel Requirement for tractor	litres per	3		
12	Diesel Requirement for power tiller	litres per	1.5		
14	Diesel Requirement for reaper	litres per	0.5		
15	Monthly income from repair of agricultural machinery	Rs.per month	10,000		
16	Lubricant requirement	% of Diesel	2.5		
17	Interest on term loan (% p.a.)	12.50%			

*Fuel and labour arranged by the beneficiary who hires the machinery from the Custom Hiring Centre

** Fuel is arranged by the beneficiary who hires the tractor from the Custom Hiring Centre

Annual Recurring Cost for Custom Hiring Centres

Sl. No	ITEM	COST	
		Full capacity	75 % during Ist
1	Tractor		
	Driver's Salary @ Rs.7000 per month	84000.00	63000.00
	Fuel Cost	136500.00	102375.00
	Lubricants @10% of fuel cost	13650.00	10237.50
	Repair and maintenance charges @ 10 % of cost of tractor and equipment	75800.00	56850.00
	Sub Total	309950.00	232462.50
2	Power Tiller		
	Driver's Salary @ Rs. 7000 per month	42000.00	31500.00
	Fuel Cost	68250.00	51187.50
	Lubricants consumption @ 10 % fuel	6825.00	5118.75
	Repair and maintenance @ 10 % of	15000.00	11250.00
	Sub Total	132075.00	99056.25
4	Power Thresher		
	Repair and maintenance @ 10 % of the cost of power thresher *	8000.00	6000.00
	Sub Total	8000.00	6000.00
5	Winnower		
	Repair and maintenance @ 10 % of the cost of winnower *	800.00	600.00
	Sub Total	800.00	600.00
6	SELF PROPELLED REAPER		
	Driver Salary @ Rs. 7000 per month	21000.00	15750.00
	Fuel Cost	13000.00	9750.00
	Lubricants consumption @ 10 % fuel	1300.00	975.00
	Repair and maintenance @ 10 % of	9000.00	6750.00
	Sub Total	44300.00	33225.00
7	SPRAYER		
	Repair and maintenance cost @ 10 % of the cost of sprayer *	1300.00	975.00
	Sub Total	1300.00	975.00
8	Other recurring cost		
	Salary for the skilled mechanic and helper to be employed for repairing work @ Rs. 5000/- and Rs.3000/- per	96000.00	72000.00
	Insurance premium @ 2% of	11340.00	11340.00
	Sub Total	107340.00	83340.00

	TOTAL RECURRING COST	603765.00	455658.75
	INCOME PER ANNUM FROM THE CUSTOM HIRING CENTRE		
			(Amount in Rs.)
	ITEM	Full capacity Utilisation	75 % during 1st year
1	tractor	532500	399375
2	power tiller	210000	157500
4	power thresher	67500	50625
5	winnower	5400	4050
6	reaper	100000	75000
7	sprayers	7800	5850
8	repairing of machinery	120000	90000
	TOTAL INCOME	1043200	782400
	NET INCOME	439435.00	326741.25
	* the power and labour are arranged by the beneficiary hiring the equipment.		

CALCULATION OF NPV, IRR & BCR											
											(Amt in Rs.)
Sl	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1	Capital Cost	1,550,000									
2	Recurring Cost	455,659	603,765	603,765	603,765	603,765	603,765	603,765	603,765	603,765	603,765
3	Total Cost	2,005,659	603,765	603,765	603,765	603,765	603,765	603,765	603,765	603,765	603,765
4	Benefits	782,400	1,043,200	1,043,200	1,043,200	1,043,200	1,043,200	1,043,200	1,043,200	1,043,200	1,043,200
5	Salvage value considering the rate of depreciation as 10 %										155,000
6	Total Benefits	782,400	1,043,200	1,043,200	1,043,200	1,043,200	1,043,200	1,043,200	1,043,200	1,043,200	1,198,200
7	Net Benefits	-	439,435	439,435	439,435	439,435	439,435	439,435	439,435	439,435	594,435
9	Discounting Factor	15%									
10	NPV Benefit @ 15 % DF	Rs.	5,047,110								
11	NPV Cost @15% DF	Rs.	4,249,195								
12	NPW @15% DF	Rs.	797,916								
13	BCR	1.19	:1								
14	IRR	33.6%									

D*/173792/2019

File No. K-11062/04/2017/NRLM(Livelihoods) (358304)

Government of India
Ministry of Rural Development
Department of Rural Development
(RL Division)

7th Floor, NDCC – II Building,
Jai Singh Marg, New Delhi
Pin – 110001.
20th September, 2019

To

The Principal Secretaries,
Rural Development Department,
Assam, Bihar, Chhattisgarh, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra,
Odisha, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal

Subject: Guidelines on Farm Value Chain Development through promotion of Producers Enterprise under NRETP.

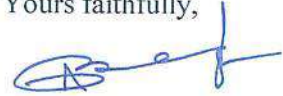
Madam / Sir,

The World Bank funded NRETP has value chain development for farm produce as one of its core components with significant outlay for promotion of large size Producers Enterprise through project mode.

In this regard, a guideline along with the project proposal submission template has been developed to be used by SRLMs for development of project proposal for promotion of Producers Enterprise under NRETP. The guideline on "Farm Value Chain Development through promotion of Producers Enterprise under NRETP" is attached herewith for kind information. SRLMs may refer this guideline while developing project proposal for promotion of farmer producer organization for submission to DAY NRLM under NRETP.

Encl: As above

Yours faithfully,



(Anita Baghel)
Director(RL)

Copy to:

The CEOs/SMDs of all States/UTs

Guidelines on Farm Value Chain Development through promotion of Producers Enterprise under NRETP

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1. Scaling up of Value Chain Initiatives under NRETP (National Rural Economic Transformation Project):

DAY-NRLM has promoted interventions focused more towards increasing productivity in agriculture, livestock and Non Timber Forest Produce (NTFP) to diversify livelihoods and enhance incomes with a large number of women farmers (Mahila Kisan). The intervention strategies are well defined and SRLMs have been able to drive the interventions over last few years. It has also been recognized within DAY NRLM that there is a need for specific intervention to promote member owned and member controlled Producers' Enterprises to ensure better price realization to Mahila Kisans. Towards that, value chain development initiatives through promotion of producer collective enterprises have been introduced in few states over last 4 years.

Building on these experiences, National Rural Economic Transformation Project (NRETP) envisages moving towards higher order livelihoods interventions and aims to promote value chain interventions for establishing sustainable market linkages for small and marginal producers focusing on post farm-gate market linked initiative as one its core components. Comprehensive support architecture is the essential element of NRETP in terms of provisioning technical assistance, skills building, and investment support to enable such farmer-owned and farmer-led organizations to improve market access, value addition, quality enhancements and accessing market information for business decisions.

Under NRETP, 40 large size Producers Enterprises which are registered entities are planned to be promoted over next three years. This initiative would be taken up in a project mode so that these enterprises are developed in a time bound manner with clear outcomes in terms of economic sustainability and business viability. These Producers Enterprises would be supported for all the necessary investments required to establish such an enterprise without depending on any external financial support so that projects are executed without any delay caused by external dependence. This initiative will be taken up on a project financing mode to be implemented on a turnkey basis where SRLMs have to prepare a comprehensive project proposal including market assessment, business model, business plan, financial projections, risk assessment, professional management and sustainability plan for each of the Producers Enterprise.

Keeping the specific program objectives of NRETP, this guideline has been developed for the States to develop specific funding proposal for promotion of Producers Enterprise under farm livelihoods component of NRETP.

DAY-NRLM has already issued guidelines on "Promotion of Producers Enterprises", "MKSP – Value Chain Development" and "Financing Producers Collectives under DAY-NRLM". All these guidelines are developed to enable the SRLMs to design and implement the value chain initiatives so that the producers-based organizations promoted are sustainable – economically, socially, and environmentally. As value chain development through promotion of Producers Enterprise is an important component of World Bank funded NRETP project this is imperative to have a guidance note regarding this as well.

To ensure a systematic approach in project proposal development, appraisal and approval under NRETP for financing Producers Enterprises this guidance note is being issued.

2. Strategy on Value Chain Development through promotion of Producers Enterprise

2.1. Promotion of sustainable and economically viable Producers' Enterprises is a highly challenging and complex task and DAY-NRLM has identified the critical success factors for the success of a PE like policy issues, requirement of professional manpower with techno-managerial skill and financing challenges through various consultative processes.

The strategy envisaged to develop Producers' Enterprises is centred on the following aspects:

- a. **Robust Business model** - The focus should be on building member owned PEs. A robust business model which takes into account supply factors, market and consumer preferences is essential for success of Producers' Companies. Post farm-gate to market interventions would be supported. The business model has to be robust enough to clearly define value proposition for the farmers, for the consumers and for the PE.
- b. **Focus on value addition** – Interventions centred on post farm gate value addition and marketing would be the focus. A business model based on aggregation and speculation on market price will not be encouraged but a business model that is more focused on taking processing, packaging and marketing would be more robust and more sustainable.
- c. **Dedicated human resource** - Human Resource with relevant qualifications and experience as staff of the PE in the PE pay roll to manage the PE operations and business effectively would be extremely important. There need to be a dedicated team of experts with business skills at the SRLM level to support and steer the implementation of value chain interventions in the state.
- d. **Capacity building** - Mentoring and capacity building of small farmers is essential for the sustainability of PEs.
- e. **Financing** – Procurement infrastructure, processing infrastructure, working capital and viability gap funding to the PEs would be critical

2.2. Producers Enterprise

- a. A Producers' Enterprise (PE) is defined as registered formal organization of farmers including co-operatives and Farmer Producer' Companies.
- b. It is a community based organization (CBO) owned and governed by the community members as shareholders
- c. A Producers' Enterprise is built on Mutual Assistance Principles.
- d. The primary objective of these organizations is to ensure better economic return to the farmer producers by helping them to take up business activities.
- e. These enterprises operate as commercial organizations and being economically viable is of paramount importance for these organizations.

3. Objectives of Value Chain development interventions under NRETP

The objective is to empower women farmers and collectors through an integrated approach of developing Producers' Enterprises, building market linkage and capacity building programmed together.

The key objectives of value chain project through promotion of Producers Enterprise under NRETP are:

- a. To ensure **higher price realization** for the agriculture and allied activities, dairying and NTFP produce for the small and marginal women farmers
- b. Increasing influence of women farmers on the commodity value chain
- c. To ensure increased **bargaining power** of **small and marginal producers** by achieving economy of scale and therefore negotiate better prices.
- d. To develop **robust business models at scale** for the commodities produced by small and marginal women farmers
- e. To develop **scalable and sustainable Producers' Enterprises** to implement the value chain development interventions
- f. To create **opportunities for value addition** of commodities
- g. To take up **Capacity building** of the community for better post-harvest handling, knowledge of quality parameters
- h. To provide the platform for producers to promote their interests and influence policies in the local and national environment that affect their business and livelihood
- i. To promote the use **of ICT for** accounting, inventory management, payment to producers and market information dissemination in a transparent manner

4. Expected Outcomes

The expected outcomes of each project proposal submitted under NRETP will be achieved through the planned interventions as below:

- a. Better price realisation to the small and marginal women farmers
- b. Establishment of scalable and sustainable women Producers' Enterprises with robust business model and viable business plan having small and marginal women farmers as the shareholders
- c. Establishment of professional management structure for the Producer Enterprise
- d. Equitable sharing of profits among the members
- e. Access to market information for better marketing of their products
- f. Establishing market linkages through a multi-channel approach
- g. Development of Standard Operating Procedures for all processes of the Producers' Enterprises such procurement manuals, HR manuals, accounting processes
- h. Development and promotion of sustainable management, quality assurance and storage practices
- i. The overriding principle is that the producer enterprises promoted are sustainable – financially, environmentally and socially

The SRLM may develop partnerships with other reputed organizations having demonstrated experience in value chain development of the selected commodities for achieving the desirable outcomes. This would be as per the partnerships guidelines of DAY-NRLM.

Convergence with various departments for leveraging the resources would be strongly pursued.

5. Non-negotiables

While designing the proposal the SRLMs has to consider the non-negotiables of DAY-NRLM and should ensure that these principles are respected and are not violated. These non-negotiables have been clearly defined to make the project community owned community governed and sustainable. These principles would guide the project and make the project relevant for the small and marginal women farmers.

- a. The interventions would be focused on small and marginal women farmers. The Producers' Enterprises proposed to implement the interventions would be women Producers' Enterprises.
- b. The interventions proposed would be implemented through PEs and at scale.
- c. The producer Enterprise would be professionally managed having its own professional managers with requisite qualifications and relevant experience of running a business enterprise.
- d. The interventions would be focused on post farm-gate to market for agriculture produce, dairying and NTFP.
- e. The proposed interventions should be for replicating successful large scale models rather than taking up pilots.
- f. The Producers' Enterprises would be community owned and must adhere to the principles of co-operation.
- g. Any assets provided under the interventions would be community owned i.e. by a producers' enterprise.
- h. Any financial support such as working capital support, viability gap funding etc, to organizations other than PEs would not be permitted.
- i. The dedicated team at the SRLM level should be in place for NRETP. The team should consist of manpower with relevant techno-managerial experience in operations, financial management, commodity handling etc.
- j. No subsidy or grant to be provided to any individual.
- k. Core business of the Producers' Enterprise must be based on agriculture, Dairying or NTFP.
- l. Viability of the enterprise is ensured.

6. Approach

The Value Chain projects would be implemented by the Producers' Enterprise promoted for that specific purpose. The SRLM is the promoting organization of the PE. Already approved DAY-NRLM Guideline for the promotion of Producer Enterprises would be followed as a framework for implementation.

7. Farm Based Value Chain Projects under NRETP

7.1 About the Project proposal development

- a. The project objectives must be explicitly stated and formulated accordingly.
- b. The project will focus on geographic area taken under NRETP.
- c. While evaluating the proposal the size of the enterprise would be a key determinant to ascertain the sustainability. An enterprise which is not big enough may not be able to meet the overhead expenditure like quality manpower and also may not be able to attain the economy of scale.
- d. The Projects should be conceived in a manner so as to provide end to end solutions. Provision of a complete package of 'end-to-end' services through mobilizing women producers into Producers' Enterprises, providing access to a complete package of post- harvest services from procurement, value addition to marketing of produce should be made in the project in order to make it a holistic project. To the extent possible, the existing gaps in the marketing eco-system must be identified and addressed.
- e. The project proposal should draw extensively from the existing best practices in post- harvest practices, value addition and marketing.
- f. The project must have a clearly defined business model and business plan at the time of submission of the proposal. The template at **Annexure – I** is to be used for submission of project proposal.
- g. Project should lead to substantial tangible and intangible socio-economic benefits.
- h. Project should have a well-defined internal monitoring systems to track the progress i.e., physical and financial achievements. Appropriate Management Information Systems and accounting software should be essential component for setting up the PEs.
- i. The PEs proposed are to be professionally managed entities; hence the SRLM must ensure recruitment of professionals with relevant qualifications and experience in the pay roll of PEs. The Staff of PE must consist of commodity specialists (depending on the number of commodities handled) and accounts professionals.
- j. The project should be developed on the existing implementation experience of the implementing agency or its partners in implementation of large size value chain development interventions involving promotion of producer enterprises.

7.2 The components under the project

- a. Organization and mobilization of SHG women engaged in agriculture, rearing of milch animals and NTFP collection into Producer Enterprises should be one of the components of the project.
- b. Project would support the PE for hiring the professional managers for specific period and beyond that PE should be able to bear those expenses.
- c. Processing activities that add value to the agricultural, dairy or NTFP would be taken up by the Producer Enterprise and necessary infrastructure for the same would be

provisioned under the project. This would include agro-processing, food processing, storage, value addition, preservation, etc.

- d. Building market linkages is an essential component of the project.
- e. The producers enterprise may need to buy and store the produce for a short period of time and the project would support working capital towards that.
- f. In order to optimize the benefits from the value chain development project under NRETP, a well- defined convergence strategy should be mentioned at state, district and block levels in order to leverage schemes of various Ministries /Departments such as MGNREGA, Ministry of Agriculture, Department of Animal Husbandry, Department of Food processing etc. and similar schemes aimed at providing support to development of Enterprises or value addition infrastructure.
- g. Capacity building of producers in better harvest and post-harvest technology may also be part of the funding to the producer enterprise. The PE must plan for knowledge building, management and dissemination relating to markets, post-harvest practices and village level value addition. Producer enterprise would also take up the training of members and board of directors in governance of a producer enterprise

8. Funding

Ministry of Rural Development (MoRD) would provide funding support of up to 60% (90% for Assam) to the project submitted by the SRLMs under NRETP, balance is to be contributed by the respective state governments.

Participation of banks in financing the projects would be encouraged. The SRLM would be expected to define the financing mechanism for the Producers' Enterprise post the project period.

The SRLMs will be submitting the project proposals for a period of three (3) years and the funding will be made through a project route. The project will be approved for a three years project period.

The investment per household should not exceed INR 15000 over the period. Dairy value chain development requires higher infrastructure investment, hence in the case of dairy value chain projects; the investment per household should not exceed INR 18000 over the project period.

The investment per household would be calculated as:

Investment per household = total investment proposed for the project / number of unique farmers to be covered during the project period.

The total project cost for any single project shall not exceed INR 45 crores.

9. Convergence

DAY-NRLM has issued joint advisories with Ministry of Agriculture, Department of Animal Husbandry, Dairy and Fisheries and TRIFED. For implementation of the value chain interventions the SRLMs may explore convergence opportunities with other schemes and departments in their respective States.

10. Processes under NRETP for Value Chain Development through promotion of Producers Enterprise

10.1. Identification of project areas: The project area would primarily be the NRETP blocks. The non-NRETP/non-intensive blocks adjacent to the NRETP block where the project is being proposed may also be included with the condition that the SRLM would develop a plan to cover the non-intensive blocks under its social mobilization and financial inclusion interventions. The areas taken up under Mission Antyodaya would be given preference for promotion of value chain interventions under NRETP.

10.2. Project implementing agency (PIA): The State Rural Livelihoods Mission of NRETP States may propose projects under NRETP who will be henceforth called as Project Implementing Agency (PIA).

10.3. Proposal submission process and templates: The proposal for value chain development projects through promotion of Producers Enterprise for agriculture, dairying or NTFP may be submitted under NRETP in the proposal submission template. The proposal submission template is provided at **Annexure – I**. The detailed guidance on proposal development using the template is also provided in **Annexure I-A**. SRLMs will be submitting the project proposals for a period of three (3) years and the funding will be made through a project route.

10.4. Proposal approval Stages –

10.4.1. Desk appraisal: The proposal submitted by the SRLMs would be appraised by a team of experts having thorough understanding of value chain interventions including business models and commodity markets. The expert team would comprise of Farm Livelihoods team of DAY-NRLM handling value chain development interventions and National Resource Persons empanelled by NIRD&PR having expertise on value chain development. *The appraisal would be taken up following the scoring template as Annexure II*. The detailed guidance on scoring is also provided in **Annexure II-A**. Any proposal scoring less than 60% marks will not be considered.

The Appraisal Team would do the project appraisal based on the following

- a) Non-negotiables defined above in this guidance note.
- b) Project submission template and financial analysis, business plan, financial viability, sustainability, profitability.

In case the SRLM has proposed a Technical Support Agency, the mode of procurement has to be mentioned in the proposal.

In case the proposal is not found to be suitable to be taken to the pre-EC stage, the SRLM would re-work the proposal based on the comments of the Farm Livelihoods Team.

The Farm Livelihoods Team may undertake a field appraisal of the project areas to verify the readiness of the SRLM to implement value chain development interventions, suitability of the commodity and other factors.

10.4.2. Pre-Empowered Committee meeting: The Projects submitted would be examined and considered by the Pre-EC before it is submitted to the Empowered committee for its recommendation. The composition of the Pre-EC would be as under:

- i. Additional Secretary (RD) & Mission Director, NRLM – Chairman
- ii. Joint Secretary (Rural Livelihoods)
- iii. Lead, Farm Livelihoods – Member Convener
- iv. Team members - Concerned SRLM

The pre-EC meeting can be held multiple times during the appraisal stage of the proposal.

10.4.3. Empowered Committee: Once the projects have been examined in the Pre-EC meeting, the proposal would be put forth for approval by the Empowered committee. The composition of the Empowered Committee would be as under:

- i. Secretary, Department of Rural Development – **Chairman**
- ii. AS & FA, Ministry of Rural Development – Member
- iii. Additional Secretary (RD) - member
- iv. Representative from Niti Aayog – Member
- v. Joint Secretary, Ministry of Environment & Forest / Joint Secretary (Agriculture Marketing) - Member
- vi. Joint Secretary (Cattle & Dairy Division) - Member
- vii. Joint Secretary, Ministry of Tribal Affairs - Member
- viii. Joint Secretary, Ministry of Development of North East Region (In case of Projects from Assam) – Member
- ix. Joint Secretary, MoFPI. - Member
- x. Special Invitee/Expert (Two) - Member
- xi. Joint Secretary (Rural Livelihoods) Member-Convener

10.5. Role of the State Rural Livelihoods Mission

The State Rural Livelihoods Missions (SRLM) as Project Implementing agency (PIA) will place a dedicated team at the State level as provisioned under NRETP for proposal development and subsequent facilitation of the project roll-out.

Under NRETP, State Rural Livelihoods Mission has to engage dedicated staff as per the advisory issued under NRETP. Further, to provide technical support in value chain proposal development one Technical Support Agency need to be engaged from the very beginning for which budgetary provision has been made under NRETP.

10.6. Project Period: Projects are to be implemented within three years' time. Funding under NRETP would be as per the approved timeline of NRETP.

10.7. Eligible Items of Expenditure: Component-wise expenditure likely to be incurred for the project must be mentioned in the project document. The major cost components envisaged under the value chain development projects proposed are:

- a. Support to SRLM
- b. Technical Support Agency
- c. Support to Producers' Enterprise (PE)

Any kind of subsidy to individual members or asset creation for individual members is not permissible under this project.

11.Support to SRLM

During the initial stages of the project, the SRLM would undertake the activities for the incorporation of the PE. Therefore, the funds permissible under the Support to SRLM would include:

- 10.8. Pre-incorporation and incorporation expenses** – which includes expenditure towards preliminary survey (if required), identification of initial subscribers, facilitation of KYC of initial subscribers, hiring a Chartered Accountant, registration fees for the PE etc.
- 10.9. MIS entry and profiling of Mahila Kisans** – entry of the Mahila Kisan profiles in the DAY-NRLM Farm Livelihoods MIS would be taken up by the SRLM.
- 10.10. Documentation of best practices** – SRLM may document the initiative after 3 yrs of operation of the PE like case studies.

12.Technical Support Agency

The SRLM may take the services of a technical support agency for providing technical and handholding support to the specific PE(s) to be promoted within the proposal. The mode of procurement of the Technical Support Agency (TSA) must be specified in the proposal. Therefore, the TSA is to be taken to provide specific support to the specific PE. The Cost of the TSA should not be budgeted as a percentage of the total project cost. The cost should be defined as per clearly specified milestones and deliverables.

13.Support to Producers' Enterprise (PE)

Producers Enterprise (PE) would be promoted under NRETP where size of operations would be extremely important for a self-sustained model. A strong business plan should be prepared by SRLMs for each PE before promoting producer enterprises. A producer enterprise would be promoted in a project mode with a project life cycle of 3-4 years within which the PE is expected to become self-sustained and economically viable, member controlled organizations. The sub-components envisaged under the support to the PE are:

13.1. Infrastructure for Value addition (Plant, machinery, equipment)

- 13.1.1. One time support for setting-up infrastructure for value addition
- 13.1.2. Processing facilities for value addition of agriculture, dairying or NTFP produce which may include facilities for weighing, cleaning, sorting, grading, processing, packing, testing equipment, ripening chambers, oil extraction, specialized packaging etc.
- 13.1.3. Facilities including pack-houses, pre-cooling units, bulk milk coolers may be proposed which may be essential for taking up proposed processing and value addition activities
- 13.1.4. Promotional costs for marketing, certifications costs (such as FSSAI, organic certifications) which add value or are part of legal compliances would be covered.
- 13.1.5. Any infrastructure set-up would be owned by the PEs. Asset for a single individual member will not be permissible under this component.

13.2. Cost towards Strengthening Producer Enterprise (set-up cost) – The following costs would be covered for a period not exceeding 3-4 years:

- 13.2.1. Includes costs of mobilization of primary producers into PE, training and capacity building of the Board of Directors, shareholders and PE staff.
- 13.2.2. Honorarium for Udyog Mitra or any such cadre managing the collection centre activities.
- 13.2.3. Remuneration for the block level staff of the PE.
- 13.2.4. Cost of suitable accounting software, inventory management software.
- 13.2.5. Support for transportation of goods procured from the members: It is expected that at the initial stage of the operations, the PE may not be able to generate sufficient volumes to recover the costs for transportation of goods procured in the first leg, i.e. from primary procurement centers to the aggregation centers. Therefore, the PE would be provided support for part of the cost of the transportation of the goods from the primary procurement centers to the aggregation centers for a period not exceeding 1-2 years. This fund should not be used for buying of vehicles.

13.3 Working Capital: Working capital required for procurement of produce from farmers for a period not exceeding 3-4 weeks. Elements for working capital estimation may cover Cost of commodity procured (quantity procured per day, total days procurement, operating cycle - storage go-down, work in progress, finished goods, goods in transit, logistics cost). Working capital should be calculated in terms of no. of days equivalent to procurement cost.

13.4 Management Support:

- 13.4.1 Support for hiring professionals for managing the PE for a period not exceeding 3-4 years. This includes the cost of key manpower of the PE such as CEO, commodity experts, Procurement Head, Head of Processing Unit, accountant among others. The PE must have a lean HR structure.
- 13.4.2 The office rental and ancillary expenditure to set-up the office like electricity cost would be supported for a period not exceeding 1-2 years.
- 13.4.3 Office furniture and fixtures and computers.
- 13.4.4 The human resource and administrative costs should not exceed 6% of the total funding support to the PE, as per the norms of DAY-NRLM.

14. Fund flow from SRLM to Producer Enterprise (PE)

The fund under the budget head of 'Support to PE' would be released by the SRLM directly to the account of the PE against the annual work plan and the DPR.

14.1. Criteria for fund release to Producer Enterprise (PE)

- 14.1.1 Fund release to Producer Enterprises will be made through electronic transfer systems, to the extent feasible.
- 14.1.2 The fund releases to the PE would be based on the business plan and the fund requirement projections approved by competent authority.
- 14.1.3 All releases to the PEs would be accounted for as advances in SRLM books of accounts except for working capital. Advances should be adjusted against the UC submitted by the PE to SRLM.
- 14.1.4 Actual expenditure reported to be booked as expenditures and the unspent balances are to be refunded to the SRLM.

- i. The SRLM may periodically request for the audited reports of the PE accounts within the duration of the project period to verify actual expenditures.
- ii. The expenditure reported by PE is to be included in the IUFR submitted by the SRLM.
- iii. SRLM would ensure that the PEs promoted under DAY NRLM are audited as per the regulatory provisions of the appropriate laws (for example PEs registered as Producer Company should be audited as per the provisions of Company Act).

14.1.5 The working capital fund provided to a PE is a fund that is rotated multiple times during the project period as per the operational cycle of the Producer Enterprises. This is a support from NRLM to the PE to become a viable business entity. The working capital released to the PE would be treated as expenditure in the SRLM books of accounts.

14.1.6 **The following conditions would be applied for working capital release to the PE:**

- a) The working capital component releases would be as per the budget for the project approved by the competent authority (EC).
- b) The Producer Enterprise would submit a working capital requirement plan against the approved working capital budget to the SRLM. SRLM would release the same to PE after due evaluation.
- c) The working capital should not be transferred as a lump-sum to the PE.
- d) Necessary care should be taken to avoid idle fund lying in the bank account.
- e) The working capital should be placed in the current account of the PC and should not be placed as a Fixed Deposit. The basic principle is that working capital support is provided to a PE for running the business and not for earning interest.

14.2. Procurement of equipment, machineries and services for value addition –

14.2.1. In the Empowered Committee (EC) meeting held on 7th Nov 2017, the EC has taken a decision that the equipment and machineries required by the Producers' Enterprises as per the approved proposals should be procured by the PE itself. (Refer letter K-11060/10/2017/NRLM (Livelihoods)/Part2).

14.2.2. As the PEs, having been promoted recently, may not have the technical and managerial capacity to undertake the procurement process, the SRLM may initially support the PE in developing a procurement manual and in taking up procurement of the equipment and the machineries. The funds budgeted in the approved proposals may be transferred to the PEs against a procurement plan, so that the PEs may undertake the procurement of the goods.

14.3. General Conditions for Eligible Items of Expenditure by the PE

The project should incorporate expenditure on various components indicated in this guidance note to arrive at the project cost. Purchase of vehicles is not admissible in the projects. No cost escalation shall be borne by the Government of India.

At the end of the project period, the ownership and management rights of the infrastructure and assets created if any, under the project, shall remain with the PE. Reallocation of funds not exceeding 5% of the total project cost among major budget

heads will be permissible to accommodate any innovation within the project. Within the main budget heads reallocation of funds is permissible. However, reallocation on account of administrative expenditure shall not be permitted. Any Additional Information that may be relevant to the Project Proposal may be mentioned in the Project Document.

15. Release of Funds

The funds will be released directly to the concerned SRLM from the Ministry of Rural Development.

15.1. 1st Instalment: The first instalment will be released by MoRD to the SRLM on the approval of the project by the Empowered Committee. Out of the first instalment (i.e. 25% of the central share), 10% of the central share may be released after approval of the project. The SRLM would submit DPR to the Ministry of Rural Development. Rest of the 15% will be released immediately after submission of DPR to the Ministry of Rural Development for which a maximum period of 3 months from date of approval of the project by Empowered Committee will be permitted. In case Technical Support Agency (TSA) has been proposed, the TSA needs to be on-board before the release of the second tranche of the 1st instalment.

15.2. 2nd Instalment: The 2nd instalment of 50 % of central share will be released upon the following:

- a. The PE proposed has been incorporated.
- b. The PE Staff proposed has been recruited and positioned in the PE.
- c. Release of state share
- d. Submission of a Utilization certificate along with an expenditure statement for at least 60% of the released 1st instalment funds and contribution from state Government /other agencies and achievement of corresponding physical target.
- e. Submission of year-wise audit reports of the funds utilized;
- f. Quarterly reporting of progress in the prescribed formats.

15.3. 3rd Instalment:

The 3rd and final instalment of 25% of central share will be released upon the following:

- a. Utilization of 80% of the total available funds and achievement of corresponding physical targets.
- b. Submission of year-wise audit reports of the funds utilized;
- c. Regular reporting of progress in the prescribed format;
- d. A certificate from the Implementing/Coordinating Agency that the project is being implemented as per the approved project proposal.
- e. Before the release of the 3rd and final instalment, it will be open to MoRD to have verification of the progress of the project by a third party / independent agency.

15.4 Utilization of Interest earned on central release: The interest amount accrued on Government releases, if any, shall be adjusted against the Government share of the Project cost at the time of release of the third and final instalment.

- 15.5 **Releasing of Matching Share:** The State Government is required to release its corresponding matching share within a month of receipt of the respective instalment of the central share.
- 15.6 **Submission of progress reports:** The SRLM shall submit the progress report of the project by 15th of the month succeeding every quarter in the format prescribed by the Ministry. Failure to furnish the progress report would make SRLM liable to refund the Central funds released for the Project along with interest. It shall be open to the Ministry of Rural Development to prescribe such conditions, as it deems fit, from time to time to ensure proper execution of the project.
- 15.7 **Monitoring and review of the Project:** Monitoring and review of the Projects sanctioned and implemented will be done as per the NRETP monitoring and review mechanism.
- 15.8 **MIS:** The PEs promoted under NRETPs should have strong MIS and they would share relevant data with NRLM and SRLM on a regular basis to monitor the progress against the target.
- 15.9 **Audit:** Financial audit is to be carried out as per the NRETP audit norms. PE should have standard audit mechanism as per the regulatory requirements. The audit report together with action taken on the auditor's observations and physical progress under the project shall be furnished at the time of release of 2nd or 3rd instalment of the Central funds.

16. Necessary conditions for project approval

- a. Recommendation by the appraisal Team.
- b. Commitment of 40% (in case of Assam it is 10%) of the Project Cost by State Government.
- c. Professionals with relevant education and experience to be recruited by the SRLM under NRETP as per the Human Resource advisory related to NRETP.
- d. Exit and Scaling up strategy
- e. Predominant focus on vulnerable communities (ST/SC, Minorities and women headed households).
- f. Comprehensive project design – farm gate to market

17. Project Completion

It should cover the details of deliverables as indicated in the project and achievements made against these deliverables. A project completion report may be submitted by the SRLM highlighting the performance of the project against the deliverables.

Business Plan Proposal

Proposal for promotion of a Producer Enterprise
[Techno Economic Feasibility Report]

Name of the Proposal

Proposal Submitted to

Ministry of Rural Development, Government of India

Proposal Submitted By

<<name of the SRLM>>

The template

1. **Content Table**
2. **Acronyms used in the report**
3. **Executive Summary (300 words)**
4. **Project at a glance**

Commodities to be handled by the PE				
Geographic area	Name of Districts	Name of Blocks of concerned district		No. of villages
Total households to be covered				
Expected turnover (in Crores Rupees)	Y1 (.....)	Y2 (.....)	Y3 (.....)	
Year of breakeven of the Producers Enterprise				
Key interventions (eg. aggregation, value addition, packaging, labeling, marketing)				
Total budget (in Crore Rupees)	Direct support to PE	TSA Cost	Support to SRLM	Total
Per capita investment (Rupees)				
Estimated benefit to household (Rupees)				

5. **Value Chain Interventions taken up by the SRLM. (500 words)**

Experience of SRLM in Promotion of Producer Enterprises/ Producers Groups (current status, challenges, opportunities in similar conditions)

Table 1: Information on Producers Enterprise already promoted/supported by SRLM so far

Details		PE 1	PE 2
FPO Name				
Commodity being handled by the PE				
Promoting Agency (SRLM/MKSP NGO PIA)				
Name of District(s)				
Blocks (name of blocks)				
No. of villages				
Legal form of FPO (Company, Trust, Co-operative etc.)				
Registration No.				
Date of Registration				
Address of the PE				
Contact Persons (CEO)				
No. of employees in the payroll of the PE.				
Number of Members/ shareholders				
Number of active member last year. (members who have supplied their produce to PE)				
Total Support provided to PE	Infrastructure (Rupees)	Direct		
		Indirect		

Details			PE 1	PE 2
under DAY-NRLM/ NRLP/ MKSP till date.	Working capital (Rupees)	Direct			
		Indirect			
	Human resource (Rupees)	Direct			
		Indirect			
	Capacity Building (INR)	Direct			
		Indirect			
Source of support (DAY-NRLM / MKSP)					
Turnover during last three years: to be taken from the audited annual report of PE.					
Year 1					
Year 2					
Year 3					
Profitability (EBITDA), to be taken from the audited annual report of PE.					
Year 1					
Year 2					
Year 3					

Table 2: Information on Producers Groups

Geographies Covered (name of District and Block)	No. of villages covered	No. of PGs promoted	Total no. of active members	Commodities handled	Total amount of business (in Crore Rupees)

6. Introduction – Proposed Interventions (1000 words)

- a) **Inception and ideation of the proposed Value Chain Intervention**
- b) **Geographic profile for Intervention (representation through map as well)**
- c) **Profile(s) of proposed commodity(ies)**
 - i. Study of the selected commodity (ies): Production Scenario, Market, Economic systems and availability of local infrastructure, State or local policies for proposed commodities and value chain development, Brief analysis of substitute crops in the market.
- d) **International demand and supply scenario**

7. Value Chain Analysis (1000 words)

- a) Value chain opportunity analysis for the commodity at National and Local level.
- b) Value chain gaps identified.
- c) Point of intervention in the value chain.

8. Rationale behind selection of commodity and region. (250 words)

9. Key Deliverables of the Proposed PE

10. Business Context (1500 words)

- a) **Business Model**
 - i. Define the business based on the value chain gap analysis.

- ii. Value proposition for farmers (why the farmer should take the market services from the PE).
 - iii. Value proposition for Producers' Enterprise (competitiveness of PE)
 - iv. Value proposition for Customers (why buyers should come to the PE)
- b) Scenario Constraints/Opportunity affecting business model for proposed commodities:**
- i. General Information of Target group in the proposed area
 - ii. Land holding, NSA (Net Sown Area) under the targeted crop of previous 3 years, number of Households, Crop production data, estimated marketable surplus.
 - iii. Market Systems – Different Mandi price points, general market scenario at the village level and proximity for reference. Supply and Demand scenario.

11. Strategy for promotion of Producers Enterprise (600 words)

- a) **Implementation architecture** – role of SRLM as promoting agency, role of TSA, role of Producers Enterprise professionals.
- b) Plan for promotion of PE (survey, hiring of TSA etc.)
- c) Timeline for planned activities (Gantt Chart).
- d) Key indicators for business performance.

12. Formation of the Producers Enterprise with timeline (500 words)

- a) Mobilization of members
- b) Initial member (BoD) identification
- c) Registration of the Producers Enterprise.
- d) Statutory Compliances.
- e) Setting up of IT system
- f) Recruitment of Human Resource by the PE.
- g) Training & Capacity Building of the Board members, shareholders and the human resources with PE.

13. Business Process of the Producers Enterprise (1500 words)

- a) Outline key business process for the PE (texts and/or graphical representation).
- b) Procurement System [commodity(ies)]**
 - i. Collection Centre Identification process.
 - ii. Resources, along with the costs, at the Collection center
 - iii. Management of the collection centers.
 - iv. Crop procurement process along with do's and don'ts.
 - v. Identification of risks and their mitigation strategies.
 - vi. Procurement forecasting.
 - vii. Pricing strategy – benchmark market, price discovery etc.
- c) Warehousing and Processing Plan**
 - i. Crop movement from Collection center to the Central Warehouse/Processing Centre.
 - ii. Activities at Warehouse/Processing Centre
 - iii. Resources, along with their costs, at the Warehouse/Processing center.
 - iv. Packaging strategy with respect to channels (5kg, 10 kg, etc.), should be based on the marketing plan.
 - v. Identification of risks and their mitigation strategies.
- d) Marketing Plan**
 - i. Existing and potential crop marketing channels and their respective attractiveness and challenges.
 - ii. Market, product mix & pricing strategy.
 - iii. Commodity marketing Strategy and use of E-trading platforms (NCDEX/MCX).
 - iv. Labelling, Branding S
- e) Procurement Analysis and Estimates**
 - i. Commodity production potential in the catchment area.
 - ii. PE's procurement estimates:
 - 1. Potential members of the PE and their production estimates

2. Estimated marketable surplus with potential members of the PE.
3. Procurement competition in the catchment area and their Strengths and Weakness.
4. PE's Member acquisition strategy basis the competitors Strength & Weakness.

f) Market Analysis and plan of PE - Sell Side

- i. Existing Buyers of the selected commodity(ies) in the region
- ii. Define customer segments and target segment for PE.
- iii. Names of the APMC Mandi in the region and their catchment area, quality of commodity received, last 3 seasons prices & trends, listing of the big 20% of the buyers in the Mandi, cost implication of trading in the Mandi.
- iv. Names and location of the existing warehouses used to stock the targeted commodity in the region. Its capacity, targeted crop stored there, their USP, their arrangement with the owner of the commodity, warehousing costs etc.
- v. Local Mandi and Hatts in the region where the crop trades.
- vi. Industry(ies) operating in this market to source the selected commodity as their raw material.

g) Other untapped market exploration.

h) Pricing Strategies of PE

- i. Existing Farm gate price discovery mechanism.
- ii. Existing Marketing price discovery mechanism.
- iii. Price risk mitigation strategies.

i) Risks & Challenges in business processes of the enterprise

- i. Identifying all the possible operational and business risks in business
- ii. Corresponding internal controls and other risk mitigation strategies for all the identified risks.

j) Revenue Model

k) Opex and Working Capital working

l) Capex

m) Manpower

n) Total Cost of Business and Break-even Analysis

o) 3 years Projected Cash Flow

14. Financing

- a) Budget requirement in the prescribed table
- b) Budget justification.

A guidance note on the above template is at Annexure I A.

***Guidance note on the preparation of project proposal by using the prescribed template
“Business Plan Proposal – Techno Economic Feasibility Report”***

1. Content Table

Table of content as per the chapter prescribed in the template.

2. Acronyms used in the document

3. Executive Summary (300 words)

(About the proposed Producers Enterprise, what critical value chain gaps this is going to bridge (problem statement), in what geographical location with which targeted community. How this intervention will bring value proposition in selected commodity (ies) for the small and marginal farmers. How this PE profitability and operations is designed to be a sustainable organization.) Impact at household level this intervention will bring. Brief description.

4. Project at a glance

Project at glance is to be submitted in the table given below:

Commodities to be handled by the PE:				
Geographic area	Name of Districts	Name of Blocks of concerned district	No. of villages	
Total households to be covered				
Expected turnover (in Crores Rupees)	Y1 (.....)	Y2 (.....)	Y3 (.....)	
Year of breakeven of the Producers Enterprise				
Key interventions (eg. aggregation, value addition, packaging, labeling, marketing)				
Total budget (in Crore Rupees)	Direct support to PE	TSA Cost	Support to SRLM	Total
Per capita investment (Rupees)				
Estimated benefit to household (Rupees)				

5. Present interventions on value chain development by the SRLM. (500 words)

(Promotion of Producer Companies/ Producers Groups (current status, challenges, opportunities in similar conditions). Details of existing interventions being carried out by SRLMs (geographic area, commodities, household, period of intervention, type of intervention, profitability of the PE, benefit of household). If the SRLM has promoted Producers Groups (un-registered) details thereof needs to be provided. Tables 1 and 2 are self-explanatory

6. Introduction (1000 words)

a) Inception and ideation of the proposed Value Chain Intervention

How this intervention can bring value realization to the producers. This may also include production system of small and marginal farmers of the proposed area, existing interventions of various stakeholders (non-SRLM), positive learnings from existing interventions – what worked well and what didn't work. ¹

¹ The words limits are indicative. Please put more detail if you think they make the proposal more realistic and holistic.

b) Geographic profile for Intervention

- i. Map of the catchment area (indicating district, blocks, communication, adjacency)
- ii. Agricultural profile of the state in general and of the proposed region.

c) Profile(s) of proposed commodity(ies)

- i. **Production scenario of the commodity at National/State level. [Macro Study]** *Major commodities & their varieties produced at state and their contribution to national scenario. What is the growing season and how much volume is produced? How state stands in terms of production of the commodity and state's economic policy towards it? Is there any specific competitive advantage for the selected commodity(ies) vis-à-vis other States / Country?*

Table 3: Commodity wise Production Scenario (State level)

Sr no	Commodity	Name of variety (ies)	Season	Production area (acre)	Volume (Ton)		Yield (tons / acre)		Major Producing regions (Dist/block)
					State Volume	National Ranking (Volumetric)	State	National Ranking	
1									
2									
3									
4									
5									

- ii. **Production scenario of the commodity at Local level (proposed area). [Micro Study]** *Study of seasons and commodities produced at local level in the proposed area. Number of HH and area under production for that commodity. What are the different sales channels are used for particular commodity currently in the villages? What are operational challenges currently faced by producers while sales? Also fill the table below.*

Sr no	Commodity	Season	Variety	No. of Household	Production area (acre)	Volume (Ton)	Sales Channels	Operation losses (%)	Major Producing regions (Dist. / Village)
1									
2									
3									
4									
5									

iii. Market Study of the selected commodity(ies) for different value chains

- 1. **Market study of commodity (ies) - Major Mandi, Price trends and seasonality affect, commodity competitiveness (market, production, productivity & any USP etc.).** *Above survey would be beneficial for the PE in subsequent business and resource planning.*
- 2. **Economic systems and availability of local infrastructure (storage, processing, packaging, transportation).**
- 3. **State or local policies for proposed commodities and value chain development.**
- 4. **Brief analysis of substitute crops in the market.** *How production scenario get impacted by producers' sowing choice of substitute crops and subsequently its response to major sales channels available in the targeted catchment region? How these scenario impacts our targeted commodity (ies) supply?*
- d) **International demand and supply scenario (250 Words) – in case of the commodity (ies) as part of export or import. Tariffs, certification, packaging requirement with respect to global market scenario and its impact on commodity locally. Global production and market scenario (key importing /exporting country(ies) and season).**

7. Value Chain Analysis

- a) **Value chain opportunity analysis for the commodity at National and Local level.** *Value Chain Analysis is one way of identifying which activities are best undertaken by a business and which are best provided by others ("out sourced"). Studying a commodity national / local level provides*

a brief understanding about planning intervention for that particular commodity. It should include extensive study of commodity from production to consumer. How contribution margins are spread across different value chain for the commodity (ies).

- b) **Point of intervention for the business process.** *Brief commodity (ies) study and value chain gap in the proposed geography. The rationale to promote the Producers enterprise. Brief description.*
- c) **Output analysis in perspective with all the stakeholders involved in the business.** *Value chain capturing should be evaluated with respect to Stakeholders. It allows observing impact and defining business processes bring the optimized output.*
- d) **Validation of the intervention in terms with geography, producers and commodity.** *Every intervention brings local factors for commodity intervention like, infrastructure, production assumptions, market proximity etc. validation and sample survey can bring true scenario about the planning.*

8. Rationale behind selection of commodity and region. (250 Words).

Based upon above macro-level survey of commodity and market. What factors do you think PE brings in terms of market and product differentiation

9. Key Deliverables of the Proposed PE

Insert Table covering number of HH, Quantity, Area, Revenue estimations, operation expenses, capital expenses, working capital requirement, Procurement or Collection centers, Members, etc.

10. Business Context (1500 words)

a) Business Model – Producers' Enterprise process elaboration

- i. **Define the business based on the value chain gap analysis.** *Specific activities to be undertaken by the PC, Value added and captured by the respective activity, Risks involved in those value addition activities and the corresponding risk mitigation strategy.*
- ii. **Value proposition for farmers (why the farmer should take the market services from the PE).** *What value addition for the farmers can be brought through this business intervention? What other facilities such as financial inclusion, capacity building and training, business acumen etc. will be brought to producers?*
- iii. **Value proposition for Producers' Enterprise (competitiveness of PE):** *How this PE business model makes product or process differentiation in the current commodity market? Study of PE's strengths, weaknesses and other parameters with respect to current operational processes.*
- iv. **Value proposition for Customers (why buyers should come to the PE):** *what propositions, in terms of quality, business operations, social impact (social marketing), does PE brings to its customers which can be capitalized by them?*
- v. **Scenario Constraints/opportunity affecting business model for proposed commodities (Geography / community / policy / climate / Infrastructure/ market/competition)** *How PE can utilize local economic (State FPO policy / infrastructure) scenario to its benefit?*

b) General Information of Target group in the proposed area

- i. **Land holding, NSA (Net Sown Area) under the targeted crop of previous 3 years, number of Households, Crop production data, estimated marketable surplus.** *On the basis of general survey about the targeted geography and community a macro level information tabulation can be done. How many marginal HH are in the targeted area?*
- ii. **Market Information – Different Mandi price points and proximity for reference.** *Price trend study helps in seasonality affect and market scenario about supply and demand.*

11. Strategy for promotion of Producers Enterprise (600 words)

- a) **Implementation architecture – role of SRLM as promoting agency, role of TSA, role of Producers Enterprise professionals.** *Defining role and responsibility will bring clarity among the team and will also develop a sense of accountability.*
- b) **Development plan for promotional activities (survey, hiring of TSA etc.)**
- c) **Timeline for these activities (Gantt Chart).**
- d) **Key indicators for business performance:** *Volume projection, Turnover, Cost of procurement, and Cost of goods sold, Breakeven, Net investment, Number farmer household covered, investment per household Cost benefit.*

12. Formation of the Producers Enterprise (500 words)

- a) **Mobilization of members** *how mobilization process in the targeted region is planned? While mobilization should be done with respect to capacity planning in phases for next 3 years keeping scaling up in mind? Any plan to partnership with MKSP PIA for mobilization? Cost towards for “Sahayak” at collection centres would be part of mobilization cost who would be supporting mobilisation of farmers for PE.*
- b) **Initial member (BoD) identification.** *Initial members’ identification is critical for mobilization planning as they bring credibility in local and uncharted region. They can also help in mobilization planning and activities.*
- c) **Registration of the Producers Enterprise.**
- d) **Statutory Compliances (License / Certificate)** *Legal compliance.*
- e) **Setting up of IT system**
- f) **Recruitment of Human Resource by the PE.**
- g) **Training & capacity building of the board** *(on the business plan, Corporate Governance, and the functioning of the PC) and the human resource (management & operation) (200 words)* *Building learning curve for the producers and especially board of director is a necessity as it directly impacts the organizational culture and processes. Charting out a calendar for various knowledge and process-oriented workshops. Evaluation and measuring skills development steps. What else capacity building workshops is required and how that can be implemented?*

13. Business Process of the Producers Enterprise (1500 words)

a) Outline key business process for the PE (150 words and/or graphically).

How commodity (ies) move from farm gate to the customer and accountability matrix. Please explain.

b) Procurement System [commodity(ies)]

- i. **Collection Centre Identification process.** *How proximity of different regions will be decided to optimize logistic cost of collection centers? What will be transportation route map? What will be coverage span for a collection center (number of HHs or Villages) under a collection center? Each collection centres should be considered as a cost centre and break even analysis need to be taken up for each centre.*
- ii. **Resources, along with the costs, at the Collection center.** *What will be operational activities required at a collection center? What are the costs associated with a Collection Center (repackaging, rent, labor, etc.)?*
- iii. **Management of the collection centers.**
- iv. **Drop procurement process along with do’s and don’ts.** *What are the standard operational procedures for procurement of commodities? How quality parameter or grading is done? How can operational losses be reduced? What are the measure to maintain quality parameter of a commodity?*
- v. **Identification of risks and their mitigation strategies.** *What are commodity damage threats (fire, theft, and water leakage, rodent etc.) at collection center?*
- vi. **Procurement forecasting:** *Data is to be given in the table no.4 below:*

Table 4: Procurement Estimate

Particulars	Unit	Yr - 1	Yr - 2	Yr - 3
Total No of Collection centers (CC)	#			
Average potential farmers per CC	#			
Total No of Members	#			
Average quantity procured by CC from each farmer	MT			
Total Expected Procurement	MT			
Procurement Overview - Commodity 1				
Total No. of CCs	#			
Average No. of Members per CC	#			
Total No. of Members	#			
% of H.H involved in Cultivation	%			
% of H.H to supply	%			
# H.H. to supply	#			
Total Expected Procurement (in MT)	MT			
Procurement Overview - Commodity 2				
Total No. of CCs	#			
Average No. of Members per CC	#			
Total No. of Members	#			
% of H.H involved in Cultivation	%			
% of H.H to supply	%			
# H.H. to supply	#			
Total Expected Procurement (in MT)	MT			

c) Storing and Processing Plan

- i. **Crop movement from Collection center to the Central Warehouse/Processing Centre.** *Transportation facility for subsequent value chain activities. Optimization and scheduling of commodity activity to the processing plant.*
- ii. **Activities at Warehouse/Processing Centre SOP regarding packaging and storing process to reduce operational and quality losses.** *Inventory management operational activities FIFO, LIFO etc.*
- iii. **Resources, along with their costs, at the Warehouse/Processing center.** *Man power required at the Collection center. Quality parameter testing tools required for the commodity*
- iv. **Identification of risks and their mitigation strategies.** *Quality risk, volumetric loss risk, Theft and fire risk, etc. How we can mitigate these identified risk through various resource.*
- v. **Packaging strategy with respect to channels (5kg, 10 kg, etc.), should be based on the marketing plan.** *How much volume will be sold through different sales channels? What is the packaging strategy to protect quality of the commodity and marketing?*

d) Marketing Plan

- i. **Existing and potential crop marketing channels and their respective attractiveness and challenges.** *Through which channels commodity currently is sold? How contribution margins are distributed along the value chains? Which channels are viable for business operations?*
- ii. Please define your market & product mix. Describe Product, Price, Market, Promotion strategy.
- iii. **Crop marketing Strategy and use of NCDEX/MCX trading platform.** *What all trading and commodity platform available in the intervention area?*
- iv. **Labelling / Branding** *Labelling and certification required for sales and marketing in retail channels? Does these labelling can be utilized to capture social / cause marketing for FPO?FSAAI / ISO / Organic certification*

e) Procurement Analysis and estimates

- i. **Crop Production potential in the catchment area.** *Production scenario of commodities in terms of crop season, area under production, variety, number of HHs etc.*
- ii. **PC's procurement estimates**
 1. **Potential members of the PC and their production estimates**
 2. **Estimated marketable surplus with potential members of the PC.**
 3. **Procurement competition in the catchment area and their Strengths and Weakness** (300 words). *What all other companies procuring same commodities in the catchment area? How their incentive structure is designed? Do we have any competitive advantage over them?*
 4. **PC's Member acquisition strategy basis the competitors S&W** (200 words) *what are our strength over competitors in mobilization planning?*

f) Market Analysis and plan of PE - Sell Side

- i. **Existing Buyers of the commodity in the region** *Identification of buyers of commodities at every value chain activities. Market linkage with FPO through identification of buyers in different segment (B2B / B2C) will be essential for business planning.*
- ii. **Define customer segments and target segment for PE.** *Define what customers PE plans to target? Why that particular segment is targeted? How that market segment is growing over the year?*
- iii. **Names of the APMC Mandi in the region and their catchment area, quality of crop received, last 3 seasons prices & trends, listing of the big 20% of the buyers in the Mandi, cost implication of trading in the Mandi.** *Listing Mandi and trading platform with proximity of FPO. Identification of cost associated with the different channels will help in making sales strategy and revenue planning. Analyzing past price trend for Mandi/Trading platform*
- iv. **Names and location of the existing warehouses used to stock the targeted commodity in the region. Its capacity, targeted crop stored there, their USP, their arrangement with the owner of the crop, warehousing costs etc.** *Infrastructure facilities available at State and Center government.*
- v. **Local Mandi and Hatts in the region where the crop trades.** *Keeping track of price trends in local Mandi reflects demand and supply planning scenario.*
- vi. *Active agents of the industry that uses the commodity as their raw material.*

g) Other untapped market exploration.

- i. Possibility of exploring the arrangement with a national level processor or retailer of the commodity.
- ii. Exploring the trading on the commodity exchanges.
- iii. Exploring the possibility of using the PGS certification to tap market in and around the top 10 urban settlements in India.
- iv. Exploring Export potential.

h) Pricing Strategies

- i. **Existing Farm gate price discovery mechanism.** *Profit center concept building is necessary as PE might with be operating with multi commodity. Discovering cost and profit associated with each commodity will essential is selection of commodity or including new or removing.*
- ii. **Existing Marketing price discovery mechanism.**
- iii. **Price risk mitigation strategies.** *Risk mitigation strategy in terms of procurement (backward integration) and sales pricing (forward integration) , how PE can mitigate it and what are the tools can used to mitigate ?*

2	Installation cost								
	Plant Setup								
	Office Set up (IT equipment, furniture etc.)								
3	Any Other								
	TOTAL								

m) Manpower

Please refer to the tab "Salary Budget" for an example. One should add the JD of the respective profiles. Year wise plan is to be included. Manpower cost would include full time staff on PE's pay roll.

n) Total Cost of Business and Break-even Analysis

While undertaking financial analysis for the PE it is expected that each commodity line is treated as a separate independent profit centre. Therefore business projections and forecasting should be taken up for three to five years and break-even point should be analyzed in terms of volume as well as value. It is also expected that the business should be contribution positive from the year one.

o) 3 years Projected Cash Flow

CASHFLOW STATEMENT

Particulars		Yr - 1	Yr - 2	Yr - 3
	<i>Initial Investment</i>			
<u>Operating Activities</u>				
Earnings before interest and tax				
Add: Depreciation				
Net Cash from Operations				
Changes in Working Capital				
Add: Increase in Current Liabilities				
Less: Increase in current Assets				
Net changes in Working Capital				
Tax Expense				
Total Cash flow from Operating Activities				
<u>Investing Activities</u>				
Additions during the year				
Total Cash flow from Investing Activities				
<u>Financing Activities</u>				
Increase / (Decrease) in equity share capital				
Increase / (Decrease) in Fund from Project				
Bonus				
Receipt of short term loan				
Repayment of short term loan				
Interest Paid on loan amount				
Total Cash flow from Financing Activities				
Opening cash balance				
Total Cash Flow for the year				

Particulars		Yr - 1	Yr - 2	Yr - 3
Closing Cash Balance				

14. Financing

The guidelines on “Guidelines for value chain development through promotion of Producer Enterprise under NRETP” may be referred to prepare the budget. The budget should include i) Broad component wise budget abstract & ratios, ii) Detailed budget and iii) Budget explanatory note. A tentative Budget template may be prepared for use by NMMU.

Producer Enterprise Business Plan Appraisal Template

For Value Chain Development projects through promotion of Producers Enterprise under NRETP

State Name	
Proposal Name	
Total Score	
Appraised by	
Business Intervention Remarks	
Business Model Idea	
Appraisal recommendation(s):	

Evaluation Criteria

1) Readiness of SRLM for project implementation:

- 1. Recruitment of Staff:** Status of the recruitment of human resource as per the advisory issued vide no.J-11060/50/2016(351142) dated 15th April 2019.

Level	Position	Provision as per the advisory	Human resource in place	Remarks
State	Senior Technical Expert – Value Chain & Forward Linkage	1		
	Project Manager- Livelihoods Training and Capacity Building	1		
	Technical Expert- Forward Linkage	1		
	Young Professional	5		
Block	Block Technical Coordinator- Forward Linkage	1		

- 2. Status of Engagement of Technical Support Agency:** TSA for value chain development engaged

<i>If yes, name of the TSA</i>	
<i>If no, what is the status</i>	

2) Evaluation of the Business proposal.

Sr.	Area	Total marks	Marks obtained
A	Core Business Model	20	
B	Intervention feasibility	10	
C	Implementation success factor	10	
D	Operational Strategy	20	
E	Financial sustainability	20	
F	Scalability/Risk Mitigation	10	
G	Impact	10	
	Total marks	100	

A. Core Business Model			
Sr. No	Evaluation Criteria	Score	Remarks
i	Commodity selection rationale (4)		
ii	Market analysis, (customer / competition) and sales channel selection and penetration strategy (4)		
iii	Value Chain Analysis for the selected commodity(ies) (4)		
iv	Value proposition to farmer and for market. (4)		
v	SWOT analysis of the business model. (4)		
	Total marks obtained		
Comments:			

B. Intervention Feasibility			
Sr. No	Evaluation Criteria	Score	Remarks
i	Quality of risk analysis and mitigation strategy (4)		
ii	Assessment of SRLM capacity – previous experience, placement of NRETP staff. (4)		
ii	Mobilization planning or strategy (2)		
	Total marks obtained.		
Comments :			

C. Implementation Success Factors			
Sr. No	Evaluation Criteria	Score	Remarks
i	Procurement strategy for PE. (centre, centre economics, estimation, management) – 3		
ii	Fund release mechanism – 2		
iii	Management of PE (Adequate & relevant Human resource – organogram) - 5		
	Total marks obtained		
Comments :-			

D. Operational Strategy of PE.			
Sr. No	Evaluation Criteria	Score	Remarks
i	Responsibility Matrix – who does what – 2		
ii	Strategy to establish operating procedure for PE – 2		
iii	Marketing strategy (market, segmentation) – 4		
iv	Logistics & warehousing plan. – 4		
v	Pricing Strategy – 4		
vi	Operating Expenses as % of Revenue – 4		
	Total marks obtained		
Comments :			

E. Financial Sustainability			
Sr. No	Evaluation Criteria	Score	Remarks
i	Cost Structure Quality (Fixed/Var. /Direct/ Indirect) – 5		
ii	Break Even Points (volume, time) – 5		
iii	Working capital turnover planning – 5		
iv	Cost benefit analysis – 3		
v	Plan to raise finance from financial institution, members & other sources – 2		
	Total marks obtained		
Comments :-			

F. Scalability			
Sr.No	Evaluation Criteria	Score	Remarks
i	Scope of expansion w.r.t. area, market, farmers, volume – 4		
ii	Scope of business scalability and down-stream value chain activities. – 3		
iii	Scalability of PE to 5x-10x Revenue in future – 3		
	Total marks obtained		
Comments :			

G. Impact			
Sr.No	Evaluation Criteria	Score	Remarks
i	Benefit to member (economic, non-economic) – 5		
ii	Creation of social capital – 5		
	Total marks obtained		
Comments :			

Guidance note on the project appraisal

Sr.	Area	Total marks
A	Core Business Model	20
B	Intervention feasibility	10
C	Implementation success factor	10
D	Operational Strategy	20
E	Financial sustainability	20
F	Scalability/Risk Mitigation	10
G	Impact	10
	Total marks	100

A) Core Business Model

Sr.	Parameters	Yes (1)	No (0)
1.1	Commodity Selection Rationale		
1.1.1	Commodity significance in state and intervention area		
1.1.2	Commodity significance in National scenario		
1.1.3	Commodity(ies) revenue generation potential		
1.1.4	Commodity(ies) demographic (HH/Small & Marginal) coverage in targeted area		
1.2	Market Analysis		
1.2.1	Demand and Supply analysis for the targeted commodity(ies)		
1.2.2	Markets and Sales channel identification		
1.2.3	Customer segment identification and demand generation strategy		
1.2.4	Competition analysis and product positioning strategy		
1.3	Value Chain Analysis for the selected commodity(ies)		
1.3.1	Commodity(ies) value chain analysis and opportunity identification (Local scenario)		
1.3.2	Intervention strategy and value chain capturing planning		
1.3.3	Output analysis with respect to all stakeholders involved in the business		
1.3.4	Value chain opportunity analysis at National and International market (if required)		
1.4	Value proposition to the Farmer and for the market		
1.4.1	Market linkage facilities provided to the target segment farmers		
1.4.2	Platform for ease of doing business transaction facilitation for farmers		
1.4.3	Transparent and ethical business practises implementation in selected areas		
1.4.4	Backward and latent facilities (Bank Linkage / Low Transactional Cost etc)		
1.5	SWOT analysis of the Business Model		
1.5.1	Strength and Organisational positioning with respect to target sell market (Internal)		
1.5.2	Sector and company weak points and its mitigation tactics (Internal)		
1.5.3	Opportunity commodities and company captures to capitalise (External)		
1.5.4	Elements identified in the environment that could cause trouble for the business or project.		

B Intervention feasibility

Sr.	Parameters	Yes (1)	No (0)
2.1	Quality of Risk Analysis and mitigation strategy		
2.1.1	Risk identification at different business processes and transaction		
2.1.2	Risk mitigation planning and sentivity analysis		
2.1.3	Cost of risk mitigation inclusive in business financial projections		
2.1.4	Preventive maintainence scheduling and implementation in business operations		
2.2	Assessment of SRLM Capacity		
2.2.1	NRETP staff and capacity at different federation in the State		

2.2.2	Past project management experience		
2.2.3	Technical partnerships and partners' capacity assessment		
2.3.4	Capacity and resource planning of SRLM for project management		
2.3	Mobilisation Planning or Strategy		
2.3.1	Capacity and resource scheduling in according to mobilisation planning		
2.3.2	Institutional and community building resource and partnerships		

C Implementation success factor

Sr.	Parameters	Yes (1)	No (0)
3.1	Procurement Strategy		
3.1.1	Collection center location and logistics route optimisation		
3.1.2	Ergonomics study of collection center of business operations		
3.1.3	Financial cost and volume break even point analysis		
3.2	Fund Release Mechanism		
3.2.1	Defined guidelines and structure with timelines		
3.2.2	Local state policy convergence scenario		
3.3	Management of Producer Enterprise		
3.3.1	Human Resource quality and capacity planning		
3.3.2	Business operation and resource planning of PE		
3.3.3	Value proposition for farmers and producer to join PE		
3.3.4	Internal financial and marketing strategic focus		
3.3.5	Standard operational procedure defining and implementation		

D Operational Strategy

Sr.	Parameters	Yes (1)	No (0)
4.1	Responsibility Matrix		
4.1.1	RACI Matrix - responsibility assignment chart		
4.1.2	Mapping out TASKS, MILESTONE, DEADLINES and REPORTING STRUCTURE		
4.2	Strategy to establish operating procedure for PE		
4.2.1	Business processes' SOP formulation and creating transparency to shareholders		
4.2.2	Training and capacity building of PE employees regarding BEST PRACTISES		
4.3	Marketing Strategy		
4.3.1	Market and customer identification in accordance with Value Chain analysis		
4.3.2	Market segmentation and identifying sales channels		
4.3.3	Market portfolio diversification with Business goals (Visibility / Risk / Profit)		
4.3.4	Product positioning, Branding and labelling tactics		
4.4	Logistics and Warehouse planning		
4.4.1	Inbound and Outbound logistics route and cost optimisation		
4.4.2	Warehousing capacity and SOP implementation (FIFO / LIFO)		
4.4.3	Raw material , WIP and Finished good packaging and quality conserving techniques		
4.4.4	Despatch and reverse logistics (Customer Relationship Management)		
4.5	Pricing Strategy		
4.5.1	Cost accounting principle formulation for Products		
4.5.2	Study of margins of stakeholders in different sales channels (Wholesalers, Retailer, Modern Retail, Ecommerce etc)		
4.5.3	Sales promotion strategy for sales partners		
4.5.4	Pricing Strategy matrix analysis (High Price - Low Price and High Quantity - Low Quantity) w.r.t product portfolio		
4.6	Operational Expenditure structure		
4.6.1	Identification of operational cost category (Fixed, Variable, Direct, Indirect)		
4.6.2	Improving contribution margin and sentivity analysis on the basis of Volume		
4.6.3	Operation expenses analysis		
4.6.4	Operation expenses controls in SOP and implementation of best practises		

E Financial sustainability

Sr.	Parameters	Yes (1)	No (0)
5.1	Cost Structure Quality		
5.1.1	Identification of Direct and Indirect cost in business operations		
5.1.2	Defining cost structure into smaller units (Product, Service, Product line, Division,) - COST ACCOUNTING PRINCIPLE		
5.1.3	Asset Light (recommended) or Asset Heavy business model		
5.1.4	Viability gap analysis - Especially required for new business in initial years		
5.1.5	Buy, Rent or Lease model - Cost Efficiency		
5.2	Break Even Analysis		
5.2.1	Production management		
5.2.2	Sensitivity analysis (Production planning [Volume] Vs Cost [Fixed and Variable])		
5.2.3	Measuring Profit and Loss at different Operating levels		
5.2.4	Margin of Safety		
5.2.5	Timeline and planning of break - even		
5.3	Working capital turnover planning		
5.3.1	Balance between growth, profitability and liquidity		
5.3.2	Financial Health		
5.3.3	Operational Equipment Efficiency		
5.3.4	Working capital turnover ratio		
5.4	Cost Benefit Analysis		
5.4.1	Developing benchmarks for comparing projects		
5.4.2	Weighing investment opportunities		
5.4.3	Establish a framework to outline the parameters of the cost benefit analysis		
5.4.4	Scheduling and evaluation cycle for Cost Benefit analysis and implementation		
5.5	Fund Raising from Financial Institutes		
5.5.1	Developing capability and benchmarks for facilitating Fund raising from External institutes		
5.5.2	Credit assessment and evaluation for companies to avail long term and short term debt instrument		

F Scalability/Risk Mitigation

Sr.	Parameters	Yes (1)	No (0)
6.1	Scope of PE's Operational expansion		
6.1.1	Expansion through concentration (increasing market share in product line)		
6.1.2	Expansion through diversification (New Product / New Market)		
6.1.3	Expansion through Joint Venture (B2B - Private Label)		
6.1.4	Scope of supply expansion through inclusion of FARMERS		
6.2	Scope of PE's scalability in selected commodity value chain activities		
6.2.1	Expansion through integration (value chain capturing)		
6.2.2	Commodity value chain diversification (number of products can be derived)		
6.2.3	Commodity market potential		
6.3	Scope of PE's business scalability		
6.3.1	Ability to handle increased market demands (maintain or improve profit)		
6.3.2	Ability to control unit cost with increasing market demand		
6.3.3	Organisation infrastructure or management ability of handling increase volume		

G Impact

Sr.	Parameters	Yes (1)	No (0)
7.1	Benefit to members (Shareholders)		
7.1.1	Low transactional cost		
7.1.2	Value proposition to members		
7.1.3	Transparency in Patronage distribution and procurement price		
7.1.4	Ease of Doing business with PE		
7.1.5	Training and capacity building		
7.2	Creation of Social Capital		
7.2.1	Mobilisation planning		
7.2.2	Community building strategy		
7.2.3	Grievance redressal mechanism		
7.2.4	Community communication strategy		
7.2.5	Awarness programm scheduling and planning		

File No: J-11060/02/2019-RL
Government of India
Ministry of Rural Development
(National Rural Livelihoods Promotion Society)

7th Floor, NDCC-II Building, Jai Singh Marg
New Delhi-110001.
Dated 20th September 2019.

To

The State Mission Directors/CEOs
All SRLMs.

Subject: Empanelment of Technically Qualified Consultancy Service Providers for State Rural Livelihoods Mission (SRLM) for Promoting Organic Farming -Reg.

Madam/Sir,

Reference to above subject, in order to facilitate the State Missions to quickly hire the service of Agencies for promoting Organic Farming, Ministry of Rural Development had carried out empanelment of qualified agencies and have completed the process of Technical evaluations. SRLM only have to complete the financial evaluation of empanelled agencies based on their requirements.

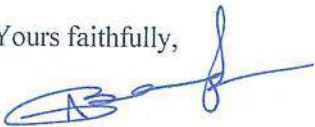
1. Based on the Technical Evaluation, following six agencies have been found to be technically qualified:
 - (i) APOF Organic Certification Agency (AOCA);
 - (ii) International Competence Centre for Organic Agriculture;
 - (iii) Sheel Biotech;
 - (iv) ISH Agritech Pvt Ltd;
 - (v) Bio-cert International; and
 - (vi) Sikkim State Co-operative Supply and Marketing Federation.

Contact details of agencies are provided in the Annexure-1. Copy of the RFP is also provided for reference.

2. It may be noted that validity of the empanelment will be for a period of 3 years till 20th August, 2022, unless terminated earlier. The empanelment may be extended for another one year based on performance assessment.
3. SRLMs shall hire the services of an empanelled agency following Least Cost Selection Method. Since, this Ministry has already completed the technical evaluation, SRLMs will be required to undertake following steps to procure an agency from the list of empanelled agencies.
4. SRLM to finalise the Terms of Reference stating clearly:
 - a. Objective: What is the particular assignment for such as certification, capacity building, etc.
 - b. Scope of work: Details of entire support required by SRLM
 - c. Duration of the assignment;
 - d. Team required, including the role, education and experience requirement – segregated into Key and Non-key professionals;

- e. Reporting and other deliverables with timelines
 - f. Payment Milestones.
5. Issue a letter of invitation to all the six agencies along with the requirement (Terms of Reference), seeking: (i) Short technical response against the TORs; (ii) financial bids (in a separate sealed envelope); (iii) letter of confirmation for the availability and willingness to bid for services; (iv) CVs of proposed Key and Non-key professionals; and (vi) a power of attorney.
 6. SRLM may provide at least 2-weeks' time to the agencies to respond to the letter of invitation. It may be noted that along with the letter of invitation, a draft contract may also be circulated to all the agencies. *Copy of draft contract is attached as Annexure- II.*
 - i. SRLM may also seek copy of the Technical proposal submitted to this Ministry for reference. It may be noted that since the technical evaluation has already been completed, there is no need to undertake any technical evaluation at the SRLM level. However, any issues related to staffing and other services, methodology etc., may be discussed and agreed during the technical negotiations and the decisions should be documented clearly.
 - ii. In the letter of invitation, SRLM may indicate last date and time for submission of Financial Proposals. Further, proposals received within the deadline may be opened publicly on the same day and minutes of the financial proposal opening meeting shall be documented.
 - iii. Agency offering Least Cost will be invited for technical negotiations. At the time of technical negotiations, availability of key and non-key staff may be obtained from the consultant and draft contract may be negotiated and agreed.
 - iv. After signing the contract, copy of the same may be forwarded to this Ministry for information.
 7. In case of any difficulty or clarifications required, SRLMs may write to the undersigned with a copy to email ID- procurementnrlps@gmail.com

Yours faithfully,



(Anita Baghel)
Director (RL)

Encl.:

1. Contact details of Agencies
2. Copy of letter sent to empanelled consultants
3. Copy of the RFP
4. Copy of draft contract

Empanelment of Consultancy Services Providers for State Rural Livelihoods Mission (SRLM) for Organic Farming.

List of Empaneled Consulting Firms

S. No	Name of Consulting Firms	Authorized Signatory	Contact Details
1	APOF Organic Certification Agency(AOCA).	Mr. Nirmal Dhaker	APOF Organic Certification Agency Row House no A , Shroff Suhana , Veerbhadr Nagar, Baner. Pune 411045 Maharashtra Ph: Mob: 8806230301,8630966818 Email ID- info@aoca.in tc@aoca.in
	International Competence Centre for Organic Agriculture.	Mr. Manoj Kumar Menon	294/22 7 th cross 1 st block ,jayanagar Bengaluru 56001 Mob: 9900252181 Email ID- info@iccoa.org
3	Bio-cert International Pvt Ltd	Mr. Dilip Dhaker	701,Pukharj Corporate opp Navlakha Bus Stop Indor MP 452001 9691111120 Email ID- admin@biocertinternational.com
4	Sheel Biotech	Mr. N R Bhateshwar	RZ. 2705/30 Sheel House Main Jagdamba Road Tughlakabad Extension , New Delhi - 110019 Mob: 9953799205 Email ID- info@sheelbiotech.com sheel@ndfvsnl.net.in
5	ISH Agritech Pvt Ltd	Mr.Parkashchand Jain	ISH Agritech Pvt Ltd J 11Dhavantri Appoartment MOG line Near Gangwal Bus Stand Indor-452002 M P Mob: 9926425031 Email ID- ishagritech@gamil.com
6	Sikkim State Co-operative Supply and Marketing Federation.	Dev Raj Deewan	SIMFED, Above Sangram Bhawan , Development Area Gangtok East Sikkim M 8967305710 Phone No 03592-203432 Email ID md@simfed.in Dewandr.g.m@simfed.in

File No. K-11062/04/2017/NRLM(Livelihoods)
Government of India
Ministry of Rural Development
Department of Rural Development
(RL Division)

7th Floor, NDCC – II Building,
Jai Sing Marg, New Delhi
Pin – 110001

24rd May, 2019

To,

The Principal Secretaries of all States/UTs,

Subject: Guidelines for Financing of Producers' Collectives under DAY-NRLM

Madam /Sir,

I am directed to say that under the value chain development initiatives of DAY-NRLM, the primary producers are being organised into livelihoods collectives around specific livelihood activities like agriculture, livestock, NTFP collection etc. Producers' Collectives, viz. Producers' Groups (PG) and Producers' Enterprises (PE), are being promoted as member-based organizations under various components of DAY-NRLM such as Mahila Kisan Sashaktikaran Pariyojana (MKSP), NRLP and SRLM AAP. The World Bank funded NRETP also has value chain development for farm produce as one of its core components with substantial outlay for promotion of PG and PE.

To bring clarity on the financing these institutions a guideline for financing of Producers Collectives has been approved under DAY-NRLM. The guideline of "Financing of Producers' Collectives under DAY-NRLM" is attached herewith for kind information.

Yours faithfully,



(H. R. Meena)

Deputy Secretary to the Govt. of India
Tel.:011-23461747

Encl.: As above.

Copy to: CEOs/ SMDs of all States/UTs

Guidelines for Financing of Producers' Collectives under DAY-NRLM

Ensuring sustainable access to markets and remunerative prices for the produce of smallholder and marginal farmers is an essential part of the Livelihoods promotion strategy under DAY-NRLM. DAY-NRLM has been organizing the primary producers into livelihoods collectives around specific livelihood activities like agriculture, livestock, NTFP collection etc. As these livelihoods collectives are basically the collectives of primary producers they would be more appropriately called producers' collectives. Producers' Collectives are important means of linking producers with markets, as well as sourcing inputs, technology, information, and services. The promotion of producers' collectives is taken up under DAY-NRLM to benefit the small and marginal women farmers through –

1. Economies of scale
2. Improved market reach
3. Improved access to extension services
4. Reduction in transaction costs

Producers' Collectives, viz. producers' groups and producers' enterprises, are being promoted as member based organizations under various interventions of Farm Livelihoods under DAY-NRLM such as Mahila Kisan Sashaktikaran Pariyojana (MKSP), MKSP Annual Action Plan, World Bank Dedicated Fund for value chain development and other Farm Livelihoods initiatives. As on January 2019, there are more than 86000 producers' groups and 131 Producers' Enterprises promoted under DAY-NRLM. Producers' Enterprises (PEs) can be defined as registered, formal organizations of primary producers as member owners including co-operatives and Farmer Producer' Companies whereas the producer groups are the informal entity of the primary producers.

Building on the experiences of earlier projects, the National Rural Economic Transformation Project has been designed to continue to strengthen women led producer organizations to increase market access and value addition for farm produce. Higher order value chain interventions would be taken up to leverage the economies of scale and reduction in transaction cost and necessary investments will be made to support promotion of producer groups and formal producer enterprises. Therefore, farm value chain interventions would focus on the promotion of producers' collectives, viz. producers' groups and producers' enterprises to enable the small and marginal women farmers to access markets for their produce at a remunerative price.

Therefore, as more women SHG members are being organized into producers' collectives under various value chain interventions and a strong demand is being felt to engage in promotion of marketing activities with SHG members, there is a need to define the financing arrangements under DAY-NRLM for producers' collectives more clearly.

In this context, this comprehensive guideline for financing of Producers' Collectives under DAY-NRLM has been developed.

1. Attributes of Producers' Collectives

The table below defines the key attributes of the producers' collectives under DAY-NRLM:

Criteria	Attributes of Producer Collectives	
	Producer Group	Producer Enterprise
Membership criteria	Women SHG members who are primary producers	Women SHG members who are primary producers as shareholders
Nature of organization	Un-registered, informal entities who take up a common activity for backward and forward linkages,	Registered entity (as cooperative, FPC etc.)
Ownership issues	Infrastructure would be owned by Cluster Level Federation (CLF)/ GPLF	PE is owned by the members and infrastructure and other assets are owned by the PE
Key objective	Better price realization through reduction in costs (overheads) by aggregation, farm gate value addition (sorting, grading etc.), linkage to nearby large markets	Better price realization through value addition, market linkage, economies of scale, higher bargaining power etc.
Area of operation	Limited to a village or cluster of villages	Preferably large scale covering large areas except in NTFP / tribal areas or areas with niche products
Promoting organization	SRLM / CLF / GPLF	SRLM
Scale of operation	Low Village / cluster level activities	High Large scale entities covering large area with value addition, market linkage to big markets
Business Model	Simple business model with limited need for infrastructure and working capital	Robust model and taken up in a project mode
Accountability towards	Members	Shareholder members
Management structure	One to two of the PG members would ensure that proper records of transactions are maintained and would manage the operation (aggregation, sorting, grading, transport to market etc.). Volunteerism is ensured	Professional management structure as defined in the Producers' Enterprise Guidelines
Governance	Informal governance mechanism to be decided by the members	Board of Directors

2. General guidelines

2.1. DAY-NRLM would promote producers' collectives with the primary producers, for livelihoods promotion through deriving economies of scale, backward and forward linkages, and access to information, credit, technology, markets etc. The Livelihoods collectives would enable the poor to optimize their limited resources. DAY-NRLM would extend all necessary support to these producer collectives to make them sustainable, economically viable member controlled organizations in a time bound manner. The

details guidelines of promoting PE are covered under the **Guidelines for Promotion of Producers' Enterprises**¹ of DAY-NRLM and adherence to this guideline would be ensured while promoting PE.

- 2.2. DAY-NRLM would encourage value chain approach for developing forward linkage, so that the livelihoods collectives focus on a critical part of the value-chain and seek linkages with market and partnerships with other business entities where appropriate.
- 2.3. DAY-NRLM would also provide support for marketing to the institutions of the poor. Rural Haats would also be encouraged to directly link producer groups (SHGs) and individual producers with urban and peri-urban markets through a well-developed system of continuous identification and rotation of beneficiaries.

3. Financing of Producers' Groups under Day-NRLM - The following guidelines would apply for financing of Producers' Groups (PGs) under DAY-NRLM:

3.1. Allocation of fund by SRLM for promotion of PGs

- 3.1.1. SRLMs may plan for formation of PGs under SRLM Annual Action Plan, MKSP Annual Action Plan, NRETP or any other sub-components under DAY-NRLM.
- 3.1.2. The primary criteria for formation of PGs would be availability of marketable surplus for leveraging economies of scale resulting in better price realization for the farmers.
- 3.1.3. The SRLMs would assist the CLF/GPLF and PGs in preparation of the business plans for the PGs. Fund would be allocated to the CLF only against a business plan.
- 3.1.4. The fund to the PG would be released by the CLF/GPLF directly. Though SRLM has to ensure that PGs receive the required amount from CLF/GPLF on time to take up the marketing activity.

3.2. Funding mechanism

- 3.2.1. CLF/GPLFs would be provided a dedicated **value chain development fund** against the business plan submitted for all the PGs to be covered under the respective CLF/GPLFs. The PG would be provided the following funds through the CLF/GPLF under the value chain development component :
 - i. One time infrastructure fund (*grant to CLF/GPLF under CIF*)
 - ii. Working capital (*loan to PG from CLF/GPLF*)

The details of each of the fund components are given in section 3.4 below.
- 3.2.2. The funds allocated under this fund would not be used for any other purpose by the CLF/GPLF. The operating expenditure for the activities which are variable in nature linked to volume of transaction will not be part of the fund and would be taken up by the Producers' Groups through the operating profits generated from the activity.
- 3.2.3. It is envisaged that over the time SRLM would take initiative to promote Producer Enterprises (PE) by bringing the participants of such PGs together as members of the PE wherever such opportunities emerge. Once a Producer Enterprise has been formed in the region, the PE would take up the aggregation, value addition and marketing of those commodities in the same region. The role of PG would

¹<http://www.aajeevika.gov.in/content/guidelines-promotion-producers-enterprises-under-day-nrlm>

shift from developing forward linkages to providing extension services. Wherever possible, the working capital component of the value chain development fund provided to the CLF/GPLF for the Producers' Groups would be transferred to the PEs promoted under DAY-NRLM. This clause would be incorporated as part of the financing MoU between CLF and SRLM. The details on the role of the PGs, in the framework of the PE, are provided in the Guidelines for Promotion of Producers' Enterprises.

- 3.2.4. In the case of PGs promoted under SRLM Annual Action Plan, up to 20% of the NRLM funds may be allocated under the marketing & infrastructure support component for creating marketing infrastructure for PGs (25% in case of North East states & Sikkim), as per DAY-NRLM guidelines.
- 3.2.5. In the case of MKSP Annual Action Plan or Innovation Fund or any other fund source, the budget is examined and sanctioned by the Empowered Committee chaired by Secretary, RD. Therefore, in this case the quantum of funds would be approved by Empowered Committee.

3.3. Criteria for providing funds to Producer Groups: The criteria of for the transfer of funds are given below:

- i. Producer Group should have a very clear business plan with very clear profit margin projections
- ii. The proposed business model should not be based on a speculative model.
- iii. The relation between quality and price of the produce should be analyzed in the business plan.
- iv. Clear costing of the operations and the transparent, quality based pricing mechanism should be defined.
- v. The commodity risk would be borne by the members as the working capital fund is a loan product. So very prudent business model should be established with low risk element.
- vi. A membership fee would be collected from the members by the Producer Group.
- vii. Though in the initial cycles, the cost of the CRP (Udyog Mitra) may be borne by the CLF/GPLF/VO from the IBCB budget, provision should be made in the business plan when the Udyog Mitra would be paid by the PG from the profit earned.
- viii. No credit based sales should be encouraged.
- ix. Proper books of records, like cash book, stock book and farmer-wise ledger should be maintained.
- x. Producer Group has to settle its account with the CLF/GPLF on a season by season basis. The Producer Group will not be eligible for any further loans until the account has been settled for the previous season.
- xi. In case of business loss, the producer group members should repay working capital loan in proportion to their patronage. In exceptional cases the CLF may write-off the interest component and only consider the repayment of the principle.

3.4. Types of fund to Producer Groups

3.4.1. **One time infrastructure grant** – would be provided by the CLF/GPLF to the PG for purchase of village level infrastructure for aggregation and primary value addition such as weighing scale, crate, plastic sheets, sieving screens, moisture meters etc.

- i. The infrastructure grant should not exceed INR 1.5 lakhs. As the activities undertaken by the PGs would be village level aggregation, the investment in fixed assets should be limited to equipment for procurement (weighing scale, crates, plastic sheets, moisture meter etc.) and minimal processing (sorting, grading, drying etc.). No consumables or rentals should be provisioned under this fund. The indicative list of items that are permissible are –
 - a. Weighing scale (electronic / mechanical)
 - b. Moisture meter
 - c. Plastic sheets / tarpaulin sheets
 - d. Plastic Crates
 - e. Sieves for cleaning / grading
 - f. Low cost primary processing machines, for example – solar dryer, de-seeder, rice hullers, packing machine, grinder, dal mill.
 - g. Mobile tablet (one only)
 - h. Storage shelf
 - i. Solar lighting
- ii. Items not allowed to be set-up under this infrastructure grant to PG are:
 - a. Milk chilling centers / bulk milk coolers
 - b. Pre-cooling units / chillers
 - c. Integrated pack-houses
 - d. Civil construction works
 - e. Consumables items like Stationery
 - f. Fuel, consumables, spares and stores
 - g. Transport vehicles
- iii. The infrastructure created would be owned by the CLF/GPLF and should reflect in the asset register of the CLF/GPLF. The physical verification of these assets should be conducted in a periodic manner by the CLF/GPLF.
- iv. In case a Custom Hiring Center has been planned in the village/cluster, the CLF/GPLF must ensure that there is no duplication of equipment purchased by the PGs.
- v. Repair, maintenance and replacement: The responsibility for repair and maintenance would be mutually agreed between PG and CLF/GPLF. The primary repair and maintenance may be the responsibility of that PG, whereas the overall repair, maintenance and replacement of equipment purchased would be from the interest earned by the CLF/GPLF as mentioned in section 3.4.2 (vi).

3.4.2. Working capital

- i. The working capital would be provided as a loan to the PG by the CLF/GPLF.
- ii. Working capital loan should be released in stages as per the requirement defined in the business plan.

- iii. Working capital should not exceed funds needed to cover
 - a. Procurement activities of 3 days for perishables
 - b. Procurement activities of 10 days for non-perishables
 - c. This can be modified based on the experiences of the CLF/GPLF with the PG
- iv. The interest charged would not be greater than 7% per annum and to be charged only for the period for which the loan was with PG
- v. The working capital would not be held in perpetuity with the PG. The working capital borrowed by the PG would be repaid to the CLF/GPLF at the end of every season or production cycle or business cycle as per the business plan.
- vi. The interest earned by the CLF/GPLF on the working capital loan would be utilized by the CLF/GPLF for expansion of activities (members and products) and repair, maintenance and replacement of equipment (section 3.4.1(v)).

3.4.3. Training and capacity building

- i. Adequate provisions may be made by SRLMs under its IBCB budget component for training and capacity building.
- ii. The CLF/GPLF may budget for training and capacity building activities of the farmers being covered under PG, Livelihoods Sub Committees of CLF/GPLF as well as Village Organizations
- iii. The eligible items under this component will also include:
 - a. Payment of honorarium to the trainers / Community Resource Persons taken to support the Value chain development work
 - b. Cost of conducting the training of PG participants, CRPs, LH sub-committee members of CLF/GPLF and VO
 - c. Printing of IEC material
 - d. Cost of hiring resource persons for training
- iv. Cost of dedicated Block staff engaged to support CLF/GPLFs in value chain development interventions
- v. For initial 3-4 business cycles performance linked honorarium for the CRP (Udyog Mitra) may be budgeted under this component. After that cost of the same would be covered from the business profits or whatever found suitable by the PG.

4. **Financing of Producers' Enterprises under Day-NRLM:** DAY-NRLM would promote Producers Enterprise (PE) where size of operations would be extremely important for a self-sustained model. A strong business plan should be prepared by SRLMs for each PE before promoting producer enterprises. A producer enterprise would be promoted in a project mode with a project life cycle of 3-4 years within which the PE is expected to become self-sustained and economically viable, member controlled organizations. The SRLM would submit a detailed project proposal including the business plan of the proposed PE. This proposal would be appraised by DAY-NRLM and approved by the Empowered Committee of Ministry of Rural Development. The details guidelines of promoting PE are covered under the **Guidelines for Promotion of Producers' Enterprises** of DAY-NRLM and the SRLM would adhere to this guideline while promoting PE.

4.1. Funding support to the Producer Enterprise (PE): DAY-NRLM would provide grant support to establish the Producers' Enterprises. This grant support will be on the following components:

4.1.1. Infrastructure for Value addition –

- i. One time support for setting-up infrastructure for value addition
- ii. Processing facilities for value addition of agriculture, dairying or NTFP produce which may include facilities for weighing, cleaning, sorting, grading, packing, testing equipment, ripening chambers, oil extraction, specialized packaging etc.
- iii. Facilities including pack-houses, pre-cooling units, bulk milk coolers etc. may be proposed
- iv. Promotional costs for marketing, certifications costs (such as FSSAI, organic certifications) which add value or are part of legal compliances would be covered.
- v. Any infrastructure set-up would be owned by the PEs. Asset for a single individual member will not be permissible under this component.

4.1.2. IB/CB cost – The following costs would be covered for a period not exceeding 3-4 years:

- i. Includes costs of community mobilization into PE, social capital development (CRP – Udyog Mitra), training and capacity building of the PE staff and members.
- ii. Honorarium for Udyog Mitra
- iii. Remuneration for the block level staff of the PE

4.1.3. Working Capital – working capital required for procurement of produce from farmers for a period not exceeding 3 weeks.

4.1.4. Human Resource and administrative costs –

- i. Support for hiring professionals for managing the PE for a period not exceeding 3-4 years. This includes the cost of key manpower such as CEO, commodity experts, accountant etc. of the PE. The PE must have a lean HR structure.
- ii. One time cost of suitable accounting software, inventory management software, office furniture and fixtures and computers.
- iii. The office rental and ancillary expenditure to set-up the office like electricity cost etc. would be supported for a period not exceeding 1-2 years.
- iv. The human resource and administrative costs, this cost should not exceed 6% of the total funding support to the PE, as per the norms of DAY-NRLM.

4.1.5. Support for transportation of goods procured from the members: It is expected that at the initial stage of the operations, the PE may not be able to generate sufficient volumes to recover the costs for transportation of goods procured in the first leg, i.e. from primary procurement centers to the aggregation centers. Therefore, the PE would be provided support for part of the cost of the transportation of the goods from the primary procurement

centers to the aggregation centers for a period not exceeding 1-2 years. This fund should not be used for buying of vehicles.

4.2. Fund flow from SRLM to Producer Enterprise (PE)

- 4.2.1. SRLM would support the PE to prepare a detailed business plan for the proposed activities.
- 4.2.2. The PC must submit a Detailed Project Report to the SRLM.
- 4.2.3. The fund to the SRLM would be released by the SRLM directly to the account of the PE against the business plan and the DPR.

4.3. Criteria for fund release to Producer Enterprise (PE)

- 4.3.1. Fund release to Producer Enterprises will be made through electronic transfer systems, to the extent feasible.
- 4.3.2. The fund releases to the PE would be based on the business plan and the fund requirement projections approved by competent authority.
- 4.3.3. All releases to the PEs would be accounted for as advances in SRLM books of accounts except for working capital.
- 4.3.4. Actual expenditure reported to be booked as expenditures and the **unspent balances are to be refunded to the SRLM.**
 - i. The SRLM may periodically request for the audited reports of the PE accounts within the duration of the project period to verify actual expenditures.
 - ii. The expenditure reported by PE is to be included in the IUFR submitted by the SRLM.
 - iii. SRLM would ensure that the PEs promoted under DAY NRLM are audited as per the regulatory provisions of the appropriate laws (for example PEs registered as Producer Company should be audited as per the provisions of Company Act).
- 4.3.5. The working capital fund provided to a PE is a fund that is rotated multiple times during the project period as per the operational cycle of the Producer Companies (PC). This is a support from NRLM to the PE to become a viable business entity. The working capital released to the PC would be treated as expenditure in the SRLM books of accounts.
- 4.3.6. The following conditions would be applied for working capital release to the PE:
 - i. The working capital component releases would be as per the budget for the project approved by the competent authority (EC).
 - ii. The Producer Company would submit a working capital requirement plan against the approved working capital budget to the SRLM. SRLM would release the same to PE after due evaluation.
 - iii. The working capital should not be transferred as a lump-sum to the PE.
 - iv. Necessary care should be taken to avoid idle fund lying in the bank account.

- v. The working capital should be placed in the current account of the PC and should not be placed as a Fixed Deposit. The basic principle is that working capital support is provided to a PE for running the business and not for earning interest.

4.4. Procurement of equipment, machineries and services for value addition –

- 4.4.1. In the Empowered Committee (EC) meeting held on 7th Nov 2017, the EC has taken a decision that the equipment and machineries required by the Producers' Enterprises as per the approved proposals should be procured by the PE itself. (*Refer letter K-11060/10/2017/NRLM (Livelihoods)/Part2*)
- 4.4.2. As the PEs, having been promoted recently, may not have the technical and managerial capacity to undertake the procurement process, the SRLM may initially support the PE in developing a procurement manual and in taking up procurement of the equipment and the machineries. The funds budgeted in the approved proposals may be transferred to the PEs against a procurement plan, so that the PEs may undertake the procurement of the goods.

File No: J-11060/50/2016(351142)

Government of India
Ministry of Rural Development
(DAY-NRLM Division)

7th Floor, NDCC-II Building
Jai Singh Marg
New Delhi-110001
Date-15th April 2019

To,
The SMDs/CEOs of NRETP States

Subject: NRETP Human Resource Advisory

Madam/Sir,

As part of National Rural Economic Transformation Project (NRETP), the Mission seeks to implement higher order interventions in the areas of Institution Building, Digital Finance, Insurance/Pensions, Farm Livelihoods and Enterprise promotion at scale.

2. In order to successfully achieve the stated objectives of the project, it is critical that the State Missions position the dedicated high-quality human resources at all levels of the Mission Architecture (State/District/Block). The selected staff should have proven sectoral expertise, extensive experience and demonstrated ability to liaise with public and private sector partners.

3. Support of NMMU thematics and National Resource Persons (NRP) would also be available to support the State Missions in customization of HR Advisory, recruitment of staff and their induction cum immersion to ensure time bound implementation of NRETP.

4. An advisory indicating the details of HR requirements under NRETP is enclosed herewith which may be customized by the state mission. The recruitment, induction cum immersion and taking staff on board should be completed by 30th September, 2019.

Copy of advisory enclosed

Yours faithfully,



(Leena Johri)

Joint Secretary the Govt. of the India

National Rural Economic Transformation Project (NRETP)

Human Resource Advisory

1. The Ministry of Rural Development with support of the World Bank has proposed “National Rural Economic Transformation Project (NRETP)” with a total outlay of USD 500 million for a period of 5 years. It is the next phase of the National Rural Livelihoods Project (NRLP) which was implemented from July 2011 to June 2018 in 13 high poverty states¹.
2. NRETP proposes to implement higher order economic activities which are cross cutting in nature, for instance, the project design envisages that there will be an organic link between the model Cluster Level Federation (CLFs) and financial inclusion strategies, insurance and pension schemes, producer groups and organisations, product marketing and enterprise development. The financial inclusion strategy will also have a key role in financing of farm and non-farm enterprises.
3. In this context, it is critical to deploy dedicated human resources of required technical competence at the State, District and Block level to lead the proposed activities under NRETP. In addition, the professional support is also expected to establish a link between government and private enterprises which is essential for the project to achieve its stated objectives.
4. The recruitment of the proposed staff is a prerequisite for initiating implementation under NRETP.
5. It is imperative for SRLMs to complete the recruitment and staff on board latest **by 30th September 2019**
6. **NRETP Staffing**

Table 1: SMMU Level Positions

SNo.	Level	Number	Qualification	Experience	Remuneration per month (in Rs.)
A	Social Development & Institution Building				
1	Senior Technical Expert-Social Management Framework & Gender	01	Post-Graduate degree or Diploma (equivalent)	Minimum 7 years post qualification relevant experience	Rs. 1.10-1.70 lakh

¹ Assam, Bihar, Chhattisgarh, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu, West Bengal, Uttar Pradesh

SNo.	Level	Number	Qualification	Experience	Remuneration per month (in Rs.)
2	Technical Expert-Capacity Building of Community Institutions	01	Post-Graduate degree or Diploma (equivalent)	Minimum 5 years post qualification relevant experience	Rs. 0.70-1.20 lakh
3	Technical Expert-Model CLF strengthening	01	Post-Graduate degree or Diploma (equivalent)	Minimum 5 years post qualification relevant experience	Rs. 0.70-1.20 lakh
B	Financial Inclusion				
4	Senior Technical Expert-Digital Finance	01	Post-Graduate degree or Diploma (equivalent)	Minimum 5 years post qualification relevant experience	Rs. 1.10-1.70 lakh
5	Technical Expert-Insurance/ pension	01	Post-Graduate degree or Diploma (equivalent)	Minimum 5 years post qualification relevant experience	Rs. 0.70-1.20 lakh
C	Farm Livelihoods				
6	Senior Technical Expert-Value chain and forward linkage	01	Post-Graduate degree or Diploma (equivalent)	Minimum 5 years post qualification relevant experience	Rs. 1.10-1.70 lakh
7	Project Manager-Organic Village Cluster	01	Post-Graduate degree or Diploma (equivalent)	Minimum 5 years post qualification relevant experience	Rs. 0.70-1.20 lakh
8	Project Manager-Livelihoods Training and Capacity Building	01	Post-Graduate degree or Diploma (equivalent)	Minimum 5 years post qualification relevant experience	Rs. 0.70-1.20 lakh
9	Technical Expert-Forward Linkage	01	Post-Graduate degree or Diploma (equivalent)	Minimum 3 years post qualification relevant experience	Rs. 0.70-1.20 lakh
D	Non-Farm Livelihoods				
10	Senior Technical Expert-Enterprise Promotion	01	Post-Graduate degree or Diploma (equivalent)	5+ years post qualification relevant experience	Rs. 1.10-1.70 lakh
11	Technical Expert-Enterprise Promotion	01	Post-Graduate degree or Diploma (equivalent)	3+ years post qualification relevant	Rs. 0.70-1.20 lakh

SNo.	Level	Number	Qualification	Experience	Remuneration per month (in Rs.)
				experience	
12	Young Professional – 1. Model Cluster Level Federation Strengthening- 01 2. Capacity Building of Community Institution- 01 3. Social Management Framework & Gender– 01 4. FNHW- 01 5. Farm Livelihoods-05 6. Non-Farm Livelihoods- 01	10	Post-Graduate degree or Diploma	0-2 years post qualification experience	Rs. 35,000 - 55,000
	Total	21			
District Level					
1	District Technical Expert – Non-Farm	01	Post-Graduate degree or Diploma (equivalent)	3+ years post qualification relevant experience	Rs. 45,000 – 65,000
	Total	01			
Block Level					
A	Financial Inclusion				
1	Block Technical Coordinator- Financial Inclusion	01	Post Graduate degree or Diploma	0-2 years of experience in relevant field	Rs. 35,000 - 50,000
B	Farm Livelihoods				
2	Block Technical Coordinator- Forward Linkage	01	UG (4 years course) in Agri. Science, Forestry, and /or PG in Rural Development/Rural Management/social sciences	1+ years of experience in relevant field	Rs. 35,000 - 50,000
3	Block Technical Coordinator- Organic Farming	01	UG (4 years course) in Ag Science, Forestry or PG in Rural Development/Rural Management/social sciences	1+ years of experience in relevant field	Rs. 35,000 - 50,000
4	Cluster Technical Coordinator-	02	Diploma in Agriculture from AICTC approved	1+ years of experience in	Rs. 20,000 – 25,000

SNo.	Level	Number	Qualification	Experience	Remuneration per month (in Rs.)
	Organic Farming (2 per cluster)		college or UG (4 years course) in Ag Science, Forestry, and /or PG in Rural Development/Rural Management/social sciences	relevant field	
C	Non-Farm Livelihoods				
5	Block Technical Coordinator-Enterprise promotion	01	Post Graduate degree or Diploma	1+ years of experience in relevant field	Rs. 35,000 - 50,000
D	CLF Strengthening				
6	Young Professional/NFs (1 per Model CLF)	01	Post Graduate degree or Diploma	0-2 years of experience	Rs. 35,000 - 50,000
	Total	7			

Note: State can change the designation, may be distinct from existing positions of the SRLM.

7. Other Terms and Conditions-

- i. The positions proposed under NRETP are over and above the already approved positions under DAY-NRLM. Considering the required technical competency, the states are advised to avoid fitment or placing professionals as in-charge for these positions.
- ii. Sourcing of staff is up to the SRLMs; either internal recruitment process or from human resource recruitment agency. NMMU participation in the selection of Senior Technical Expert, Technical Expert/Project Manager positions is mandatory.
- iii. Staff Engagement and Appointment- Selected candidate will be engaged for the project period, subject to annual renewal based on satisfactory performance.
- iv. Staff proposed under NRETP should work as an integrator and work in close coordination with all thematic of DAY-NRLM.
- v. Remaining benefits and other conditions are applicable as per the existing SRLM HR policy.

8. Staff Induction

- i. SRLM has to complete induction cum immersion of NRETP staff within 2 months of joining. The period of induction cum immersion shall be at least for 2-3 weeks.
- ii. New staff have to be oriented on NRLM's Vision, Mission, Core Values and Non-negotiable Principles, NRLM Framework, NRETP Project, Processes, Protocols, Community Operational Manuals and field reality/situation.
- iii. Induction Module may be customized for each category of staff or individual staff

- member. The basic project documents i.e. manuals, reports, training materials etc. are to be provided in print form or e-form as **Induction Kit** to the new staff members.
- iv. Staff has to be trained on the technical aspects of the vertical they have recruited for. So that s/he will have clarity on roles and responsibilities, job description, Key Result Areas and Key Performance Indicators therein.
 - v. During the induction process, the participants are observed closely and graded on various indicators like their active participation, unlearning and learning, approach towards working with poor, and other necessary attributes for a development professional. Participants, who fail to obtain at least the minimum score on the above requirements during the induction, are **de-selected** forthwith.

9. Support Mechanism-

- i. NMMU will provide necessary support in customization of NRETP HR Advisory, recruitment process, induction and immersion of staff.
- ii. The States may take technical support from NIRDPR Resource Cell as and when required.

Job Descriptions (indicative)

A. Social Management Framework

1. Senior Technical Expert- SMF & Gender

Location	SMMU office, State Level
Roles	To provide guidance for the implementation of SMF & Gender interventions
Reporting	CEO/Addl. CEO/Any Other Official designated by CEO
Key Responsibilities	<ul style="list-style-type: none"> • Develop and mainstream Social Management Framework and gender operational strategy, policies, protocols, guidelines, AAP and budget etc. • Develop pool of resource persons at state, district, block level. Also develop pool of community resource persons and community master trainers. • Develop an institutional mechanism for implementation, capacity building and monitoring of SMF and Gender intervention. • Capacity building of all mission staff on SMF and Gender. • Develop Behaviour Change Communication (BCC) strategies and resource materials for Capacity Building of community institutions and mission staff. • Represent SMMU at different forums and liaison with different line departments and NMMU related to the mission activities and reports. • Partnership management related to SMF and Gender. • Development, implementation and monitoring of MIS related to SMF and Gender. • Preparation & submission of progress reports, Best Practices, success stories, Case Studies and any other report required by the management. • Any other task assigned by reporting officer
Qualification	<ul style="list-style-type: none"> • Post Graduate degree or diploma (equivalent) preferably in Rural Development/Rural Management, Master in Social work, Women Studies and relevant academic qualification
Experience	<ul style="list-style-type: none"> • Minimum 7 years of relevant experience in social development, Gender, SHG Federations in rural context with experience of designing, planning and implementation in large scale social development projects of government/non-government organization at state level

- Proven track record in working with SHGs and their federations

2. Technical Expert - Capacity Building of Community Institutions

Location	SMMU office, State Level
Roles	To support and coordinate capacity building of SHGs and their federations, community cadres and establishment of Community Managed Training centers
Reporting	SPM-IB&CB or Social Mobilization /Any Other Official designated by CEO
Key Responsibilities	<ul style="list-style-type: none"> • Develop Capacity building strategies for strengthening of Institution's, advisories, protocols, policies and AAPs • Support in development of capacity building strategies, protocols, policies, annual action plans and necessary advisories and guidelines for capacity building of community institutions • Develop pool of Resource Persons/Community Trainers at State/District /block level • Support in the development of mechanisms, structures and systems, for Training Needs assessment, Induction and Capacity Building of state, district, block and field teams, Community Cadres and Community Institutions • Develop protocol, advisories and guidelines for establishment of Community Managed Training centers in selected Model CLFs or Regional training centers and support Communities in its management and development of systems • Develop monitoring mechanisms for tracking the performance of Capacity building activities, community cadres, Resource pools and training centers and regular monitoring. • Support in the development of Behaviour Change Communication (BCC) strategies and materials, and Capacity Building materials for community institutions. • Documentation and preparation of case studies, best practices/ success stories etc. • Develop Customized modules and protocols shared by NMMU and if required develop state specific modules and materials • Preparation, analysis and submission of MIS and reports to state and NMMU • Any other task assigned by reporting officer
Qualification	<ul style="list-style-type: none"> • Post Graduate degree or diploma (equivalent) preferably in Rural Development/Rural Management, Master in Social work

Experience	<ul style="list-style-type: none"> • Minimum 05 years of relevant experience in development sector in designing, planning and working in large scale social development projects of government/non-government organisation at state level • Proven track record in working with SHGs and their federations
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3. Technical Expert - Model CLF Strengthening

Location	SMMU office, State Level
Roles	To support in the implementation of Model CLF strategy
Reporting	SPM- IB& CB or Social Mobilization/ Any Other Official designated by CEO
Key Responsibilities	<ul style="list-style-type: none"> • Support in development of strategies, policies, advisories, AAPs and roll out of the same for implementation of model CLF strategy • Support in conducting state, district and block level core committee meetings • Support in coordinating with National Resource persons or Technical Support Agencies designated for the state and also developing necessary linkages and ensure on-time completion of all activities planned in model CLF strategy viz., Collection & compilation of current status of CLFs data, Vision building, Business plan development, action plans etc., • Coordinate with other thematic for integration of all activities at CLF level • Regular field visits and reviewing the performance of Model CLF for ensuring proper implementation and integration of all thematic interventions • Support in preparation of Bye-laws, registration and compliance by SHG federations • With support of Technical Expert - CB, develop pool of community master trainers/ Resource Persons at state, District and block level and CLF level and regularly coordinating and monitoring their performance • Plan, design and conduct capacity building activities for members of SHG federations, CBO staff and community cadre • Customized modules and protocols shared by NMMU and if required develop state specific modules and materials • Regularly Mentoring/monitoring/guiding concerned staff at state, district and block teams to ensure effective rollout of Model CLF strategy • Provide support in development and operationlization of Governance,

	<p>financial and HR management systems</p> <ul style="list-style-type: none"> • Identify and document of best practices, case studies and success stories etc. • Preparation, analysis and submission of MIS and reports to state and NMMU • Any other task assigned by reporting officer
Qualification	<ul style="list-style-type: none"> • Post Graduate degree or diploma (equivalent) preferably in Rural Development/Rural Management, Master in Social work
Experience	<ul style="list-style-type: none"> • Minimum 05 years of relevant experience in development sector with experience of design, planning and working in large scale social development projects of government/non-government organisation at state level • Proven track record in working with SHG, VO and CLF

4. Young Professional - Model CLF Strengthening at State Level

Location	<ul style="list-style-type: none"> • SMMU office, State Level
Roles	<ul style="list-style-type: none"> • To support in the implementation of model CLF strategy
Reporting	<ul style="list-style-type: none"> • SPM - IB&CB or Social Mobilisation /Technical Expert- Model CLF strengthening/ Any Other Official designated by CEO
Key Responsibilities	<ul style="list-style-type: none"> • Support in implementation of Model CLF strategy • Support in coordination with NRPs, SRPs, TSAs and concerned district and block level staff • Support in development of pool of community master trainers at state/district/block level and coordinating with them • Conduct training for community Institutions and cadre and participating in state, district and block level core committee meeting • Mentor/monitor/guide staff and community cadre to ensure effective rollout of Model CLF strategy • Support in development training modules, reporting mechanism, data analysis, documentation and reports • Documentation of best practices, case studies and success stories • Any other task assigned by reporting officer
Qualification	<ul style="list-style-type: none"> • Post Graduate degree or diploma preferably in Rural Development/Rural Management, Master in Social work
Experience	<ul style="list-style-type: none"> • Fresh Graduate from management institute • Preferably 1 year experience in rural development

5. Young Professional - Capacity Building of Community Institutions at State Level

Location	<ul style="list-style-type: none"> • SMMU office, State Level
Roles	<ul style="list-style-type: none"> • To support in implementation of Capacity Building activities in NRETP blocks and development of Community Managed Training centers
Reporting	<ul style="list-style-type: none"> • SPM-IB&CB or Social Mobilization/Technical Expert - CB /Any Other Official designated by CEO
Key Responsibilities	<ul style="list-style-type: none"> • Support in implementation of Capacity Building of SHGs and their federations and Community cadres • Support in development and operationalization of policies, structure's, systems, plans, protocols, modules etc., for development of Community Managed Training centers • Support in coordination with pool of community master trainers and resource persons at state/district/block level and ensuring the completion of capacity building activities • Support in identification, grooming and deployment of cadres • Support in documentation and reporting • Support in MIS data collection and analysis and reviewing the performance of Community Managed Training centres • Any other task assigned by reporting officer
Qualification	<ul style="list-style-type: none"> • Post Graduate degree or diploma preferably in Rural Development/Rural Management, Master in Social work
Experience	<ul style="list-style-type: none"> • Fresh Graduate from management institute • Preferably 1year experience in rural development

6. Young Professional - Social Management framework and Gender at State Level

Location	<ul style="list-style-type: none"> • SMMU office, State Level
Roles	<ul style="list-style-type: none"> • To support in implementation of Social Management framework and gender interventions
Reporting	<ul style="list-style-type: none"> • Senior Technical Expert - SMF & Gender/Any Other Official designated by CEO
Key Responsibilities	<ul style="list-style-type: none"> • Support in development and mainstreaming of Social Management Framework and gender operational strategy, policies, protocols, guidelines, AAP and budget etc. • Support in development and coordination with resource persons at state, district, block level. • Support in rolling out of institutional mechanisms for implementation, capacity building and monitoring of SMF and Gender interventions. • Capacity building of all mission staff on SMF and Gender. • Support in partnership management related to SMF and Gender. • Support in development, implementation and monitoring of MIS related

	<p>to SMF and Gender.</p> <ul style="list-style-type: none"> • Support in preparation & submission of progress reports, Case Studies and any other reports required by management. • Any other task assigned by reporting officer
Qualification	<ul style="list-style-type: none"> • Post Graduate degree or diploma preferably in Rural Development /Rural Management, Master in Social work
Experience	<ul style="list-style-type: none"> • Fresh Graduate from management institute • Preferably 1year experience in gender / rural development / social development issues

7. Young Professional - FNHW at State Level

Location	<ul style="list-style-type: none"> • SMMU office, State Level
Roles	<ul style="list-style-type: none"> • To support in implementation of FNHW interventions
Reporting	<ul style="list-style-type: none"> • SPM- IB&CB or SI&SD or FNHW Anchor person/Any Other Official designated by CEO
Key Responsibilities	<ul style="list-style-type: none"> • Support in development and mainstreaming of FNHW operational strategy, policies, protocols, guidelines, AAP and budget etc. • Support in development and coordination with resource persons at state, district, block level. • Support in rolling out of institutional mechanisms for implementation, capacity building and monitoring of FNHW interventions. • Capacity building of mission staff and SHGs and their federations on FNHW. • Support in partnership management related to FNHW. • Support in development, implementation and monitoring of MIS related to FNHW. • Support in preparation and submission of progress reports, Case Studies and any other reports required by management. • Any other task assigned by reporting officer
Qualification	<ul style="list-style-type: none"> • Post Graduate degree or diploma preferably in Public Health, Nutrition, extension, Rural Development/Rural Management, Master in Social work
Experience	<ul style="list-style-type: none"> • Fresh Graduate from management institute • Preferably 1year experience in health/ sanitation / rural development

8. Young Professional at Block Level

Location	<ul style="list-style-type: none"> • Block office, Block Level
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Roles	<ul style="list-style-type: none"> • To implement Model CLF strategy
Reporting	<ul style="list-style-type: none"> • Direct Reporting to Block Project Manager (BPM) and lateral reporting to Technical Expert- Model CLF strengthening /Any Other Official designated by CEO
Key Responsibilities	<ul style="list-style-type: none"> • Development and rolling out of strategies, customization of VO& CLF SOPs, CLF AAPs, systems for implementation of model CLF strategy • Development and training of Community Spearhead Team and CLFs • Facilitation of activities as planned model CLF strategy viz., Collection of current status of CLFs data, Vision building, Business plan development, action plans etc., • Regular field visits and reviewing the performance of Model CLF for ensuring proper implementation and integration of all thematic interventions • Preparation of Bye-laws, registration and compliance by SHG federations • Plan, design and conduct capacity building activities for members of SHG federations, CBO staff and community cadre • Customized modules and protocols shared by State and if required develop CLF specific modules and materials • Attending CLF meetings regularly and mentoring/monitoring/guiding concerned CLF EC and staff to ensure effective rollout of Model CLF strategy • Development and operationlisation of Governance, financial and HR management systems • Identify and document of best practices, case studies and success stories etc. • Preparation, analysis and submission of MIS and reports to state • Any other task assigned by reporting officer
Qualification	<ul style="list-style-type: none"> • Post Graduate degree or diploma preferably in Rural Development Management, Master in Social work
Experience	<ul style="list-style-type: none"> • Fresh Graduate from management institute • Preferably 1year experience in rural development / community works

B. Digital Finance

1. Senior Technical Expert - Digital Finance Initiative

Location	SMMU ofsfice, State Level
Roles	To Provide guidance to the Mission Team for the implementation of Digital Finance Initiative
Reporting	CEO/Add. CEO/Any Other Official designated by CEO
Key Responsibilities	<ul style="list-style-type: none">• Support in strengthening of Digital Finance Initiatives• Support in the development of mechanisms, structures and systems, for Induction and Capacity Building of state, district, block and field teams, Community Cadres and Community Institutions• Develop pool of community cadre/master trainers-training, deployment and management• Customized modules and protocols shared by NMMU and if required develop state specific modules and materials• Mentor/monitor/guide staff at state, district and block team to ensure effective rollout of the activities• Represent at different forums and liaison with different line departments and NMMU related to the mission activities and reports• Facilitate planning, managing and budgeting at various levels• Provide support in programme, systems, data and fund management activities in the state• Coordinate with Corporate BC and Banks for data sharing for monitoring of Digital Finance initiatives• Any other task assigned by reporting officer
Qualification	<ul style="list-style-type: none">• Post Graduate degree or diploma (equivalent) preferably in Rural Development Management, Master in Social work, Financial Management
Experience	<ul style="list-style-type: none">• Minimum 05 years of relevant experience in related sector with experience of design, planning and working in large scale projects of government/non-government organisation at state/national Level

2. Technical Expert - insurance/pension initiatives

Location	SMMU office, State Level
Roles	To Provide guidance to the Mission Team for the implementation of insurance/pension initiatives
Reporting	CEO/Add. CEO/Any Other Official designated by CEO
Key Responsibilities	<ul style="list-style-type: none"> • Support in mainstreaming of insurance and pension initiatives • Develop pool of community cadre/master trainers-training, deployment and management • Customized modules and protocols shared by NMMU and if required develop state specific modules and materials • Mentor/monitor/guide staff at state, district and block team to ensure effective rollout of the activities • Represent at different forums and liaison with different line departments and NMMU related to the mission activities and reports • Facilitate planning, managing and budgeting at various levels • Provide support in programme, systems, data and fund management activities in the state • Any other task assigned by reporting officer
Qualification	<ul style="list-style-type: none"> • Post Graduate degree or diploma (equivalent) preferably in Rural Development Management, Master in Social work, Financial Management
Experience	<ul style="list-style-type: none"> • Minimum 05 years of relevant experience in related sector with experience of design, planning and working in large scale projects of government/non-government organisation at state/national level

3. Block Technical Coordinator- Financial Inclusion

Location	<ul style="list-style-type: none"> • Block Office, Block Level
Roles	<ul style="list-style-type: none"> • To Provide guidance to community institution/cadre for the implementation of Financial Inclusion Initiative
Reporting	<ul style="list-style-type: none"> • BPM/Any Other Official designated by CEO
Key Responsibilities	<ul style="list-style-type: none"> • Support in strengthening of Alternate Banking Solution and Micro Insurance • Support in the identification of cadre and their trainings and deployment • Conduct training for community Institutions and cadre • Attend BLBC meeting and share the progress report, constraints (if any any) in SHG bank linkage • Support in conducting of training of Branch managers and others

	<ul style="list-style-type: none"> • Mentor/monitor/guide staff and community cadre to ensure effective rollout of financial inclusion activities of the Mission • Provide support in programme, systems, data and fund management and anchor Financial inclusion activities in the block • Coordinate with Bank and Corporate BC to provide technical solution to BC Sakhi • Any other task assigned by reporting officer
Qualification	<ul style="list-style-type: none"> • Post Graduate degree or diploma preferably in Rural Development Management, Master in Social work/Financial Management
Experience	<ul style="list-style-type: none"> • Fresh Graduate from management institute • Comfortable with computer/MS Office and latest android based platform

C. Livelihoods- Farm

Advisory for placement of relevant and qualified human resource in the Farm Livelihoods team of SRLMs for the implementation of National Rural Economic Transformation Project

1. Context

Ensuring sustainable access to markets and remunerative prices for their produce by smallholder and marginal farmers is an essential part of the Livelihoods promotion strategy under DAY-NRLM. DAY-NRLM has been organizing the primary producers into livelihoods collectives around specific livelihood activities like agriculture, livestock, NTFP collection etc. As these livelihoods collectives are basically the collectives of primary producers they would be more appropriately called producers' collectives.

Producers' Collectives are important means of linking producers with markets, as well as sourcing inputs, technology, information, and services. Producers' Collectives, viz. producers' groups and producers' enterprises, are being promoted as member based organizations under various interventions of Farm Livelihoods under DAY-NRLM such as Mahila Kisan Sashaktikaran Pariyojana (MKSP), MKSP Annual Action Plan, World Bank Dedicated Fund for value chain development and other Farm Livelihoods initiatives. To build on these experiences, the National Rural Economic Transformation Project (NRETP) has been designed to continue to strengthen women led producer organizations to increase market access and value addition for farm produce. Value chain interventions will be taken up to leverage the economies of scale and reduction in transaction cost and necessary investments will be made to support promotion of producer groups and formal producer enterprises. Therefore, farm value chain interventions would focus on the promotion of producers' collectives, viz. producers' groups and producers' enterprises to enable the small and marginal women farmers to access markets for their produce at a remunerative price.

This advisory is aimed towards providing guidance to the State Rural Livelihoods Missions on the Human Resource architecture that is to be placed at the State, block and cluster level for the effective implementation of the objectives under NRETP.

1.1 Need of qualified professionals for NRETP

The key deliverables of NRETP under Farm Livelihoods are –

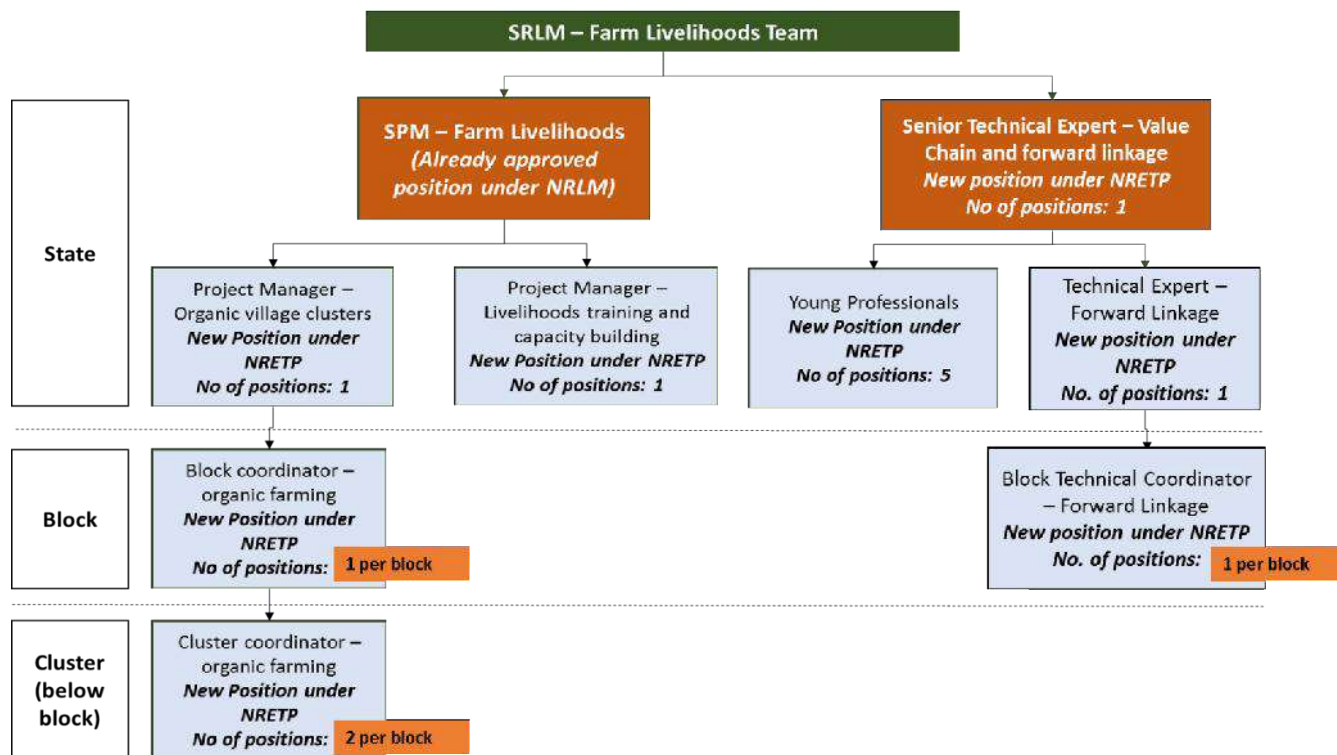
- Scaling up of Value Chain Initiatives – promotion of Producer Groups and Producer Enterprises
- Development of community-based livelihoods extension service (forward linkage)
- Promotion of Organic village Clusters

The producer collectives (PGs and PEs) are business entities and the economic viability of the entity is essential for the collective to provide benefits to the small and marginal farmers in a sustainable manner. Therefore, to enable scaling up of value chain interventions and to promote Producers Enterprises, there is a specific need to place specialized human resource with demonstrated techno-managerial skill sets at the SRLMs, who would be fully dedicated to handle the business complexities of farm produce mostly agro-commodities in a multi-tasking

environment. This team would be responsible to spearhead the value chain development initiatives and the promotion of Producers' Enterprises.

The development of organic village clusters requires that there is human resource with relevant educational qualification and demonstrated experiences in the areas of Organic Cultivation & Certification, value addition and market linkage.

The structure and the specific requirements for each of the positions at the State, block and cluster level, as proposed under NRETP, are given below. Appropriate budgetary provisions have also been made for these positions.



It is expected that prior to the approval of Annual Action Plan under NRETP, the SRLMs would put the team in place and the placement of the full structure would be a prerequisite for approval of any proposal for value chain development through promotion of Producer Enterprise in the State.

2. Job Responsibilities and Eligibility

2.1 Senior Technical Expert - Value Chain and forward linkage

Role	Promote economically sustainable producer based organizations to ensure better price realization for the produce of small and marginal producers
Responsibilities	Specific tasks of the Senior Technical Expert – Value Chain and forward linkage would include: <ul style="list-style-type: none"> a. Development of new proposals in value chain development - Development of intervention strategy, business plan and execution plans for Value Chain development interventions

	<ul style="list-style-type: none"> b. Facilitating partnership with institutional buyers / local buyers, conducting buyer seller meets c. Planning, execution and monitoring of the sanctioned value chain development projects / SRLM interventions through regular field visit and review d. Develop appropriate institutional strategy to exploit opportunities for value chain development e. Develop -Mapping of value chains, Analyzing value chain competitiveness, project strategy, business plans, and standard operating processes for Producer Enterprises and Producer Groups. f. Maintain information regarding produce being handled by PG / PE, markets (prices and trends), commodity-wise details. g. Close handholding, capacity building and support to Producer Enterprise staff. h. Regular review of the performance of all Producer Enterprises and Producer Groups promoted by the SRLM i. Developing and executing capacity building plans for the project staff and community members on value chain development j. Develop manuals and guidelines to facilitate implementation of value chain development. Also, facilitate workshops, consultations necessary for developing the same. k. Identify and document best practices in value chain development interventions. l. Co-ordination with the Technical Support Agencies for development and implementation of value chain development proposals. m. Review of concerned staff at all levels n. Development of modules in MIS for monitoring and evaluation of value chain interventions
Qualifications	<ul style="list-style-type: none"> a. Should be a Post Graduate in Agri-business management / Rural Management / Rural Marketing or MBA in Marketing from a reputed university/institute. Candidate with UG/PG in agriculture or veterinary science is desirable.
Experience	<ul style="list-style-type: none"> a. Should have an experience of minimum 5 years in handling value chain development/ market linkage for agriculture produce. She/he should have experience of procurement and marketing of specific agri commodity in large scale. b. Candidates with experience in managing agriculture commodity supply chain in companies engaged in agri-business, P&L handling experience in a corporate environment would be preferred. c. Candidate with experience in enterprise promotion, business advisory services, forward and backward linkages for large agriculture based businesses would be given priority. d. Should have handled procurement / marketing / supply chain for business line / enterprise promotion of at least INR 10 crores turnover annually. e. Proven experience of leading professional staff and building their initiative and enable them to function as members of efficient and

	<p>effective teams</p> <p>f. Developed and managed partnerships in market side, supply side, better technologies</p> <p>g. Demonstrable experience of project management, ensuring the delivery of high quality program</p> <p>h. Managed a team of at least 10 members</p>
Job Related Competencies	<p>a. Setting up a business / vertical in corporate agribusiness company/ start-up environment.</p> <p>b. Setting up systems and processes to increase efficiency, profitability of the business Knowledge, skills and ability to use a variety of communication methods, tools and media</p> <p>c. Knowledge of supply chain management, designing procurement operations, project management.</p> <p>d. Familiarity with mutual assistance principles, functioning of cooperatives or other community based business enterprises, governance mechanisms for Producer Companies would be preferred.</p> <p>e. Good data analysis and conceptualization skills</p> <p>f. Ability to write concept notes, proposals etc., and make effective presentations</p> <p>g. Ability to build and sustain effective partnerships with Government Agencies and private sector organizations</p> <p>h. Proven ability to coordinate the work of others and to work as part of a team and share knowledge with others</p> <p>i. Effective Teamwork with conflict resolution skills</p> <p>j. Demonstrated openness to change and ability to manage complex situations</p>

2.2 Technical Expert – Forward Linkage

Role	<p>Technical Expert - Forward linkage would work under the guidance of the Senior Technical Expert – Forward Linkage to promote economically sustainable producer based organizations to ensure better price realization for the produce of small and marginal producers</p>
Responsibilities	<p>Specific tasks of the Technical Expert - Forward linkage would include:</p> <p>a. Planning, execution and monitoring of the sanctioned value chain development projects / SRLM interventions through regular field visit and review</p> <p>b. Mapping of value chains, analyzing value chain competitiveness, project strategy, business plans, and standard operating processes for Producer Enterprises and Producer Groups.</p> <p>c. Maintain information regarding produce of the SHG members, markets (prices and trends), and commodity-wise details.</p> <p>d. Identifying institutional buyers / local buyers, conducting buyer seller meets</p> <p>e. Development of new proposals in value chain development - Development of intervention strategy, business plan and execution plans for Value Chain development interventions</p>

	<ul style="list-style-type: none"> f. Close handholding, capacity building and support to Producer Enterprise staff. g. Timely review of the performance of all Producer Enterprises and Producer Groups promoted by the SRLM h. Developing and executing capacity building plans for the project staff and community members on farm livelihoods and value chain development i. Develop manuals and guidelines to facilitate implementation of value chain development. Also, facilitate workshops, consultations necessary for developing the same. j. Identify and document best practices in value chain development under farm livelihoods initiatives k. Co-ordination with the Technical Support Agencies for development and implementation of value chain development proposals. l. Ensuring data collection and entry into MIS for monitoring and evaluation of value chain interventions
Qualifications	<ul style="list-style-type: none"> a. Should be a Post Graduate in Agri-business management / Rural Management / Rural Marketing or MBA in Marketing from a reputed university/institute. Candidate with UG/PG in agriculture or veterinary science is desirable.
Experience	<ul style="list-style-type: none"> a. Should have an experience of minimum 3 years in handling value chain development/ market linkage for agriculture produce. She/he should have experience of procurement and marketing of specific agri-commodity in large scale b. Candidate with experience in managing agriculture commodity supply chain in companies engaged in agribusiness, P&L handling experience in a corporate environment would be preferred. c. Candidate with experience in enterprise promotion, business advisory services, forward and backward linkages for large agriculture based businesses would be given priority. d. Should have handled procurement / marketing / supply chain for vertical of at least INR 2 crores turnover annually. e. P&L handling experience for the vertical / business / product line. f. Experience of starting a business / vertical within a corporate environment would be preferred. g. Proven experience of leading professional staff and builds their initiative and enables them to function as members of efficient and effective teams h. Developed and managed partnerships in market side, supply side, better technologies i. Demonstrable experience of project management, ensuring the delivery of high quality programmes as well as managing internal learning processes across virtual teams j. Managed a team of at least 5 members
Job Related Competencies	<ul style="list-style-type: none"> a. Experience in setting up a business / vertical in corporate agribusiness company/ start-up environment. b. Experience in setting up systems and processes to increase

	<p>efficiency, profitability of the business Knowledge, skills and ability to use a variety of communication methods, tools and media</p> <ol style="list-style-type: none"> c. Knowledge of supply chain management, designing procurement operations, project management. d. Familiarity with mutual assistance principles, functioning of cooperatives or other community based business enterprises, governance mechanisms for Producer Companies would be preferred. e. Good data analysis and conceptualization skills f. Ability to write concept notes, proposals etc., and make effective presentations g. Ability to build and sustain effective partnerships with Government Agencies and private sector organizations h. Proven ability to coordinate the work of others and to work as part of a team and share knowledge with others i. Effective Teamwork with conflict resolution skills j. Demonstrated openness to change and ability to manage complex situations
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2.3 Project Manager – Organic village clusters

Role	PM-organic village clusters would work under the guidance of the SPM – Farm Livelihoods to roll-out organic farming and certification in the States
Roles and Responsibilities	<ol style="list-style-type: none"> a. Planning, execution and monitoring of the sanctioned organic village cluster projects through regular field visit and review b. Cluster level planning and roll out of organic village cluster development activities c. Rolling out certification in the clusters d. Support the SRLMs in development of value addition and market linkage strategies for organic produce e. Development of protocols, package of practices for organic farming. Also, facilitate workshops, consultations necessary for developing the same. f. Mapping of value chains, analyzing value chain competitiveness, project strategy, business plans, and standard operating processes for Producer Enterprises and Producer Groups taking up marketing of organic produce g. Maintain information regarding produce of the SHG members, markets (prices and trends), commodity-wise details. h. Identifying institutional buyers / local buyers, conducting buyer seller meets i. Development of new proposals in organic village cluster development j. Developing and executing capacity building plans for the project staff and community members on farm livelihoods and value chain development k. Develop manuals and guidelines to facilitate implementation of value chain development.

	<ul style="list-style-type: none"> l. Identify and document best practices m. Co-ordination with the Technical Support Agencies for development and implementation of organic village clusters n. Ensuring data collection and entry into MIS for monitoring and evaluation
Qualifications	<ul style="list-style-type: none"> a. Candidate should be a Post-Graduate in Agriculture / Agri-business management/Rural Management/Rural Marketing / social sciences from a reputed university/institute
Experience	<ul style="list-style-type: none"> a. 5+ years in a large size livelihood development project or in reputed industry at middle management level, responsible for promotion of organic agriculture practices and allied activities based livelihoods or managing commodity business in scale, certification, sourcing, value addition, marketing etc. b. Candidate should also have minimum 3 years of experience working in any part of the value chains of organic produce. c. Should have handled procurement / marketing / supply chain for organic agricultural produce d. Experience of developing a business / vertical for promotion of organic farming, practices within an organization / corporate institution would be preferred. e. Experience of roll-out of PGS or Third party certification with at least 500 farmers. f. Proven experience of leading professional staff and builds their initiative and enables them to function as members of efficient and effective teams g. Developed and managed partnerships in market side, supply side, for technical know-how of implementation of organic farming h. Demonstrable experience of project management, ensuring the delivery of high quality programmes as well as managing internal learning processes across virtual teams i. Managed a team of at least 5 members
Job Related Competencies	<ul style="list-style-type: none"> a. Knowledge of organic certification standards – both third party and PGS certification systems b. Knowledge of compliances for both export and domestic markets for organic produce. c. Knowledge of organic farming methods, agro-ecological practices d. Experience in setting up systems and processes to roll-out organic farming in the States e. Good data analysis and conceptualization skills f. Ability to write concept notes, proposals etc., and make effective presentations g. Ability to build and sustain effective partnerships with Government Agencies and private sector organizations h. Proven ability to coordinate the work of others and to work as part of a team and share knowledge with others i. Demonstrated openness to change and ability to manage complex situations

2.4 Project Manager – Livelihoods training and capacity building

Role	PM- Livelihoods training and capacity building would work under the guidance of the SPM – Farm Livelihoods to manage the training and capacity building activities and requirements for staff, community resource persons and community.
Roles and Responsibilities	<ul style="list-style-type: none"> a. Developing and executing capacity building plans for the project staff and community members on farm livelihoods b. Co-ordinate with Sustainable Agriculture, Livestock, NTFP, Value Chain and organic farming teams of Farm Livelihoods to develop the training and capacity building strategy for staff, CRPs and community and identification of training needs for staff, CRP and community c. Co-ordinate development of modules / training material (print and video) with the support of NRPs / Expert organizations. d. Identify best practice sites to be developed as immersion sites / exposure visits e. Support the teams under Farm Livelihoods in development of protocols, package of practices for organic farming. Also, facilitate workshops, consultations necessary for developing the same. f. Regular documentation and publication of best practices g. Partnerships with academic institutions, capacity building agencies for providing trainings. h. Ensuring data collection and entry into MIS for monitoring and evaluation of training and capacity building activities
Qualifications	<ul style="list-style-type: none"> a. Candidate should be a Post-Graduate in Agriculture / Agri-business management/Rural Management/Rural Marketing / social sciences from a reputed university/institute
Experience	<ul style="list-style-type: none"> a. 5+ years in a large size livelihood development project or in reputed industry at middle management level, responsible for development of training materials, manuals for Staff, community resource persons and community for livelihoods activities. b. Candidate should also have minimum 3 years of experience working in development and implementation of training and capacity building programs c. Experience of designing and implementing large scale training programs at the State level for a large scale for a farm livelihoods based program d. Experience of developing training material (flipcharts, documents, posters, video etc) on sustainable agriculture, livestock, NTFP or value chain for various types of recipients (community resource persons, community, Staff). e. Experience of using innovative technologies for delivery of training f. Experience of building robust training architecture. g. Proven experience of leading professional staff and builds their initiative and enables them to function as members of efficient and effective teams h. Developed and managed partnerships with academic institutions,

	<p>training agencies for implementation of training at various levels</p> <p>i. Managed a team of at least 5 members</p>
Job Related Competencies	<p>j. Knowledge of training needs at various level - community resource persons, community, Staff, etc</p> <p>k. Knowledge of training techniques, methodologies and use of technology for training delivery</p> <p>l. Experience in setting up systems and processes to roll-out training on various in the States</p> <p>m. Good data analysis and conceptualization skills</p> <p>n. Ability to write concept notes, proposals etc., and make effective presentations</p> <p>o. Ability to build and sustain effective partnerships with Government Agencies, academic institutions, training agencies etc.</p> <p>p. Proven ability to coordinate the work of others and to work as part of a team and share knowledge with others</p> <p>q. Demonstrated openness to change and ability to manage complex situations</p>

2.5 Young Professionals

Role	Young professionals would work under the guidance of the SPM – Forward Linkage to implement value chain development interventions in the States
Roles and Responsibilities	<p>a. Execution and monitoring of the sanctioned value chain development projects / SRLM interventions through regular field visit and review</p> <p>b. Analyzing value chain competitiveness, and business plans for Producer Enterprises and Producer Groups.</p> <p>c. Maintain information regarding produce of the SHG members, markets (prices and trends), commodity-wise details.</p> <p>d. Identifying institutional buyers / local buyers, conducting buyer seller meets</p> <p>e. Support in collection of information / data for development of new proposals in value chain development</p> <p>f. Support in execution of capacity building plans for the project staff and community members on farm livelihoods and value chain development</p> <p>g. Facilitate workshops, consultations necessary for developing manuals and guidelines to facilitate implementation of value chain development.</p> <p>h. Identify and document best practices in value chain development under farm livelihoods initiatives</p> <p>i. Ensuring data collection and entry into MIS for monitoring and evaluation of value chain interventions</p>
Qualifications	a. Education - Post Graduate in Agri-business management / Rural Management / Rural Marketing or MBA in Marketing from a from a reputed university/institute
Experience	<p>a. 0-2 years' experience in livelihoods promotion</p> <p>b. Experience of working in marketing / supply chain within a</p>

	<p>corporate environment would be preferred.</p> <p>c. Field experience of working in a large scale livelihoods promotion program</p>
Job Related Competencies	<p>a. Knowledge of supply chain management, designing procurement operations, project management.</p> <p>b. Knowledge of mutual assistance principles, functioning of cooperatives or other community based business enterprises, governance mechanisms for Producer Companies would be preferred.</p> <p>c. Good data analysis and conceptualization skills</p> <p>d. Ability to write concept notes, proposals etc., and make effective presentations</p> <p>e. Demonstrated openness to change and ability to manage complex situations</p>

2.6 Block Technical coordinator – Forward Linkage

Role	Block Technical coordinator – Forward Linkage would work under the guidance of the SPM – Value Chain and Forward Linkage to implement value chain development interventions in the blocks
Roles and Responsibilities	<p>a. Responsible for execution and monitoring of the sanctioned value chain development projects at the block level</p> <p>b. Continuously scout for opportunities by analyzing potential for developing value chain interventions for existing commodities being produced in the block</p> <p>c. Facilitate the technical support agencies in implementation of the sanctioned projects.</p> <p>d. Maintain information regarding produce of the SHG members, markets (prices and trends), commodity-wise details of local and block level markets.</p> <p>e. Identifying local buyers / local buyers, facilitating buyer seller meets at the block level</p> <p>f. Collection of information / data for development of new proposals in value chain development</p> <p>g. Execution of capacity building plans for the project staff, udyog mitra and community members on farm livelihoods and value chain development</p> <p>h. Facilitate workshops, consultations necessary for developing manuals and guidelines to facilitate implementation of value chain development.</p> <p>i. Identify and document best practices in value chain development under farm livelihoods initiatives in the block</p> <p>j. Ensuring data collection and entry into MIS for monitoring and evaluation of value chain interventions</p>
Qualifications	<p>a. UG (4 years course) in Ag Science, Forestry, and /or PG in Rural Development/Rural Management/social sciences</p>

Experience	<ul style="list-style-type: none"> a. 1-2 years of experience of procurement and marketing of specific agri commodity in large scale, experience in managing agriculture commodity supply chain in companies engaged in agri business b. P&L handling experience for an area / product line within an agri-commodity focused corporate environment. c. Experience in procurement / marketing of agriculture commodities. d. Experience of setting up field level procurement centers e. Proven experience of leading professional staff and builds their initiative and enables them to function as members of efficient and effective teams f. Demonstrable experience of project management, ensuring the delivery of high quality programmes as well as managing internal learning processes across virtual teams g. Managed a team of at least 5 field staff
Job Related Competencies	<ul style="list-style-type: none"> a. Knowledge of supply chain management, execution of procurement operations, project management. b. Familiarity with mutual assistance principles, functioning of cooperatives or other community based business enterprises, governance mechanisms for Producer Companies would be preferred. c. Ability to work with government agencies, technical support partners at the block level d. Ability to work effectively with community resource persons, community and field staff to deliver results e. Effective Teamwork with conflict resolution skills f. Demonstrated openness to change and ability to manage complex situations

2.7 Block coordinator – organic farming

Role	Block coordinator – organic farming would work under the guidance of the SPM – Farm Livelihoods and be responsible for the implementation of organic farming and certification in the blocks
Roles and Responsibilities	<ul style="list-style-type: none"> a. Execution and monitoring of the sanctioned organic village cluster projects through regular field visit and review b. Cluster level planning and roll out of organic village cluster development activities c. Rolling out certification in the clusters and facilitate technical support agencies in implementation d. Continuously scout for opportunities by analyzing potential for developing value chain interventions for existing commodities being produced in the block e. Maintain information regarding produce of the SHG members, markets (prices and trends), commodity-wise details. f. Identifying local buyers, conducting buyer seller meets g. Executing capacity building plans for the project staff and community members on farm livelihoods and value chain development

	<ul style="list-style-type: none"> h. Identify and document best practices i. Ensuring data collection and entry into MIS for monitoring and evaluation
Qualifications	<ul style="list-style-type: none"> a. UG (4 years course) in Ag Science, Forestry, and /or PG in Rural Development/Rural Management/social sciences
Experience	<ul style="list-style-type: none"> a. 1-2 years in a livelihood development project responsible for promotion of organic production systems and allied activities based livelihoods b. Should have handled procurement / marketing / supply chain for organic agricultural produce c. Experience of roll-out of PGS or Third party certification with at least 100 farmers. d. Experience in setting up systems and processes to roll-out organic farming e. Demonstrable experience of project management, ensuring the delivery of high quality programmes as well as managing internal learning processes across virtual teams f. Managed a team of at least 5 field staff
Job Related Competencies	<ul style="list-style-type: none"> r. Knowledge of organic certification standards – both third party and PGS certification systems s. Knowledge of compliances for both export and domestic markets for organic produce. t. Knowledge of organic farming methods, agro-ecological practices u. Ability to work effectively with community resource persons, community and field staff to deliver results v. Good data analysis and conceptualization skills w. Ability to build and sustain effective partnerships with Government departments, technical support agencies and capacity building agencies x. Demonstrated openness to change and ability to manage complex situations

2.8 Cluster coordinator – organic farming

Role	Cluster coordinator – organic farming would work under the guidance of the Block coordinator – organic farming and be responsible for the implementation of organic farming and certification at the cluster level
Roles and Responsibilities	<ul style="list-style-type: none"> a. Cluster level planning and roll out of organic village cluster development activities b. Rolling out certification in the clusters and facilitate technical support agencies in implementation c. Maintain information regarding produce of the SHG members, markets (prices and trends), commodity-wise details. d. Executing capacity building plans for the project staff and community members on farm livelihoods and value chain development e. Identify best practices and communicate the same to the block level

	f. Ensuring data collection and entry into MIS for monitoring and evaluation
Qualifications	a. Diploma in agriculture from a AICTE recognized institute or UG (4 years course) in Ag Science, Forestry
Experience	<p>a. 1+ years in a livelihood development project responsible for promotion of organic production systems and allied activities based livelihoods. In case of Diploma Agriculture, fresh graduates may be considered.</p> <p>b. Experience of roll-out of PGS or Third party certification would be preferred</p> <p>c. Experience of working with community and community mobilization for livelihoods interventions</p> <p>d. Experience in executing training and capacity building programs at the field level with community resource persons and community</p>
Job Related Competencies	<p>a. Knowledge of organic certification standards – both third party and PGS certification systems would be preferred</p> <p>b. Knowledge of organic farming methods, agro-ecological practices</p> <p>c. Ability to work effectively with community resource persons, community and field staff to deliver results</p>

D. Non-farm Livelihoods Positions

The non-farm livelihoods component has provision for the following positions at various levels:

<i>Positions</i>	<i>Level</i>
Senior Technical Expert- Enterprise Promotion	SMMU
Technical Expert- Enterprise Promotion	SMMU
Position: District Technical Expert – Enterprise Promotion	DMMU
Position: Block Technical Coordinator – Enterprise Promotion	BMMU

The details of the various positions are provided below

Position: Senior Technical Expert- Enterprise Promotion

Job Responsibilities

Role: The State Technical Expert (Enterprise Promotion) shall be the nodal person in the state for implementing the NRETP components including One Stop Facility (OSF) Centres, Incubators and Clusters. S/he will lead technical and field-based activities including enterprise development, business support services and capacity building support and ensure that both the quantitative and qualitative targets are met.

The responsibilities include:

1. Prepare annual action plan for non-farm livelihoods component of NRETP.
2. Prepare and evaluate project proposals to be submitted to the NRLM for funding under the NRETP.
3. Develop partnerships with Government/private sector/technical institutions on various aspects like capacity building of various stakeholders (community cadre, entrepreneurs), market support, technical assistance, technology support, enterprise management etc.
4. Work with Technical Support Agencies to meet project objectives
5. Develop an eco-system of human resources comprising of functional experts and mentors in the state for supporting enterprises development
6. Support the teams at block and district level for effective and timely implementation of the programme; conduct regular review meeting at various levels
7. Ensure that the enterprises supported under the program are sustainably financially viable within the defined timelines of the project.
8. Facilitate forward and backward linkages for the enterprises set up under the programme.
9. Facilitate and monitor the creation of competitive advantages for the enterprises supported by the SRLM, like creation of brand, compliance with statutory compliances, reaching economies of scale, access to various government schemes, convergence etc.
10. Monitor progress of the entrepreneurship development component, analyse MIS and project performance data and take necessary corrective action
11. Ensure deployment of technology platform for enterprise and cluster support and use of data analytics for performance tracking and decision making at enterprise and SRLM level
12. Develop SOPs, manuals and guidelines for various components of the programme
13. Ensure documentation of case studies, best practices, and learning notes throughout project implementation
14. Comply with necessary administrative processes to ensure smooth implementation of entrepreneurship development component in the field
15. Review the performance of the non-farm livelihoods team at all levels in the state and support them in the successful fulfilment of their responsibilities
16. Co-ordinate with the other thematic leads in the SRLM and ensure that the SRLM evolves a robust ecosystem that supports the growth of community owned and managed growth enterprises and value chains

Qualifications required

1. MBA in Finance/Rural Management/Marketing/supply chain management from an institution of repute **or** CA **or** ICWA.
2. At least 5 years of experience (after graduation) of working in non-farm livelihoods sector like micro-enterprises development, Collectives and Producer Companies **or** in the private sector in a business leadership /management role
3. Experience of providing business advisory services, developing forward and backward linkages for businesses in the non-farm livelihoods sector
4. Experience of managing /starting business and managing them for growth and profitability will be given preference
5. Demonstrable experience of project management and team management ensuring the delivery of high-quality program
6. Should have managed a team of at least 10 members

Skills and Competencies

1. Ability to plan, organize, and control resources, procedures to achieve specific goals.
2. Ability to handle several different projects/tasks at one time, successfully complete tasks assigned, and meet deadlines
3. Ability to scan the horizon and identify approaches and initiatives to bring into policy and programme design
4. Ability to engage with other agencies, donors, and other development stakeholders and forge productive working relationships
5. Ability to generate commitment, excitement and excellence in others
6. Ability to get things done while exercising good judgement
7. Sound Business knowledge and skills. Specially In business analytics and management
8. Strong in communication and negotiation skills
9. Data driven, open to learning and adaptable, should be willing to adapt to ground realities
10. Ability to network with agencies and have experience of working for developing market linkages
11. Skill of managing a business, preparing business plans, evaluating financial viability and business plans, are key skills that are critical for this role.
12. Ability to think out of the box and come up with innovative solutions to business challenges and problems.
13. Should be interested to work with the rural poor to create a more inclusive society.
14. Honest, fair and objective in work
15. A Self-starter and a target-oriented person
16. Willing to travel extensively in the field for 10-15 days a month

Position: Technical Expert- Enterprise Promotion**Job Responsibilities**

The Technical Expert – The Technical Expert will serve as one of the core team members of the organization. He/she will supervise technical and field-based activities

including market linkages, business plan development (clusters and higher order enterprises) and non-farm value chain development. Key activities include:

1. Facilitate the promotion of linkages among entrepreneurs, larger businesses and govt. agencies.
2. Support the activities pertaining to development of clusters
3. Identify new business and cluster opportunities and markets for setting up enterprises
4. Maintain a database of products manufactured and services rendered by SHG-entrepreneurs along with key enterprise details and identify products / services with a larger market demand
5. Identify and on-board partners to enhance quality and standardize SHG business / cluster products (in terms of legal requirements, quality, packaging, etc.) and services as per market standards / customer demand
6. Explore different avenues for marketing products and services, including but not limited to government e-marketplace, online platforms, and other remunerative market channels
7. Explore possibilities and convene development of a brand for marketing SHG-entrepreneur products
8. Ensure business data collection, analyses, and preparation of status reports of all initiatives implemented by her / him on a monthly basis
9. Document case studies, best practices, and learning notes throughout project implementation
10. Comply with necessary administrative processes to ensure smooth implementation of entrepreneurship development component in the field
11. Ensure that the enterprises supported under the program are sustainably financially viable within the defined timelines of the project.
12. Facilitate forward and backward linkages for the enterprises set up under the programme.
13. Ensure that both the quantitative and qualitative targets are met.

Qualifications required

1. MBA in Finance/Rural Management/Marketing from an institution of repute **or** CA **or** ICWA
2. Minimum of 3 years of experience working on sales/marketing support to clusters/micro and small enterprises. Preference will be provided to candidates with experience in private sector.
3. Experience of working in teams and managing relationships with all stakeholders

Skills and Competencies

1. Strong in numeracy, analytical, and business skills
2. Good team player with strong ability to work in teams and with people with no direct reporting relationships
3. Strong in communication and negotiation skills
4. Data driven, open to learning and adaptable, should be willing to adapt to ground realities
5. Compassionate for the poor and willing to look at issues from their lens
6. Honest, fair and objective in work
7. A Self-starter and a target-oriented person.
8. Willing to travel extensively in the field for 10-15 days a month

Position: District Technical Expert – Enterprise Promotion

Job Responsibilities

The District Technical Expert shall be responsible for overseeing all enterprise development activities in the allocated district. The specific responsibilities of the District Technical Expert are:

1. Ensure roll-out and functioning of entrepreneurship promotion activities within the district
2. Identify new business opportunities and markets for setting up enterprises
3. Coordinate with functional experts in the district for seeking their advice and services for promoting, enhancing, and improving performance of enterprises
4. Coordinate with the other domain teams in the district for effective implementation of enterprise activities
5. Ensure regular data-collection and analysis of supported enterprises (through software application, or manually, as the case may be)
6. Ensure regular monitoring and reporting of entrepreneurship development activities in the block
7. Document and share experiences of entrepreneurs and innovative practices undertaken in the field
8. Coordinate with the technical support agency cluster development activities in the district
9. Monitor the work of the Block teams and the TSAs under the program in his/her district
10. Ensure that the enterprises supported under the program are sustainably financially viable within the defined timelines of the project.
11. Facilitate forward and backward linkages for the enterprises set up under the programme.
12. Facilitate and do capacity building of the CRPs and the staff of the cluster enterprises in the district.
13. Review the financial and business parameters of the cluster and larger group enterprises in the district on a regular basis
14. Facilitate and build the capacities of the block teams, CRPs and community members in the OSF in business plan appraisal, evaluation and approvals.
15. Ensure that financial requirements of enterprises are met, both from CEF and through Formal Financial Institutions in co-ordination with the District FI team.
16. Assist the incubator appointed by the SRLM in identifying SHG women-run enterprises for incubation support
17. Provide data-driven market intelligence, support market linkages, scout for new business opportunities, and facilitate access to technology and skills
18. Ensure that both the quantitative and qualitative targets are met.
19. Roll out of technology platform for enterprise promotion, monitoring the enterprise development activities in the district, and identification and coordination with the pool of functional experts.

Qualifications required

1. MBA in Finance/Business/Rural Management/Marketing from an institution of repute **or** CA **or** ICWA.
2. Minimum of 2 years of experience of working in non-farm livelihoods promotion or in a business organisation preferably in rural based value chains.
3. Experience of working in teams and managing relationships with all stakeholders

Skills and Competencies

1. Strong in numeracy, analytical, and business skills
2. Good team player with strong ability to work in teams and with people with no direct reporting relationships
3. Strong in communication skills
4. Data driven, open to learning and adaptable, should be willing to adapt to ground realities
5. Compassionate for the poor and willing to look at issues from their lens
6. Honest, fair and objective in work
7. A Self-starter and a target-oriented person
8. Willing to travel extensively in the field and stay in a village for 15 days a month

Position: Block Technical Coordinator – Enterprise Promotion

Job Responsibilities

The Block Manager – Entrepreneurship has the responsibility of operations of the One Stop Facility (OSF) centre. She/he has to ensure that entrepreneurs in the blocks are provided the required services. The specific role is

1. Ensure provision of Business Support Services by OSF to all the entrepreneurs in the block
2. Ensure that OSF has the required technical information (information about schemes etc) for the services that need to be rendered
3. Create various data sets of enterprise and entrepreneurs in the block including the baseline survey of existing enterprises; ensure that this data is updated at regular intervals
4. Assist in preparing the necessary content for training and capacity building of various stakeholders
5. Ensure that financial requirements of enterprises are met, both from CEF and through Formal Financial Institutions
6. Coordinate amongst TSA, OSF, CBOs and project staff for effective implementation
7. Assist in identification and selection of Community Cadre and Mentors for OSF
8. Institutionalise OSF and governance mechanisms (infrastructure, opening bank-account, appointment and rotation of signatories, etc.) as per norms
9. Support the CBOs in operationalising the various activities under the programme and in building their capacities to take over all the programme elements at the end of the project period
10. Identify new business opportunities and markets for setting up enterprises
11. Ensure regular monitoring and reporting of entrepreneurship development activities in the block
12. Ensure that both the quantitative and qualitative targets are met
13. Ensure MIS and monitoring reports are submitted as per the defined timelines.
14. Provide handholding and business management support to the clusters /incubated enterprises being supported in the block.

Qualifications required

1. Post graduate in management / commerce / engineering background from an institution of repute.
2. Minimum of 0-1 years of experience of working in non-farm livelihoods promotion or in a business organisation preferably in rural based value chains.

Skills and Competencies

1. Strong in numeracy, analytical, and business skills
2. Good team player with strong ability to work in teams and with people with no direct reporting relationships
3. Data driven, open to learning and adaptable, should be willing to adapt to ground realities
4. Compassionate for the poor and willing to look at issues from their lens
5. Honest, fair and objective in work
6. A Self-starter and a target oriented person.
7. Willing to travel extensively in the field and stay in a village for 15 days a month

File No: K-11067/03/2018/NRLM(Livelihoods)/Part1 (360063)

Government of India
Ministry of Rural Development
Department of Rural Development
(RL Division)

7th Floor, NDCC II Building,
Jai Singh Marg,
New Delhi – 110001

Dated 21.08.2018

To,

The Principal Secretaries of all States

Subject – Advisory for roll-out of organic village clusters under DAY-NRLM

Sir/Madam

In order to guide the State Rural Livelihoods Missions in implementation of organic village clusters, an advisory has been developed for the roll-out of organic village clusters under DAY-NRLM. The approved advisory is attached herewith for information and guidance.

Yours faithfully,



(Nita Kejrewal)

Joint Secretary to the Govt. of India

Ph.: 011-23461754

Encl: As above

Cc: CEOs / SMDs of all States

Advisory for Roll out of Organic Village Clusters under Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY - NRLM)

In the Union budget speech for financial year 2018-19, Hon'ble Finance Minister announced that organic farming would be promoted with the women farmers of the Self Help Groups (SHGs). DAY-NRLM has been strengthening livelihoods by interventions in agro-ecological practices, improved livestock rearing, and sustainable Non-timber forest produce (NTFP) collection and value addition. Under the Mahila Kisan Sashaktikaran Pariyojana (MKSP), which is a component of the DAY-NRLM, until March 2018, more than 34 lakh Mahila Kisans have been supported. Organic farming is the next logical progression as it moves towards organic certification and marketing to enable farmers to get better market access. Organic farming provides an opportunity to increase the income of the small and marginal women farmers. All the States are expected to seriously drive this agenda of rolling-out of organic village clusters.

The States have identified a total of 1,646 organic village clusters to be developed, the details of the same have been given as Annexure -1.

To develop the strategy for roll out of the organic villages cluster, consultations were held with State Rural Livelihood Missions (SRLMs), Food and Agriculture Organization of the United Nations (FAO), National Centre of Organic Farming (NCOF), National Resource Persons, MKSP Partners, and industry experts.

Based on these consultations, this Ministry has developed this advisory in order to guide the SRLMs in developing the implementation plan for the development of organic village clusters. The SRLMs should refer to the advisory during the planning and implementation of the organic village clusters.

Activities to be taken up by the States for rollout of organic village clusters

All the states should start the rollout of organic village clusters immediately in a programmatic manner with clear strategy and implementation plan. The activities to be taken up by the States in order to rollout implementation of organic village clusters are:

1. Identification of organic village clusters (selection of village clusters)
2. Placing qualified staff for implementation of the programme
3. Technical Support Agencies (TSAs) and partnerships for implementation support
 - 3.1. TSA for organic farming and certification
 - 3.2. Partnerships
 - 3.2.1 Field level implementation with existing MKSP partners
 - 3.2.2 Partners with non-financial obligation
4. Identification of Mahila Kisan
5. Identification of Resource Persons (Community Resource Persons (CRPs) and Master Trainers)
6. Initiating Organic Certification Process - Certification is an essential component for market pull for the produce, hence it is essential and non-negotiable that all clusters would be certified organic.

7. Training and capacity building of Project staff and CRPs
8. Consultations at state and district level for collaboration with other institutions and line departments for convergence with existing schemes like Paramparagat Krishi Vikas Yojana (PKVY).

The strategic steps for implementation of organic village clusters are elaborated below:

1. Identification of organic village clusters

1.1 Selection of villages

The criteria have been circulated to the SRLM vide *DO No: K11067/06/2018/NRLM (Livelihoods) /Part2 dated January 25th, 2018*. While identifying the villages and organic village clusters, the clusters of villages satisfying any of following criteria may be given preference -

- a. Areas already under implementation of MKSP or areas where SRLM has implemented farm livelihoods initiatives for promotion of agro-ecological practices
- b. Areas where Community Managed Sustainable Agriculture (CMSA) has been implemented successfully by the SRLMs
- c. Areas under Mission Antyodaya implementation
- d. Areas where the producers' groups and the producers' enterprises are keen to move to organic cultivation, certification and marketing
- e. Areas where there has been a significant creation of livelihood assets such as vermicomposting, water conservation structure through convergence with MGNREGS or otherwise.
- f. Rurban clusters
- g. Areas where village organizations have been promoted
- h. Dry land areas or rainfed areas
- i. Areas where traditionally agriculture activities are taken up with low usage of chemical/ inorganic inputs

1.2 Selection of clusters

Each state would identify the organic village clusters by using the following criteria:

- a. An organic village cluster of 5-7 villages, which are contiguous, are to be selected for achieving scale of operation.
- b. The cluster would generate a significant marketable surplus of agriculture /horticulture produce and NTFP.

1.3 Phasing strategy

Most of the States have already identified organic village clusters for the rollout. States should prepare a phasing plan for development of these organic village clusters for focused implementation and oversight. The SRLMs may take up 25% of the clusters to begin with.

2 Placement of qualified staff for implementation of the programme

Organic farming requires technical understanding and experience on organic farming, certification, and marketing of the organic products; therefore, qualified and experienced

human resource is required to drive the implementation of organic village clusters. Each state would deploy a qualified team of farm livelihood professionals for rollout of organic clusters at the block level. If the SRLM has already positioned a dedicated team of professionals for Farm Livelihoods at the block and cluster level, they would be given the responsibility of rolling out the organic cluster. They would be given the necessary training on organic farming. In the absence of a dedicated farm-livelihoods team, having the requisite qualification and experience, recruitment should be done immediately for the block level teams.

2.1 Project Manager at the State level

The state would appoint a dedicated person at the State at the level of a Project Manager for overall coordination of organic village clusters.

Qualification - The Project Manager (Organic Farming) should preferably have a degree in agriculture or allied sciences with minimum 6 years of experience in agriculture or farm based livelihoods promotion. Experience in organic farming, certification and marketing would be given preference. In case there is non-availability of a candidate with a degree in agricultural or allied sciences, a person with a regular Master's degree and relevant experience in agriculture of 8 years shall be considered for the position.

Role of Project Manager, Organic farming– S/he would manage overall implementation of the project in the State under the guidance of the State Project Manager (SPM) / State Mission Manager(SMM) Livelihoods. The role would include coordination with TSA, Regional Council (RC), planning for training and capacity building, liaising with other line departments and institutions and regular monitoring.

2.2 Block coordinator

Each Block should preferably have at least 4 organic village clusters and the overall responsibility for implementation at the block level would remain with the Block coordinator.

Qualification - The Block coordinator should preferably have a degree in agriculture or allied sciences with minimum 2 years of experience in agriculture or farm based livelihoods promotion. Experience in organic farming, certification and marketing would be given preference. In case, there is non-availability of a candidate with a degree in agricultural or allied sciences, a person with a regular Master's degree and relevant experience in agriculture of 4 years may be considered for the position.

Role of the block coordinator – S/he would manage the field implementation of the project including training and capacity building, liaising with the Regional Council (RC) at block level, the formation of local groups as per the Participatory Guarantee Systems (PGS) or third party certification, ensuring accurate and timely upload of data on PGS portal / tracenet, suitable translation from local vernaculars to Hindi/English for portal upload, market linkage and convergence.

2.3 Cluster coordinator

A Cluster coordinator would be responsible for 2 organic village clusters and would be responsible for overall implementation. They would be supporting the Block Coordinator for overall rollout of organic village clusters.

Qualification - The Cluster coordinator (organic farming) should preferably have a 2-year diploma in agriculture/ horticulture science offered by an Indian Council of Agricultural Research (ICAR) accredited institution, in case diploma holders are not available, SRLMs may consider science graduates with minimum 2 years of experience in agriculture based activities, while additional diploma in organic farming or experience in organic farming would be preferred.

Role of cluster coordinator- S/he would be required to manage the field implementation of their respective clusters by providing technical assistance, training and capacity building, formation of local groups as per the PGS or third party certification, ensuring proper documentation of the Local Groups(LGs), data uploading in the PGS portal / tracenet as per Hindi/English translation from vernacular forms, ensuring that regular peer reviews are undertaken and other compliances essential for PGS / third party certification (whichever applicable). He would be responsible for ensuring that the farmers receive all the support for following all the recommended protocols for organic farming.

2.4 Data Entry Operator

Data and traceability is key for organic certification and there are various data formats that need to be on the online portals (PGS-India / Tracenet). The data is to be updated for every Mahila Kisan for each season and in a time bound manner. One data entry operator should be placed at the block level. The Data Entry Operator should have essential computer knowledge and experience, and should be provided adequate training for data entry. S/he should be conversant in local language and English.

3 Technical Support and partnerships for implementation support

3.1 Technical Support Agency for organic farming and certification

As Organic farming requires specialized knowledge and skills across the value chain, NRLM would require high quality technical support for organic villager clusters from production, certification to marketing. SRLMs may identify a Technical Support Agency/ies (TSA) with demonstrated experience in promotion of organic farming including certification and organic production marketing. The expected roles of the TSA are but not limited to:

- i. Support the SRLM and help in preparation of strategic and implementation planning
- ii. Technical training of project staff on certification and record keeping
- iii. Developing guidelines and rollout plan for certification
- iv. Development of training modules
- v. Training and capacity building of field implementation agencies
- vi. Responsible for registration of groups for certification process - In case of PGS certification, the Technical Support agency should be a Regional Council (RC).

- a. The RCs who are permitted to certify organic production for every State are listed on the PGS India website (<https://pgsindia-ncof.gov.in/RcList.aspx>).
- b. The SRLM should refer to the PGS-India guidelines which clearly states the role and responsibilities of the RCs (https://pgsindia-ncof.gov.in/pdf_file/PGS-India%20Operational%20Manual.pdf).
- c. In case of suspension or cancellation of the Certifying status of the RC, there remains an issue of cancellation of certification of the farmers as well. Therefore, SRLMs should conduct due diligence on the certification experience of the TSA.
- d. The cost of certification given in PKVY guidelines (*Page 21, Table 15, subcomponent B – PGS certification through Regional Councils*) would be used as the cost norm (*attached as Annexure II*).
- vii. Handholding support at field level/ field verification
- viii. Support in successful market linkage for the organic produce

3.2 Partnerships for implementation

As mentioned in section 2 above, roll-out of organic farming requires technical knowledge regarding various organic farming practices and therefore, qualified and experienced human resource is required to drive the implementation of organic village clusters. In case the SRLMs are presently not in a position to recruit staff directly, they may take the support of MKSP partners or other agencies for providing field implementation support.

3.2.1 Field level implementation with existing MKSP partners

It is expected that, as the existing MKSP partners have been implementing agro-ecological practices since few years and have developed adequate skills and social capital, SRLMs may consider using the MKSP partners as field implementation Agencies for Organic Village Clusters. Therefore, the partnership may be forged with MKSP partners to provide training and capacity building support in the community. For this purpose, SRLMs may refer DO letter S-11062/02/2015/NRLM (Livelihoods) /Part II dated February 25, 2016.

3.2.2 Non-financial partnerships

SRLM may collaborate with other agency/ies for adoption of Organic Blocks for promotion of organic cluster on a non-financial arrangement. In such a case, the agency would be able to position competent manpower in the block. It is expected that the agency would work with SRLM and would be under the overall supervision of SRLM team. The training and capacity building would be taken up by the SRLMs through CBOs and supported by the agency. *No fund release would be made to the agency, either through the SRLM or the Community Based Organisations (CBOs), in this case.* While selecting such agencies necessary due diligence may be done by SRLMs to assess their competencies and other credentials and ensure that they are aligned with the philosophy of farm livelihoods interventions under DAY-NRLM.

4 Identification of Mahila Kisan

The women farmers interested to take up organic farming would be selected based on the following criteria -

- a. SHG members having agriculture as core livelihoods and have been supported under MKSP interventions or SRLM led agro-ecological interventions

- b. Women farmers who are practicing, at least partly sustainable agricultural practice (using more organic inputs than inorganic inputs).
- c. In case, a woman farmer who is currently using chemical inputs is keen to move on to the organic mode of farming, then such farmer should be selected in consultation with the VO.

4.1 Non-negotiable

- a. Women farmers selected should be SHG members under DAY-NRLM
- b. No individual subsidy would be given to the participants of the organic village cluster. For procuring organic inputs the farmers should access credit through the SHGs.
- c. In States where agro-ecological practices intervention has not started yet, the points 1.1 (h) and 1.1 (i) would be followed.

5 Identification of Community Resource Persons and Master Trainers

5.1 Identification of CRPs

There is a need to have a pool of Community Resource Persons, who will be engaged in farmer-to-farmer extension and conduct the Farmer Field Schools (FFS), through which the organic farmers would be trained in organic farming practices and production of non-chemical inputs among many other activities. One Krishi Sakhi would be identified for every 5 Local Groups. The Krishi Sakhis already engaged in the agro-ecological practices, with SRLM or MKSP partners may be identified as CRPs for organic farming. The role of the Krishi Sakhi would include –

- a. Conducting FFS - Each cluster should have at least one FFS and each FFS would have at least 24 meetings in a year
- b. Collection of farmer information in the formats prescribed for organic certification

The CRPs would be given repeated doses of training and every SRLM would prepare monthly and yearly training calendar for the same. These CRPs would work very closely with organic clusters coordinators.

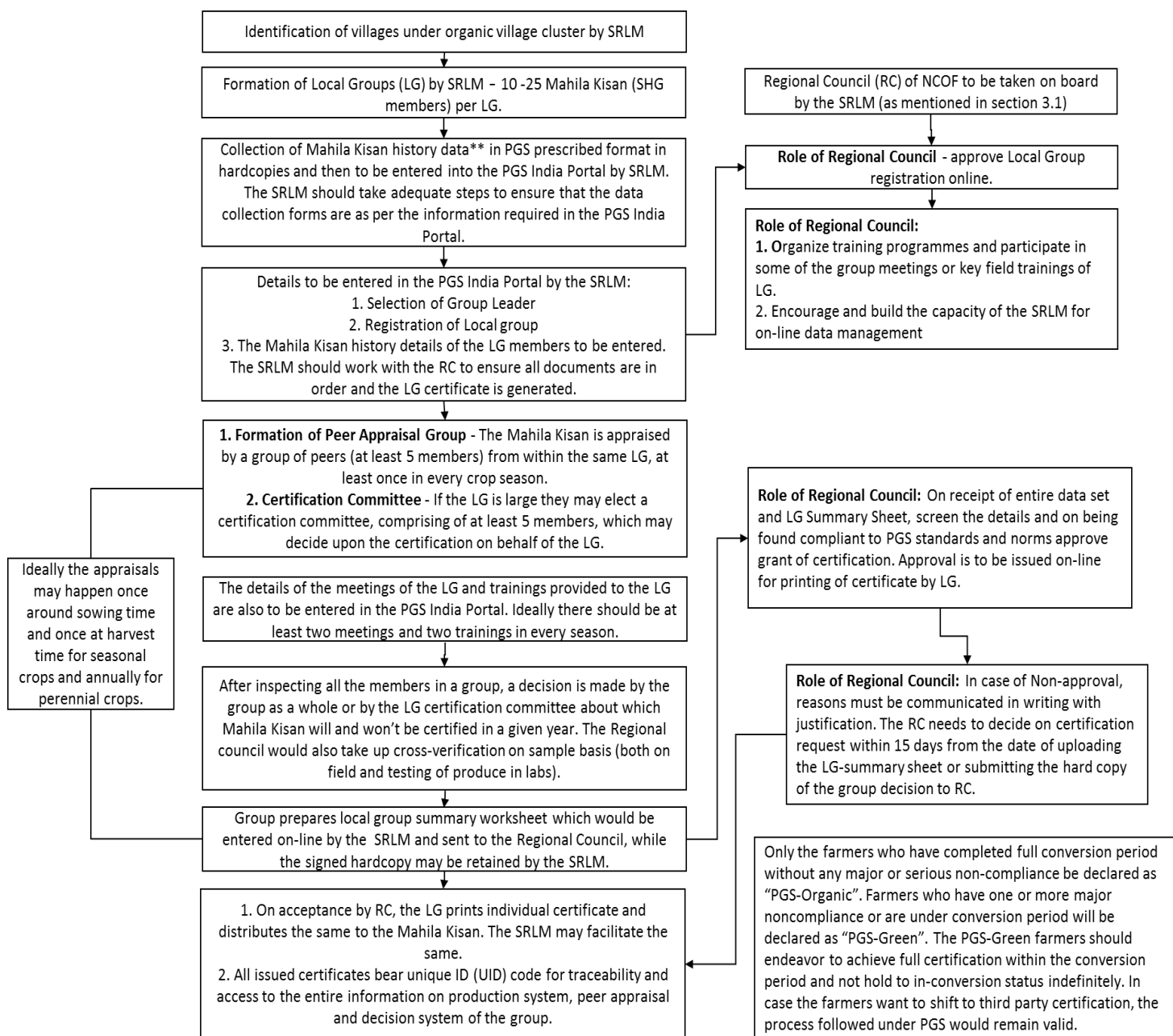
5.2 Identification of Master Trainers

In many states, there are various progressive farmers, who are already practicing Organic farming. These farmers have the potential to be used as Master Trainers, keeping in view that they already know the local agro-climatic conditions and available resources for the preparation of organic inputs. They possess the knowledge required to disseminate the knowledge to new potential organic farmers in a commonly understood language or dialect. Further, their farms can be used as immersion sites for the new organic farmers or the CRPs. These organic farmers must be identified for possible use as trainers. As these Master Trainers might not have exposure to NRLM processes, they must be oriented to the key aspects of DAY-NRLM. The SRLM must prepare a calendar for training and orientation of the Master trainers.

6 Initiating Organic Certification Process

As PGS is cost effective and viable process of organic certification, currently emphasis would be given to the PGS system. In areas where there is potential for export or the buyer insists on third party certification suitable steps may be taken and DAY-NRLM may issue a separate

advisory for the same. The critical steps for PGS certification as defined in the PGS India (https://pgsindia-ncof.gov.in/pdf_file/PGS-India%20Operational%20Manual.pdf) –



****PGS India mandates that the entire family with its farm is to be converted to organic and covered under PGS within the stipulated period. Any farm family willing to embrace organic methods of cultivation, therefore, the Mahila Kisan would represent the household in the organic certification process and the linkage of the family with the land needs to be established (in the PGS registration form, the family details of the Mahila Kisan are also to be provided). For further details please refer the PGS data collection forms. Any other issues related to registration may be taken up on case by case basis with the support of the Regional council.**

The detailed process of PGS certification may be referred to for any further information and guidance (attached as Annexure III).

6.1 Structure for roll-out of Participatory Guarantee Systems (PGS)

PGS relies on the basic principles of Social Capital, where groups of farmers adhere to the standards of organic farming and certify the products. For this process of certification there is a need to form an entity, termed as “Local Group” i.e. LG. As stated in section 3.1, SRLMs would take on board Technical Support Agency for implementation of organic certification to help them in adhering to the PGS method of certification.

The following structure may be followed for the certification process:

- a. Local Group (LG) – 10 – 25 farmers
 - i. The local group is the main functional and decision-making body under Participatory Guarantee System. It is a local group of farmers who live in the same village or close by villages and interact regularly with each other. A minimum size is needed to get a sizeable marketable surplus for efficient operations.
 - ii. Should consist of 10-25 farmers with a minimum total land holding area of 5 acres; the land should preferably be contiguous for ease of monitoring and to obtain a sizeable marketable surplus from each LG.
- b. Sensitization of the VO members – A plan may be made for sensitization of the VO members including the members of the VO livelihoods sub-committee.
- c. Organic village cluster
 - i. For having a viable volume of organic produce in nearby 5-7 villages for aggregation and processing
 - ii. A cluster should consist of at least 10 LGs
- d. Farmer Field School
 - i. Each cluster should have one FFS and would have at least 24 meetings in a year
- e. Appraisal mechanism
 - i. Each LG should have a Group Leader who would be a part of the Peer Appraisal Group (PAG). Group leader may be elected on periodic basis within group.
 - ii. The PAG should have at least 5 Group members for cross visits for verification and monitoring of LGs on organic production. There is no upper limit. It will be an optimal situation if all members of the group can participate in peer reviews, as this contributes to capacity building and information exchange between farmers, and reduces conflicts of interests.
 - iii. Based on principle of transparency Cluster Coordinator will also plan to include other cross LG members in the same cluster, where possible, during Peer Reviews to allow for cross checks across villages and reduce chance of collusion.
 - iv. Appraisal mechanism shall be transparent and available for scrutiny and access to any consumer, official or member of the public.
 - v. All data in the PGS forms must be duly collected to the best ability of the PAG. No field shall be left empty without suitable justification.

6.2 Mapping of resources of the organic cluster

A resource mapping activity of the villages selected for development of organic village clusters to understand the current agricultural practices, crops under cultivation, marketing avenues, and ecosystem related to it. Also, an understanding of the existing local markets and linkages with distant markets, value addition or its potential should be developed.

7 Training and capacity building of Staff and CRPs

- a. The SRLM should plan for training to block and cluster level staff with the support of Technical support agencies or the SRLM may request NMMU to engage National Resource Persons (NRPs) for the same.
- b. The training to CRPs would be provided as per the training and capacity building architecture of Farm Livelihoods, DAY-NRLM.
- c. The SRLM should develop training material on organic farming and certification with the support of TSA, Regional Councils, MKSP partners, Krishi Vigyan Kendra (KVK), line departments and other resource organizations.

8 Consultations at state and district level for collaboration with other institutions and line departments for convergence.

As experienced, other institutions have the mandate of promoting either conventional or organic agriculture through various schemes and programmes. While rolling out the organic clusters on the ground, it is advisable to apprise and draw support from related institutions such as KVKs, Agriculture Department, Horticulture Department, Soil and Water Conservation, Civil Society Organisations (CSOs), Agriculture University/ies, Forest Department, MGNREGS, Regional Centre for Organic Farming (RCOF), ICAR institutions etc.

The project may collaborate with Paramparagat Krishi Vikas Yojana (PKVY), wherever possible. District and State level workshops may be held to ensure effective roll out plan of organic cluster and to seek support if necessary.

9 Regulatory Frameworks

The various regulatory frameworks of the country on organic farming, certification and value addition would be applicable and States should take suitable steps to comply with the regulations. The Monitoring Compliance of the Food Safety and Standards (Organic Foods) Regulations, 2017 of Food Safety and Standards Authority of India (FSSAI) is given as Annexure IV. Please refer <https://jaivikbharat.fssai.gov.in/> for further details.

Annexure-I

Number of organic village clusters to be promoted by different SRLMs

S No	State	No of Clusters to be promoted
1	Arunachal Pradesh	58
2	Assam	6
3	Bihar	85
4	Chhattisgarh	45
5	Gujarat	33
6	Haryana	2
7	Himachal Pradesh	4
8	Jharkhand	209
9	Jammu & Kashmir	12
10	Karnataka	20
11	Kerala	201
12	Madhya Pradesh	326
13	Maharashtra	209
14	Manipur	4
15	Meghalaya	7
16	Mizoram	12
17	Nagaland	18
18	Odisha	100
19	Puducherry	83
20	Rajasthan	43
21	Sikkim	7
22	Tamil Nadu	20
23	Telangana	50
24	Uttarakhand	4
25	Uttar Pradesh	40
26	West Bengal	6
27	Dadra and Nagar Haveli	40
28	Andaman and Nicobar Islands	2
	Total	1,646

Participatory Guarantee System for India

[PGS-India]

Operational Manual for Domestic Organic Certification

[National Mission for Sustainable Agriculture]

**Government of India
Ministry of Agriculture
Department of Agriculture and Co-operation
National Centre of Organic Farming
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Abbreviations

CT	-Chemically Treated
DAC	-Department of Agriculture and Cooperation
EM	-Effective Microorganism
GMO	-Genetically Modified Organisms
ICS	-Internal Control System
IFOAM	-International Federation of Organic Agriculture Movements
INM	-Integrated Nutrient Management
LG	-Local Group
NAC	-National Advisory Committee
NCOF	-National Centre of Organic Farming
NGO	-Non-Government Organization
NPOP	-National Programme for Organic Production
NT	-Non-Treated
RC	-Regional Council
RCOF	-Regional Centre of Organic Farming
UID	-Unique Id
ZC	-Zonal Council

Definitions

Accredited certification agency - An agency accredited by National Accreditation Body under National Programme on Organic Production (NPOP) for certification of organic production system.

Ayurvedic - Ayurveda is a traditional naturopathic system of medicines and health care of India.

Buffer zone - A clearly defined and identifiable boundary area bordering an organic production site that is established to limit application of, or contact with, prohibited substances from an adjacent area.

Co-mingling – Accidental or intentional mixing of organic and conventional produce

Contamination - Pollution of organic product or land; or contact with any material that would render the product unsuitable for organic certification.

Conversion period – The time period required for converting a conventional farm to organic farm.

Diversity – Creation of biological diversity by planting different types of trees, bushes and plants and by taking various types of crops simultaneously at given time

Habitat management - Practices and protocols for management of an area in which ideal environment is created for existence of various plant or animal species naturally.

Homeopathy - Homeopathy is a system of medicine based on the principle of “*Similia, Similibus, Curentur* (let likes be treated by likes)”.

Facilitating agency – A agency hired by the Local Group to assist in management and implementation of PGS norms, including data management on PGS website on behalf of Local Group/(s).

Local Group – A group of farmers working together for participatory organic guarantee programme under PGS-India norms and guidelines

Livestock - Means any domestic or domesticated animal including bovine (including buffalo and bison), porcine, caprine, equine, poultry and bees raised for food or in the production of food. The products obtained by hunting or fishing of wild animals shall not be considered as part of this definition.

Parallel production - Means any production system where the same unit is growing, breeding, handling or processing the similar products both in organic and in non- organic system.

Part Conversion - Means when part of a conventional farm or unit has already been converted to organic production or processing and a part is either conventional or in the process of conversion.

PGS-NAC – PGS-National Advisory Committee is the apex policy and decision making body for PGS-India programme at Department of Agriculture and Cooperation.

Zonal Council – An agency authorized by PGS-NAC to coordinate and monitor the functioning of Regional Councils under PGS-India organic Guarantee programme.

Participatory Guarantee System (PGS) - PGS is a quality assurance initiative that is locally relevant, emphasize the participation of stakeholders, including producers and consumers and operate outside the frame of third party certification.

As per the definition of IFOAM (2008) "Participatory Guarantee Systems are locally focused quality assurance systems. They certify producers based on active participation of stakeholders and are built on a foundation of trust, social networks and knowledge exchange.

Peer Review - A process whereby people in similar situations (in this case small holder producers) in some way assess the production practices of their peers. The process can be formal or informal.

Pledge – Pledge is a written document by the operator or local group member committing to abide by the organic production system as per the PGS-India norms.

Regional Council - An agency authorized by PGS-NAC to coordinate, monitor and approve certification decisions of Local Group under PGS-India organic Guarantee programme.

Third Party Certification – An organic guarantee programme operated under National Programme on Organic Production involving an independent agency for verification and certification of organic production processes.

Unani – Ancient system of medicines and health care emerged from Europe

Veterinary – A modern health care system for animals

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Chapter-1

Participatory Guarantee System For India (PGS-India)

1.1 Preamble

Organic producers around the world have been developing methods to guarantee the organic integrity of their products for fifty years. Today, what are generally referred to as *Third-Party Certification* systems have become the dominant means of Organic Guarantee for world trade and Indian producers have accredited Third-Party Organic Certification agencies to choose from. While Third Party Certification is an essential component to world trade, there are downsides to the system. The inherent expense and paperwork required in a multi-level system discourages most small organic producers from being certified at all. This limits local and domestic trade as well as access to organic products. Worse yet, it limits the growth of the Organic Movement as a whole.

In an attempt to reduce the inequality, a number of alternative methods to guarantee the Organic integrity of products have been developed for small domestic producers, and they are growing rapidly. These alternative programs are now collectively referred to as *Participatory Guarantee Systems* (PGS). The term PGS embodies the active participation of producers and other stakeholders in their organic guarantee process.

1.2 About PGS

Participatory Guarantee System (PGS) is a quality assurance initiative that is locally relevant, emphasize the participation of stakeholders, including producers and consumers and operate outside the frame work of third party certification. As per IFOAM (2008) definition "Participatory Guarantee Systems are locally focused quality assurance systems. They certify producers based on active participation of stakeholders and are built on a foundation of trust, social networks and knowledge exchange". PGS is a process in which people in similar situations (in this case small holder producers) assess, inspect and verify the production practices of each other and take decision on organic certification (PGS-Green and PGS-Organic).

PGS system has number of basic elements which embrace a participatory approach, a shared vision, transparency and trust. Participation is an essential and dynamic part of PGS. Key stakeholders (producers, consumers, retailers, traders and others such as NGOs, Societies/ Gram panchayaths/ State/Central Govt. organization/agencies /farmer etc.) are engaged in the initial design, and then in the operation of the PGS. In the operation of a PGS, stakeholders (including producers) are involved in decision making and essential decisions about the operation of the PGS itself. In addition to being involved in the mechanics of the PGS, stakeholders, particularly the producers are engaged in a structured ongoing learning process, which helps them improve what they do. This process is facilitated by the PGS group itself or in some situations a supportive NGO/ Societies, Gram panchayaths, State/Central Govt. organization/agencies etc. The learning process is usually 'hands-on' and involves field days or workshops. The idea of participation embodies the principle of collective responsibility for ensuring the organic integrity of the PGS.

1.3 Guiding Principles for Participatory Guarantee System

In tune with the international trends and IFOAM's PGS Guidelines, PGS India system is also based on participatory approach, a shared vision, transparency and trust. In addition it gives PGS movement a National recognition and institutional structure without affecting the spirit of PGS.

1.3.1 Participation

Participation is an essential and dynamic part of PGS. Key stakeholders (producers, consumers, retailers, traders and others such as NGOs, Societies, Gram panchayaths, State/Central Govt. organization/agencies etc.,) are engaged in the initial design, and then in the operation of the PGS and decision making.

The idea of participation embodies the principle of a collective responsibility for ensuring the organic integrity of the PGS. This collective responsibility is reflected through:

- Shared ownership of the PGS
- Stakeholder engagement in the development process
- Understanding of how the system works and
- Direct communication between producers and consumers and other stakeholders, producers, consumers, retailers, traders and others such as NGOs, Societies, Gram panchayaths, State/Central Govt. organization/agencies etc.

Together these help to shape the integrity based approach and a formula for trust. An important tool for promoting this trust is having operational processes that are transparent. This includes transparency in decision making, easy access to the data base and where possible farms are open to participation and visits of consumers. Participation of traders/ retailers or consumers in decision making may not be possible under all situations, but their participation in any form will increase the credibility and trustworthiness of the group.

1.3.2 Shared Vision

Collective responsibility for implementation and decision making is driven by common shared vision. All the key stakeholders (producers, consumers, retailers, traders and others such as NGOs, Societies, Gram panchayaths, State/Central Govt. organization/agencies etc.) support the guiding principles and goals, PGS is striving to achieve. This can be achieved initially through their participation and support in the design and then by joining it. This may include commitment in writing through signing an application/ document that includes the vision.

Each stakeholder organization (or PGS group) can adopt its own vision conforming to the overall vision and standards of PGS- India programme.

1.3.3 Transparency

Transparency is created by having all stakeholders, including producers and consumers, aware of exactly how the guarantee system works to include the standards, the organic guarantee process (norms) with clearly defined and documented systems and how decisions are made. Public access will be ensured to documentation and information about the PGS groups, such as lists of certified producers and details about their farms and non-compliance actions. These will be available through a dedicated National database websites(PGS-INDIA webportal). But still it does not mean that entire information on National PGS database will be available to everyone.

At the grass roots level transparency is maintained through the active participation of the producers in the organic guarantee process which can include

- Information sharing at meetings and workshops
- Participation in internal inspections (peer reviews)
- Involvement in decision making.

1.3.4 Trust

The integrity base upon which PGS are built is rooted in the idea that producers can be trusted and that the organic guarantee system can be an expression and verification of this trust. The foundation of this trust is built from the idea that the key stakeholders collectively develop their shared vision and then collectively continue to shape and reinforce their vision through the PGS. The ways this trust is reflected may depend entirely on factors that are culturally/ socially specific to the PGS group.

The idea of ‘trust’ assumes that the individual producer has a commitment to protecting nature, maintaining biodiversity, maintenance of soil health, and consumers’ health through organic production which are free from chemical residues.

Mechanism for expressing trustworthiness includes:

- Declaration (a producer pledge) via a witnessed signing of a pledge document
- Written collective undertaking by the group to abide by the norms, principles and standards of PGS

1.3.5 Horizontality

PGS India is intended to be non-hierarchical at group level. This will reflect in the overall democratic structure and through the collective responsibility of the PGS group with sharing and rotating responsibility, by engaging producers directly in the peer review of each other’s farms; and by transparency in decision making process.

1.3.6 National networking

PGS India while keeping the spirit of PGS intact also aims to give the entire movement an institutional structure. This is proposed to be achieved by networking the groups under common umbrella through various facilitating agencies, Regional Councils and Zonal Councils. To make the system completely transparent and accessible to traders and consumers entire data will be hosted on a common platform in the form of a website (PGS-INDIA). National Centre of Organic Farming shall be the custodian of data, define policies and guidelines and undertake surveillance through field monitoring and product testing for residues. Regional councils and facilitating agencies will facilitate the local groups in capacity building, training, knowledge/ technology dissemination and data uploading on the PGS website. But at every stage it will be ensured that these agencies including apex body do not interfere in the working and decision making of the group. Even if surveillance is done and reports are made, the same will also be put on website in public domain. What action is to be taken on adverse reports will be left to the group and Regional Council.

1.4 Advantages of PGS over third party certification system

In PGS organic farmers have full control over the certification process and are able to produce far more credible and effective system of quality assurance compared to third party

certification. Important benefits of this system over third party certification system are as follows:

- a. The procedures are simple; documents are basic and use the local language understandable to farmers.
- b. All the members are local and known to each other. Being themselves practicing organic farmers have high degree of understanding on day-to-day knowledge or acquaintance of the farm.
- c. Peer appraisers are among the group and live in the same village, therefore have better access to surveillance
- d. Peer appraisal instead of third party inspections reduces cost
- e. Mutual recognition and support between Regional PGS groups ensures better networking for processing and marketing.
- f. Empowers farmers with increased capacity building
- g. Bring consumers to the farm without the need of middleman
- h. Unlike grower group certification system, PGS offer every farmer with individual certificate and each farmer is free to market its own produce independent of group.
- i. Consumers and buyers are often involved in production and verification process
- j. Random residue testing at regular intervals ensures the integrity and increases the trust.

1.5 Limitations of PGS

PGS certification is only for farmers or communities that can organize and perform as a group within the village or in close-by villages with continuous territory and is applicable on, on-farm activities comprising of crop production, processing and livestock rearing (including bee keeping) and off-farm processing "by PGS farmers of their direct products".

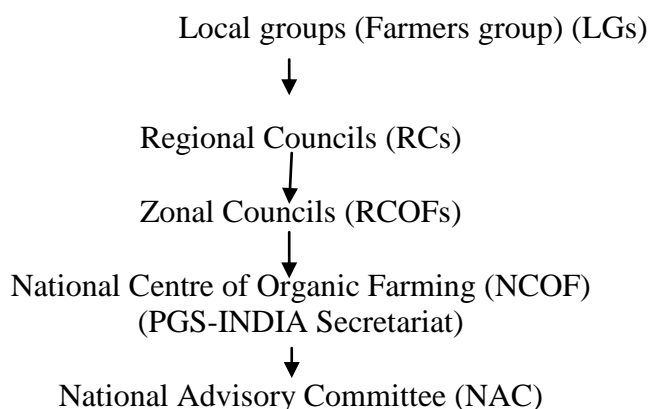
Individual farmers or group of farmers having less than 5 members are not covered under PGS. They either have to opt for third party certification or join the existing PGS local group.

PGS is applicable on on-farm activities comprising of crop production, processing and livestock rearing and off-farm processing "by PGS farmers of their direct products". Off-farm processing activities such as, storage, transport and value addition activities by persons/agencies other than PGS farmers away from the group are not covered under PGS. Off-farm input approval granted by the group is applicable on the members of the same group and cannot be taken as a basis for universal approval for other groups. Off-farm inputs need to be approved by each group for their member's use on case to case basis.

PGS ensures traceability only up to end till it is in the custody of PGS group. Once the product leaves the custody of PGS group there is no control of PGS on its integrity, Therefore PGS is ideal for local direct sales/ direct trade between producer and consumer and direct trade of packed finished product with PGS logo between PGS group and traders/ retailers. But Local Groups and buyers in consultation with RC can devise some mechanism with full traceability records to allow use of PGS logo on products packed by traders/ retailers.

1.6 Operational Structure

Schematic operational structure of the PGS India is given below:



Chapter-2

Structure, Role and Responsibilities of different key Stakeholders

2.1 National Advisory Committee for PGS (PGS-NAC)

2.1.1 Structure

National advisory committee shall be the apex policy making body for PGS India Programme with following composition:

1. Joint Secretary (INM), DAC	Chairman
2. Director, NCOF	Executive Secretary
3. Regional Director, RCOF I	Member
4. Regional Director, RCOF II	Member
5. Additional Commissioner	Member
6. Dy Commissioner (INM), DAC	Member
7. Head Zonal Councils/(s)	Member
8. Representatives of RC (North)	Members
9. Representatives of RC (South)	Members
10. Representatives of RC (East)	Members
11. Representatives of RC (West)	Members
12. Farmers' representatives (4, one from each region)	Members
13. Consumers representatives	Member

First Six members of the committee will be permanent members, as they are represented by their position. Representatives of Regional Councils will be nominated to the committee by election for a fixed tenure of two years. Representatives of farmers and consumers will be selected and co-opted by the other members of the committee on the recommendations of RC and ZCs. The farmer representative is required to be the member of a Local Group from that region with certain standing.

2.1.2 Role and Responsibility

PGS-NAC being apex policy making body shall be responsible for:

- a. Defining operational and policy guidelines and PGS India Standards. In case of changes the committee shall ensure that the amendments/ modifications are considered "through intensive consultation with the base".
- b. Make changes, improvements and amendments to the programme and national coordination structure as a whole without interference in the autonomic functioning of Regional councils and local groups. Co-ordinate and monitor national level capacity building, education, outreach and surveillance activities.
- c. Selection and Authorization of Zonal and Regional Councils
- d. Surveillance and monitoring on the functioning of Zonal and Regional councils
- e. Sanction/ withdrawal of authorization to Zonal/ Regional councils on being found not functioning or not functioning according to the guidelines.

2.1.3 Meetings of PGS-NAC

PGS-NAC will meet at least once a year to review the implementation process and for authorization of new councils. PGS-NAC meetings can also be convened at the discretion of the Chairman and/ or on the request of at least 25% members to take up important matter.

Any policy change, modification in standards and sanctions/ punishments needs to be endorsed by the majority of members present in the meeting. Minimum quorum for a meeting will be 30% of total strength. If it is not possible to convene a meeting, urgent issues can be decided by circulation. In all such cases at least 50% of responding members within the given time frame must endorse the decision.

To give the programme a head start there may a need to meet PGS-NAC at regular intervals in the initial years. Later once the programme is settled the PGS-NAC may meet only once or twice a year.

Travel expanses of non-officials (members of NGO based ZC, RC and Farmers and consumers representatives) shall be borne by PGS Secretariat.

2.2 NCOF as PGS Secretariat

National Centre of Organic Farming will be the Secretariat of the PGS programme with Director NCOF as the Executive authority. Key role and responsibilities of the Secretariat will be as follows:

- a. All executive and secretarial responsibilities related to execution of the programme, NAC meetings, implementation of the decisions of NAC, matters to be put up to NAC and coordination with NAC members
- b. Advise NAC on all technical and implementation issues
- c. Capacity building, education, training and outreach activities for Zonal and Regional councils.
- d. Training of local group leaders through RCOFs in collaboration with Zonal Council and Regional Councils.
- e. Surveillance and monitoring of Zonal and Regional Councils
- f. PGS India Website design, hosting and maintenance
- g. Custodian of entire PGS India database
- h. Receipt and processing of applications for authorization of NAC as Zonal/Regional Councils
- i. Facilitate election of members from RCs for nomination to PGS-NAC.

- j. Facilitate and maintain positive relationship with controllers of Third party certification system to ensure the compatibility of PGS programme with NPOP.
- k. Coordinate and liaise with different State Governments for promotion and popularization of PGS programme.
- l. Surveillance of PGS products through residue testing including collection of PGS samples, getting those samples tested for residue analysis and hosting of residue analysis results on PGS website.
- m. Appellate authority for local groups against the actions and decisions of Regional Councils/Zonal councils and for Regional Councils against the action of Zonal council.
- n. Literature development, publicity, technology dissemination and awareness creation through print and electronic media.

Except surveillance and monitoring on Zonal/ Regional Councils, the PGS secretariat in no way will interfere in the autonomic functioning of Zonal/Regional Councils and local groups. Even in some cases where secretariat undertakes monitoring of some local groups and find some non-compliance, the same will be reported to the concerned Regional Council for further course of action at their discretion. Even in the cases where the PGS samples have been found to be having pesticide residues, the report will be hosted on the website with information to the concerned Regional Council for further action at their discretion.

2.3 Zonal Council

As India is a large country with most of the producers as small and marginal, it is expected there will large numbers of small-small groups in different states and geographical regions. To coordinate such small groups effectively it is desirable that Regional Councils are locally placed and do not need to travel long distances for effective coordination with local groups. Under such scenario it is likely that there are numerous Regional Councils. To have effective coordination with Regional Councils it is proposed to have up to Six Zonal Councils. Initially there may be only two Zonal Councils (North and South Zone) but in due course of time with the increase in number of RCs the number of NCs may be increased up to Six (North, South, East, West, North-East and Central). To start the programme, pending selection and appointment of Zonal Council, NCOF and its Regional Centres will act as Zonal Council. Once the Zonal Councils are appointed the responsibility will be transferred to these Zonal Councils and NCOF and RCOF will only be undertaking the functions assigned to it as PGS Secretariat. For State-Agency Regional Councils NCOF/RCOF shall be the Zonal councils.

2.3.1 Appointment of Zonal Councils

Zonal Councils will be appointed by the PGS-NAC on the recommendations of PGS secretariat. Only well established organizations with proven dedication to the cause of organic agriculture movement and well versed with the organic guarantee/ certification systems will be considered. Zonal Councils should be self dependent bodies with strong financial health. RCOFs shall be the Zonal councils.

2.3.2 Role and Responsibilities

- a. Receipt, processing and authenticity verification of application for authorization as Regional Council. On being found suitable forwarding of applications to PGS secretariat for approval of PGS-NAC.
- b. Provide up-dated documents, policies, literature and other technical input to RCs for further information of local groups.
- c. Coordinate Regional Council Training workshops

- d. Coordinate national level education and outreach activities in collaboration with PGS Secretariat.
- e. Surveillance and monitoring on the functioning of Regional councils.
- f. Complaint redressal of farmers and local groups against the functioning and actions of Regional councils
- g. Appellate authority on complaints of certificate denial by RC or sanctions imposed by RC on local groups
- h. Appellate authority on complaints of traders/ retailers/ consumers on the quality/ organic integrity of PGS products of particular group and action taken by RC or inaction of RC.
- i. Collaborate PGS Secretariat in collection of PGS certified samples for residue analysis

2.4 Regional Councils

Regional Council (RC) can ideally be floated by State agencies, existing NGOs, Organic Certification service providers of Central and State Governments or any other agency((producers, consumers, retailers, traders and Societies / Gram panchayaths/ farmer etc.,). Local groups with three years standing in PGS programme are allowed to form their own RC, provided they have support for at least 10 local groups. Local groups dissatisfied with the functioning and control of their existing RC can, any time, come-together to form a new RC, provided they have support of at least 10 local groups, and apply to PGS secretariat through Zonal Council/RCOF for necessary authorization.

Initially to start the programme the RCs will be selected by the ZC and PGS secretariat, existing PGS regional facilitators (regional councils, members of the existing PGS Organic India council) will also be considered for appointment as RCs if they apply and meet the criteria, but in due course of time the local groups will be encouraged to come forward with their own RCs. Nomination of RCs to PGS-NAC will be done by election on Regional basis. Each RC will have one vote.

2.4.1 Eligibility criteria for appointment of any agency as RC

- a. May have proven record on promotion of agriculture and organic management practices
- b. Situated in the area of functioning with permanent office and working personals.
- c. Have access to computer, printer and internet facility
- d. At least one member is well versed with data handling and data uploading in computer on internet
- e. Adequate knowledge on organic guarantee/ certification systems and/ or previous experience in supporting Third party certification/Participatory Guarantee Systems or promotion of agricultural activities in rural areas..
- f. Should have support and endorsement from at least 10 local groups Members should undergo necessary PGS training meant for RCs organized by ZC and PGS secretariat
- g. Have adequate financial resources to operate as Regional Council.
- h. Each RC will be initially authorized for a period of three years. Authorization needs renewal after every three years. Renewal will be considered by NAC on application by the RC and on the recommendation and surveillance report of ZC and PGS secretariat.

2.4.2 Role and responsibility of Regional Council

- a. Training and support to existing and new local groups in procedures and paper work necessary for each farmer's organic guarantee.

- b. Translate and print PGS paper work in local language
- c. Register local groups and issue user ID and password for data uploading on PGS-India website.
- d. Facilitate local groups in data uploading on PGS website, if local group do not have access to computer and internet.
- e. Confirms that the Local Group Summary Worksheet listing all the farms that are to be Certified Organic is complete and was conscientiously maintained by the group
- f. Can NOT pick and choose individual farmers to certify, only approve/confirms the collective decision of the Local Group as a whole and organic integrity of the system adopted by the local group.

Ideally once a Local Group summary sheet with collective decision of the group signed by at least three lead members is endorsed by the RC, the RC activates the UID. On UID activation the group can directly print the certificates for all its members, but in case if the group does not have access to computer and internet then the same will be facilitated by RC.

- g. Activate and/or issue certification UID number to each approved Local Group (received from the instant UID Pool maintained on PGS Website).
- h. Print and distribute annual Organic Certificates for individual farmer.
- i. Participate in sampling of Local Group farm appraisals
- j. Provide Local Groups with guidelines for “Non-compliance Sanctions”
- k. Participate in online system to provide Summary Worksheet information to interested parties and helps to connect interested parties with the Local Groups for access to individual farmers’ Organic Guarantee
- l. To ensure complete transparency of the certification process
- m. To facilitate Mutual Recognition and Support for the various groups (and individual farmers) on a national level by allowing Regional Councils to audit the Organic Guarantee of certified farms in other Regional Councils.
- n. To quickly build trust and credibility in the system as a whole ensure access to members of the public and media.
- o. Submission of annual reports on PGS activity in a prescribed format to NCOF/RCOFs.
- p. Organize sufficient training to farmers on organic farming activity , assist in annual action plan preparation, packing, marketing, logo preparation, transportation etc.,
- q. Residual analysis and Soil testing of samples through NABL labs
- r. Assist farmers/LGs to upload data relating to PGS activity in PGS webportal

2.5 Local Group (LG)

Local group is the main functional and decision making body under Participatory Guarantee System. It is a local group of farmers that live in the same village or close by villages and interact regularly with each other. Participation of consumers or representatives of traders or retailers in the group and its functioning should be encouraged as it strengthens the integrity and trust. The local group can be an existing organic group previously working under third party certification system or under the NGO-based PGS Organic India Council or a new grassroots group started and run by interested local farmers/consumers, or it can be started by a regional NGO or Government agency that has agreed to facilitate the formation of a PGS Local

Group by coaching an initial group of farmers through the process. The PGS Local Group function is even easier to add on to an existing group of farmers (for example Farmer Self Help Groups or Farmer Cooperatives or Societies.)

2.5.1 Requirement and eligibility criteria for a local group

- a. A Local group should comprise of minimum 5 members belonging to same village or close by villages with continuous territory. Regional Councils can decide on maximum number of farmers per group keeping local situations in mind.
- b. Adequate participation of women farmers shall be ensured.
- c. ` training on PGS guarantee system organized by Regional Councils, Zonal Council or PGS Secretariat or have been part of the core team of other functional PGS group for at least two years.
- d. All the members in the group have signed the PGS pledge and group agreement to adhere to the group specific vision, participatory approach and collective responsibility.
- e. Although, there is no restriction on the size of holding of any individual farmer but in any case the holding of one single member should not exceed one third of the total land under the group.
- f. Under PGS organic guarantee system normally parallel production and part conversion is not allowed, therefore it is necessary that all group members need to bring their entire farm with livestock under organic management as per the PGS standards. However, Regional Councils in some cases may allow conversion in phases, but in any case the entire farm holding of the group members must be brought under PGS organic management within 24 months of joining the group.
- g. Have access to PGS documents and preferably have access to computer and internet

If a farmer under PGS group fails to convert his entire land holding and livestock within the stipulated 24 months time, then he will not be eligible for PGS organic certification and shall continue to remain under conversion.

- h. Registered with Concerned Regional Council and have obtained necessary user ID and password to upload data on PGS website.
- i. In case if farmer group is unable to operate on-line system of data up loading then the services can be availed from Regional Council or of any other facilitating agency or local NGO etc.
- j. In case if it is essentially required to use off farm products for organic cultivation, in such cases it should get approval from PGS-India Secretariat to use any such products

2.5.2 Role and Responsibility of Local Group

- a. Organize farmers in the group and each member individually sign PGS organic pledge and group agreement.
- b. Provide copies of PGS standards, operational manual and appraisal forms to all the members in local language. If farmers are illiterate then they need to be explained details and standards orally and through pictorial representations.
- c. Prepare necessary field documents with individual farm history.
- d. Elect Group leader and core team of peer reviewers (minimum 3 in 5 member group). There is no upper limit. It will be an optimal situation if all members of

- the group can participate in peer reviews, as this contributes to capacity building and information exchange between farmers, and reduces conflicts of interests.
- e. Participate in the activities of any other registered PGS group to understand the functioning of the PGS Group. Implement standard requirements on the farms of all the group members and obtain endorsement from the other registered group. This endorsement is needed only once at the time of registration.
 - f. Register the group on PGS website (facility available on-line) and obtain registration approval from the nearest Regional Council.

The Local Groups need to be approved only once and no further renewal is needed. If there are repeated problems (missing paperwork, a random pesticide inspection turns up a problem, a random oversight inspection turns up a problem, etc) THEN they could get disbanded/ sanctioned and have to re-apply and could get re-entry only after taking necessary correction and thorough verification by RC.

- e. no PGS registered group is there in the vicinity then State Agencies (State Agriculture Department District Officer) may be requested to verify the requirement and submit necessary verification report to RC. Else request RC to do verification and grant registration approval. RCOFs can also be requested for verification and endorsements of Local Groups for their recognition by Regional Council.
- h. Obtain User ID and password from RC for time to time data up loading.
- i. Organize time to time meetings and maintain attendance register. Participation of members in these meetings is a mandatory activity and is an indication of dedication of the member to the cause of group's guarantee scheme. There should be at least 6 times a year, compulsory meetings or more frequently as specified by the Regional council and at key times of the year depending on the season, the crops, etc.
- j. Every member need to attend at least 50% of the meetings in a year and sign in attendance register.
- k. Advise each other and share information to improve the capacity of the group as a whole.
- l. Organize regular training courses by inviting practicing organic farmers from other groups, RC members or experts of other State Govt and Non-Govt agencies.
- m. Chalk out peer appraisal strategy and ensure timely appraisal of each farm at least twice a year. Peer reviewers will ensure to complete Peer review appraisal form, sign and submit to the group leader. Each farm is to be appraised by at least a three member team. Inclusion of consumer's representative increases the credibility and trust.
- n. Inspection of peer reviewer's farms by another peer reviewer group. To increase credibility and trust the group may have any number of peer reviewers.
- o. At appropriate time the group decides which farmers are to be certified. Separate out farmers which are yet to comply with the certification requirements. List out defaulters and impose sanctions.
- p. Organize final decision meeting explain the reviewer's results to all the members. Collectively declare the group as conforming to PGS standards (in case of small groups, up to 10 members). If the group is large then elect a sub-group or certification committee, comprising of 5 or more members, which may review the

results and decide upon the certification. Approval of majority group members is required only in the cases of negative decision (denial of certification or decertification). Full member body can also serve as an appeal body against the decision of certification committee.

- q. At appropriate time prepare summary sheet with list of farmers declared certified with details of crops and expected quantity of produce.
- r. Submit summary sheet to the RC with all other documents as required by RC. In case if data has already been up loaded by the Group on-line, then provide only the signed hard copy of the summary sheet.
- s. On getting the approval from RC on-line the certificates can be printed directly from the website and distributed to the individual farmers.
- t. If there is any off farm materials is need to be used for organic production should be get approval from NCOF/RCOFs before to using them in crop production

2.5 Farmer/ Farm family

As in PGS, part conversion and parallel production is not allowed, the entire family with its farm and livestock is to be converted to organic and covered under PGS within the stipulated period. Any farm family willing to embrace organic methods of cultivation and become part of Participatory organic guarantee system, the first step in the process is to become part of PGS group in the same village or in nearby village.

2.5.1 Role and responsibilities of farm family

- a. Develop an understanding of organic standards and participatory guarantee system. This can be done by obtaining the copy of PGS standards and understanding it through reading, participation in PGS group meetings and discussion with existing farmers.
- b. Make sure that farm practices are compliant to the standards and PGS norms
- c. Fill farm history sheet, registration form and make a pledge that they understand organic system of cultivation and commit to adhere to the organic standards
- d. Participate in appraisals/ inspections of other farms in the local group
- e. Participate in key field day trainings
- f. Participate in local group meetings and advise neighbors, share information and improve the capacity of the group as a whole
- g. Allow consumers/ buyers visits of the farms

Chapter-3**Certification Process****3.1 Certification process with Farmer and Farm****Step 1**

- i. Farmer decides to embrace organic farming and willing to be a part of PGS certification process
- ii. Reads or hear a summary of organic standards. For better understanding, participation in group meetings will be beneficial
- iii. Stops using all synthetic and chemical inputs on farm and on livestock.
- iv. Undertake adequate measures for contamination control, habitat management, diversity and livestock integration.
- v. In case farmer is unable to bring his entire land holding and livestock under organic management at the time of entry to group, then provide a time schedule in which farmer proposes to convert his entire holding to organic and obtain gradual conversion approval from group. In turn Group need to obtain approval of Regional Council.
- vi. Signs a PGS pledge committing to adherence to standards

Step 2

- vii. Regularly participates in group meetings and key field day trainings
- viii. If possible maintain a farm and livestock diary to list out farm operations. Illiterate farmers can take help of their literate sons or daughters or even the other literate members of the group.
- ix. Participate in peer appraisals of other farmers, first as shadow reviewer and then later as part of peer appraisal team.

Step 3

- x. The farmer is appraised by a group of peers from the local group, at least once in every crop season. A minimum of three (or more as per the decision of the group) peer reviewers must be present to sign and validate the appraisal form.
- xi. If possible an external advisor or representative of trader/ consumers or a local State Agriculture Department Officer may be included. But their presence is not mandatory.
- xii. To ensure consistent (i.e. complete but not overzealous) appraisals, all appraisals are scripted and include both physical checks of various parts of the farm and more importantly questions to make sure that the farmer understands the organic standards and they are complying to all the requirements
- xiii. Literate member of the appraisal group makes sure that every point in the appraisal script is completed and checked off. At the end, all reviewers present must sign off as supporting references and endorse the farmer's organic guarantee. Peer appraisals are done in the presence of the farmer or his family member and at the end of the inspection Peer appraisal sheet is also to be signed by the farmer.

Step 4

- xiv. After inspecting all the members in a group, a decision is made by the group as a whole or by the certification committee about which farmers will and won't be certified in a given year.
- xv. Group prepares local group summary worksheet on-line and sends signed hard copy to the Regional Council.

- xvi. On acceptance by RC, Group prints individual certificate and distribute to the farmers.

Note:

If a farmer has satisfactorily completed the 3 main requirements of being certified (**Attendance** at group meeting and field-trainings, Farmer's **Pledge** and Peer **Appraisal**) they will most likely be certified. PGS is an inclusive system based on trust. This is different from a Third Party system where the farmer has to convince the certifier of his/her "innocence" with huge amounts of paper "proof" as to his/her organic integrity.

In a small village, neighboring farmers know what happens on each other's farms, and these are the same neighbors empowered to make a final decision as to who is and isn't certified. A non-compliance by one farmer could influence the certification status of the group as a whole, so for that reason (among others) neighboring farmers are more likely to:

- a. Deny certification to farmers known to be cheating
- b. Proactively share knowledge, materials and moral support with a struggling farmer so they don't feel to resort to use of prohibited substances
- c. Immediately apply reasonable sanctions to farmers for a non-compliance (for example temporary suspension of Certified Organic status but the farmer is still included in the Local Group)

There are ample evidences that the power of local social control is far greater than that wielded by trained Third-Partv inspectors who are outsiders and further visit only a few hours in a given year.

3.2 Certification Process by Local Group (LG)

Step 1

- i. Form a group comprising of minimum 5 farmers (belonging to close by villages with continuous territory).
- ii. Collect registration and farm history sheet from all the members.
- iii. Obtain copies of PGS Standards and PGS operational documents from nearest RC and distribute to all the members. These documents can also be downloaded from PGS website.
- iv. Convene the meeting of all the members and ask all the members to sign the pledge.
- v. Prepare Local Group operational manual detailing requirement of documents to be maintained by farmers, peer appraisal methodology and checkpoints to be assessed, based on the broad guidelines of PGS-India norms
- vi. Ensure that members have committed to convert their entire land holding and livestock to organic. In case if some members propose to convert their land in phases then draw appropriate strategies to distinctly separate such units with organic ones.
- vii. Invite already registered another Local Group to verify the group formation and obtain necessary recommendations. In case if there is no other PGS-LG close by, then contact local State Agriculture office, demonstrate the group's strength on organic and obtain endorsement. Alternatively apply to the RC and request RC to undertake verification. RCOFs can also be requested for endorsement of Local Groups.
- viii. Register the group on-line on PGS Website. In case if the group do not have access to computer and internet, then services of an local computer operator/ internet cafe can be taken. Alternatively fill all the forms and submit to RC for uploading the information on PGS website.
- ix. Enter into agreement with the RC for services to be availed on payment basis (as per mutual agreement).
- x. Request RC to grant registration, user ID and password.

Step 2

- xi. Follow the PGS guidelines on group meetings, key field trainings and knowledge sharing.
- xii. Keep vigil on neighboring farmer's farms and if some non-compliances are noticed then inform other group members during group meetings
- xiii. Ensure timely organization of training programmes in collaboration with RC.
- xiv. Invite practicing organic farmers and other local experts for problem solving in management issues such as in nutrient management, pest management etc during key trainings and group meetings.
- xv. Maintain attendance register for group meeting and key field trainings
- xvi. If member farmers are using or propose to use off-farm inputs then verify their organic status, discuss in group meetings and endorse or prohibit their use. Use of such inputs without group's approval shall be treated as non-compliance.

Step 3

- xvii. Chalk out peer appraisal schedule and constitute peer appraisal groups. Each group should have minimum 3 peer appraisers. Depending upon the number of farmers there can be any number of appraisal teams comprising of three or more members. At least one member in the appraisal team must be literate and well versed in filling the appraisal forms.
- xviii. Reciprocal review between two member group farms is not allowed (i.e. A reviews the B and B reviews A).
- xix. Invite other group peer reviewers or representatives of consumers/ traders or local State Agriculture Department officer as invited member of the peer group (but their participation is not mandatory). This may increase the trust and credibility of the group Guarantee.
- xx. Complete peer review of all the farms at least once in each season. Ensure that all farms have been reviewed objectively.
- xxi. Discuss review reports in the meetings and decide upon the organic status of each farm one by one.
- xxii. Segregate farmers who have fulfilled all the requirements and consider them for grant of certificate
- xxiii. Discuss about the non-complying farmers and depending upon the nature and gravity of non-compliances issue sanctions.

Step 4

- xxiv. Appraisal paper work is checked for completeness and a local Group Summary Worksheet is prepared.
- xxv. Group or certification committee decides on certification and declares certification status of each group member.
- xxvi. Enter all details on-line in PGS website and send signed copy of the summary worksheet to the RC. Alternatively send all details in hard copy along with signed copy of summary sheet to RC for uploading the data into PGS website.
- xxvii. Regional Council check details provided in hard copy or on-line. While deciding on approval RC takes into consideration surveillance report (if any done), complaints received, residue analysis report etc. RC cannot decide on inclusion or non-inclusion of specific farmers based on information provided, it can decide only on approval or non-approval of certification of the Local Group as a whole. On being satisfied, grants necessary approval on-line.

- xxviii. LG prints certificate from PGS website and distribute to individual farmers. Alternatively LG requests RC to print the certificates and send to Group leader for distribution.

Only the farmers which have completed full conversion period without any major or serious non-compliance be declared as “PGS-Organic”. Farmers which have one or more major non-compliance or are under conversion period will be declared as “PGS-Green”. Only the crops sown after joining the group, taking the PGS pledge in conformity of PGS standards and fully conforming to the PGS standard requirements as per the recommendations of peer reviewers shall qualify for “PGS-Green”. 3 continuous advisory on same issue can shift the status of member.

3.3 Certification Process by Regional Council

Step 1

- i. Receive registration applications (on-line or off-line or in hard copy) of Local Groups (LG). Check details of individual farmer history. Check for other group recommendation or endorsement by Central/State Govt authorities.
- ii. Finalize working modalities and if required enter into some sort of agreement including payment of fee for services provided. If data uploading work is to be done by RC then finalize necessary modalities for the same.
- iii. Ensure that LG has brought their entire holdings under organic. In cases of gradual conversion verify the facts and on being satisfied, grant necessary approval with time frame.
- iv. On being found adequate and finalization of working modalities/ agreement etc grant registration.
- v. If data and application have been provided on-line then approve registration on-line and provide user ID and password on PGS website.
- vi. If application is in hard copy or off-line then upload the information on website and grant registration with user ID and password.
- vii. Provide copy of PGS standards and LG operational manual guidelines.

Step 2

- viii. Time to time organize training programmes and if possible participate in some of the group meetings or key field trainings of group.
- ix. Encourage and build the capacity of the group for on-line data management (may be through internet café)
- x. If required undertake random surveillance on some groups for assessment of standards implementation and capacity of the Local Group
- xi. Receipt and redressal of complaints against the LGs and their functioning

Step 3

- xii. On receipt of entire data set and Local Group Summary Sheet, screen the details and on being found compliant to PGS standards and norms approve grant of certification. Approval is to be issued on-line for printing of certificate at Local Group’s end.
- xiii. RC needs to endorse the certification decision of the LG, if requirements have been met and there are no complaints, adverse residue testing report or adverse surveillance report etc.
- xiv. In case of Non-approval, reasons must be communicated in writing with justification.

- xv. The RC needs to decide on certification request within 15 days from the date of uploading the LG-summary sheet or submitting the hard copy of the group decision to RC. If RC fails to endorse the decision of the LG or otherwise within 15 days then ZC need to intervene and decide the issue within next 7 days. In case if ZC also fails to intervene and decide in time then the group can approach PGS Secretariat for decision.

Note that the Regional Council does *not* make a decision to include or not include specific farmers based on the information provided. They can only approve or not approve the certification of the Local Group as a whole.

One example where this might apply would be if the Regional Council has a concern about Farmer X (for example because of a random pesticide residue test result) but the Local Group continues to list that farmer as Certified Organic with no sanctions and no explanation, the Regional Council may rightly be concerned and withhold certification approval of all farmers in the Local Group.

Another example could be that the Regional Council feels that some individual farmers' Peer Appraisals were faked or handled in a sloppy fashion. While the Regional Council can not hold-up the certification status of those specific farms, they can and SHOULD withhold certification approval from the Local Group as a whole.

Although the individual farmer is part of a Group Guarantee process, the Organic Certificate and identification number is given to them individually. Unlike with Third Party Group Certification, there is no requirement of common point of sale, and the farmer may sell to whomsoever they wish separately from the group.

For sales that are not local and direct to consumers, a system to maintain integrity through the chain of custody as well as to give consumers more confidence and immediate feedback about batches requires that the *code number for each Local Group* appears on every bag/batch shipped through non-direct sales channels.

- xvi. In case if the group has no access to internet and computer The Regional Council enters summary information for every local group into a PGS website database and sends a paper certificate certifying the *individual farm*. Each farmer's certificate has an individual unique identification code (UID) that includes codes for both the Local Group and the Regional Council.
- xvii. All issued certificates bear unique ID (UID) code for traceability and access to the entire information on production system, peer appraisal and decision system of the group.

Step 4

- xviii. Zonal Council and PGS secretariat also under take independent surveillance and communicate results to RC through website.
- xix. A small percentage of farms/ products are randomly selected for random pesticide residue testing each year and the results are placed on the website. Adverse results on both counts may impact the Certification status of the Local Group as a whole.
- xx. Pesticide Residue testing is coordinated by the NCOF-the PGS secretariat but it is the Regional Council and the Local Group that has to decide what to do about a positive result. The Regional Council provides Local Groups with non-compliance guidelines, but can not apply those guidelines to an individual farmer. ONLY the Local Group can sanction the individual farmers. The Regional Council can only suspend the certification of the entire Local Group.
- xxi. In PGS although there is no system of transaction certificate and traceability is ensured only up to the farm gate (or till it is in the custody of the group), but LG and RC can device some mechanism to ensure traceability till retail point.

3.4 Verification of certification by consumers

National PGS website will be the database for the entire programme. To make the system transparent entire data base will be kept in public domain. Even the surveillance reports and residue analysis reports will also be made available on the website. Consumers or public will be able to access the summary reports of LG, details of groups, products being offered by each group and their certification status. The information in respect of farmers/ groups which have lost their certification will be available on the website for a period of at least 5 years after the loss of certification status occurred.

With access to unique ID code of particular product, consumers will be able to access the entire information on the group in respect of past history, cultivation practices and peer appraisal reports etc.

Efforts will also be made in the programme to launch SMS based internet traceability system in which, through SMS consumers will be able to know the certification status of the product in question with origin of the produce.

3.5 Grant of Logo and unique certificate ID code

On getting the certification approval from the Regional Council Local Group can print individual certificates from PGS website and can use the PGS logo on packets or containers of PGS certified products. Individual farmer certificate will have a unique ID code, identifying the RC, Local Group and the farmer. Each certificate will also list out the area, crops and products certified during the year as Annexure. Details in respect of quantity of each produce shall be available on PGS-India Website.

The validity of the certificate shall be 12 months from the date of decision of the group. On submission of subsequent summary sheet a new certificate will be granted with fresh 12 month validity from the date of last certification decision by the group as approved by the RC and so on.

Logo on the product is required to be printed with the unique ID code. Consumers can access the entire information about the group, its certification status, production practices, peer appraisals, surveillance reports etc by entering this unique ID code in PGS website.

3.6 Separate logo for PGS organic and PGS under conversion status

Two separate logos shall be granted for PGS organic and PGS under conversion as follows:



(For detailed color specifications see inside of back cover)

3.7 Conditions for use of logo

PGS certified products can be labeled with PGS logo along with unique ID code provided on the certificate only when they are packed under the supervision of either Local Group or by the certificate holder farmer himself. In case if packing is done away from the farm at some pack house then also the group need to ensure that it is done in their supervision and all precautions are taken to prevent the product from co-mingling.

Logo is to be used only on quantity certified as per the details provided to the RC and placed on the PGS-India website.

Use of logo without unique ID code is not allowed

Separate logos need to be used for organic and in-conversion products

Chapter-4

PGS National Standards for Organic Production

4.1 General Requirements

4.1.1 Habitat Management

Habitat management is an important part of organic management system and forms the first step towards organic conversion. To ensure proper living conditions for all living beings, steady supply of green material for manuring and to create diversified plant stand it is essential that diversified plants/ trees etc are planted on bunds and other non-cultivated area of the farm. Adequate space may be provided for plantation of nitrogen fixing trees. Nitrogen fixing tree hedge not only act as biological fence but also ensure steady supply of biologically fixed nitrogen and other nutrients drawn from deeper layers of soil. These plants also provide home and shelter to friendly insects and birds.

If required rain water harvesting pits and farm ponds can also be created.

4.1.2 Diversity

Diversity in crop production is second most important step of organic management which not only helps in management and control of pests and diseases but also ensure balance nutrition of the soil. Diversity can be achieved by a combination of mixed cropping, intercropping, relay cropping and rotation with legumes. Use of trap crops and barrier crops also add to the diversity.

4.1.3 Integration of Animals/ livestock

As successful organic farming depend upon continuous supply of dung and urine, efforts should be made to integrate crop production with livestock rearing.

4.1.4 Conversion period

The time taken for a farm to comply with the PGS organic standards is defined as the conversion period. In other words, it is the time required by the conventional farm to attain full PGS organic status. The whole farm including the crop production and animal husbandry shall be converted to organic management. Parallel or part conversion is not allowed under PGS organic management. For newly acquired fields or fields managed conventionally, the

conversion period shall be not less than 24 months in case of seasonal and annual crops while it shall be not less than 36 months in case of perennial and permanent crops from the last date of use of prohibited inputs or from the date of taking the pledge, whichever is later. However, Regional Councils in some cases may allow conversion in phases, but in any case the entire farm holding of the group members must be brought under PGS organic management within 24 months of joining the group.

Duration of conversion period can be reduced to 12 months if no prohibited substances have been used since last three years and all the members in the group are fully satisfied with past history of no synthetic input use and collectively declare so.

Conversion period for animal products shall be not less than 12 months provided they are fed with fully organic feed and fodder and all the members of group are satisfied that the standard requirements have been met since last 12 months.

In case of existing ICS groups (under NPOP) or members of such groups joining PGS, their certification status, as granted by accredited certification body and valid at the time of joining PGS shall continue, provided the group/ members meets all other requirements of PGS and have necessary documents to prove their claim to the full satisfaction of other group members (if they join an existing group) or RC (if they join as independent group).

4.1.5 Contamination control

All organic production units shall have effective measures to check accidental contamination with prohibited substance through drift or water flow. All organic farms shall be either protected with biological fence (hedge/hedge rows etc) or maintain a buffer zone.

Organic farms also need to be protected from contaminated water flow from adjoining non-organic fields. This can be achieved by putting appropriate bunds and escape channels.

4.1.6 Soil and Water conservation

Relevant measures should be taken to prevent erosion, salination of soil, excessive and improper use of water and the pollution of ground and surface water.

Clearing of land through the means of burning organic matter, e.g. slash-and burn, straw burning shall be restricted to the minimum. The clearing of primary forest is prohibited.

4.2 Standard requirements for crop production

4.2.1 Selection of seed and planting material

Seeds and planting material varieties should be well adapted to the soil, climatic conditions, suitable for organic management, resistant to pests and diseases and preferably of organic origin. In case organically grown seeds are not available then, chemically untreated conventional materials shall be used.

The use of genetically engineered seeds, pollen, transgenic plants or planting material is not allowed.

4.2.2 Fertilization

On-farm biodegradable material of microbial, plant or animal origin shall form the basis of fertilization policy. Green manuring, intercropping or crop rotation with legumes shall be the

integral part of cropping system planning. Off-farm/ purchased biodegradable material of microbial, plant or animal origin can also be used provided it is ensured that no prohibited substances have been used in their preparation.

Microbial preparations such as biofertilizers, biodynamic preparations, EM solutions etc can be used.

Off-farm/industry produced inputs approved by NPOP accredited certification body as approved input for use in organic farming can be used without further approval of the group.

Mineral fertilizers shall be used in their natural powdered form as supplementary source of nutrients.

Use of synthetic fertilizers is strictly prohibited in any form, directly or indirectly.

4.2.3 Pest, Disease and Weed Management including Growth Regulators

Selection of pest resistant varieties, suitable rotations, green manures, balanced fertilization, early planting, mulching, cultural, mechanical and biological control measures (including use of insect pest parasites and predators), disturbance in pest life cycles and ensuring survival of pest enemies should form the basis of pest management programme.

Thermic weed control or thermic sterilization of soils can be resorted to only when it becomes absolutely necessary. Microbial pest control formulations such as biopesticides can be used. On-farm fermentation products and botanical extracts can also be used. Off-farm purchased microbial or botanical preparations can also be used provided it is ensured that such products are approved as organic inputs under NPOP by accredited certification agencies.

Use of synthetic herbicides, fungicides, insecticides and other chemical preparations including synthetic plant growth regulators and synthetic dyes are strictly prohibited. Use of genetically engineered organisms or products are also prohibited.

4.2.4 Equipments/ implements and storage containers

All farming equipments, implements and tools etc must be washed and cleaned before use on the organic farm.

Bags and containers used to harvest, store and transport organic produce must be clean and free from any chemical contamination and should not have been used for storage of conventional produce. All such containers and bags shall be clearly labeled "Organic Only".

4.2.5 Storage and Transport

Organic Products must be protected at all times from co-mingling with non-organic products. Use of synthetic or chemical storage pesticides/ fumigants are prohibited. Natural and traditional ways and means for storing organic produce are allowed. Use of carbon-di-oxide, nitrogen or any other such inert gas is permissible.

4.3 Standard requirement for animal production

4.3.1 Conversion requirements

The whole farm, including livestock, should be converted to organic within the specified conversion period. Part conversion or parallel production is not allowed under PGS after 24

months. The minimum conversion period for all animals except poultry shall be not less than 12 months. The poultry birds for egg production or for meat purpose shall be fed only on organic diet from 2 day onwards after hatching.

4.3.2 Rearing environment

The management of animal environment shall ensure free movement, sufficient access to fresh air, day light, water, lying and resting place and protection against excessive sunlight, rain and wind etc.

Mutilations in any form should not be resorted except for castrations, tail docking, dehorning, ringing and mule sing.

Breeds and breeding

Breeds should be chosen which are adapted to local conditions. Breeding goals should not be at variance with the animal's natural behaviour and should be directed towards good health. Reproduction techniques should be natural. Artificial insemination is allowed. Hormonal heat treatment and induced births are not allowed, unless applied for medical reasons under veterinary advice.

Genetically engineered species or breeds are not allowed.

4.3.3 Animal Nutrition

The livestock should be fed 100% organically grown feed of good quality. All feed shall come from the farm itself or be produced on the farms of other group members or have been harvested from wild where no prohibited substances have been used. Products from the organic feed processing industry shall be used. Colouring agents shall not be used in organic livestock production.

The following products shall not be included nor added to the feed given to farm animals:

- Synthetic growth promoters or stimulants
- Synthetic appetisers
- Preservatives, except when used as a processing aid
- Artificial colouring agents
- Urea
- Farm animal by-products (e.g. abattoir waste) to ruminants
- Droppings, dung or other manure (all types of excreta) even if technologically processed
- Feed subjected to solvent (e.g. hexane), extraction (soya and rape seed meal)
- Feed prepared with the addition of other chemical agents
- Pure amino acids
- Genetically engineered organisms or products thereof

Vitamins, trace elements and supplements shall be used from natural origin when available in appropriate quantity and quality.

4.3.4 Veterinary Medicine

The well-being of the animals is the primary consideration in the choice of illness treatment. Natural medicines and methods, including homeopathy, ayurvedic, unani medicine and acupuncture, shall be emphasised. The use of conventional veterinary medicines is allowed when no other justifiable alternative is available.

Where conventional veterinary medicines are used, the withholding period shall be at least double the legal period.

Use of the following substances is prohibited:

- Synthetic growth promoters
- Substances of synthetic origin for production, stimulation or suppression of natural growth
- Hormones for heat induction and heat synchronisation unless used for an individual animal against reproductive disorders, justified by veterinary indications

Vaccinations shall be used only when diseases are known or expected to be a problem in the region. Legally required vaccinations are allowed. Genetically engineered vaccines are prohibited.

4.3.5 Requirement for Bee Keeping

As bee keeping is considered a part of animal husbandry, general principals of animal husbandry shall also apply on bee keeping. In addition following requirements shall also be met:

- Bee hives shall be made of natural materials free from toxicity.
- Bee hives shall be placed in organically managed farms and/ or wild natural areas, away from the fields or areas where prohibited substances have been used.
- Veterinary medicines/ antibiotics shall not be used in bee keeping and no repellents consisting of prohibited substances be used when working with the bees.
- For pest and disease control and for hive disinfection use of caustic soda, lactic, oxalic, acetic, formic acids, sulphur, etheric oils and *Bacillus thuringensis* are allowed.

Standard Requirements for Food processing, Handling and Storage

5.1 General requirement

Any food processing, handling and storage of organic products, on-farm and/or off-farm or under hired facilities away from the farm can be certified under PGS, provided the entire operation is carried out under the supervision of PGS Group and the items/ materials to be processed are the direct produce of the PGS group. If required many PGS groups can make their federation and get their federation registered with RC for collective processing, handling and storage. Necessary guidelines for making federation and handling of products from different groups will be laid down by the concerned RC.

5.2 Storage

Organic products shall not be stored and transported together with inorganic products unless they are properly packed and labelled and physically separated from each other with no chances of contamination or co-mingling.

Control measures should ensure that organic products do not come in contact with the inorganic products and prohibited substances during storage, transportation and processing.

No synthetic preservatives, chemicals, fumigants etc or storage aid shall be used. Use of controlled temperature, cooling, freezing, drying, humidity control through mechanical means and fumigation with nitrogen or carbon-di-oxide gas is permitted. Ethylene gas is permitted for ripening.

5.3 Ingredients, additives and processing aids

- All ingredients and additives of agriculture origin shall be PGS-organic.
- Water and salt may be used without any restriction.
- For the production of fermentation / microbiological products the medium shall be composed of organic ingredients.
- Commercial microbial formulations for use as inoculants in such processes can be used.
- In cases where ingredients of organic agriculture origin are not available or some ingredients of non-agriculture origin are to be used then the guidelines provided under NPOP be followed and the quantity of such non-agriculture additives should not exceed 5% of total dry weight (excluding water and salt) of the raw material.
- Use of genetically modified organisms or their products are prohibited
- Minerals, vitamins and similar other ingredients of chemical origin shall not be used.

5.4 Processing

- All processing equipments and machinery should be properly washed and made contamination free before using for organic processing.
- All processing equipments and filtration aids shall be free from contamination and shall not release any substance that may negatively affect the organic integrity
- Measures should be in place to prevent co-mingling and contamination of organic produce with non-organic.
- Services of NPOP certified processing units can be availed.

- Processes approved under PGS organic are: mechanical and physical, biological, smoking, extraction, precipitation and filtration. Extraction shall be done with water, ethanol, plant and animal oils, vinegar, carbon-di-oxide, nitrogen or carboxylic acids. All such solvents/ extraction liquid shall be of food grade.
- Irradiation is not allowed

5.5 Packing and Labelling

- Packing material should not affect the organoleptic character of the product
- The description of the PGS group with PGS logo and unique ID code shall be clearly printed.
- Single ingredient products may be labelled as “PGS-Organic” when all standard requirements have been met and the produce has been declared PGS-organic.
- PGS In-conversion products may be labelled as “PGS-Green” when all standard requirements for declaring the Local PGS group under PGS In-conversion have been met and the produce has been declared as PGS-Green.
- In case of mixed/ processed products if minimum of 95% ingredients is PGS-organic the product may be labelled as PGS-Organic. If proportions of organic ingredients are between 95 and 70% the products can be labelled as “Made with PGS-organic ingredients”, but in such cases PGS logo cannot be used.
- Only PGS Local groups and their duly authorized federations are allowed to use PGS Logo on the products, produced, processed and packed under their supervision.

Format-1

Photo of
Proposed RC
In charge

**Application form for Registration of
Regional Council**

Photo of Head
of
Organization

<u>Sl No.</u>	<u>components</u>	<u>Details</u>
1.	Name of the applicant organization	
2.	Logo of the Operation	
3.	State	
4.	District	
5.	Address City Town Pin code	
6.	Telephone with STD code	
7.	Mobile Number	
8.	Fax Number	
9.	Email ID	
10.	Status of Organization Central Govt . State Govt. Central/State Govt. Agency Cooperative NGO Company Other	
11.	Registration Number and act In case of Cooperative/ NGO/ Pvt. Company etc Registration No with act under which Registered (Attach copies of Registration, bye laws)	
12.	Registration Expiry date	
13.	Financial category (In case of Cooperative/ NGO/ Pvt. Company etc attach last 3 years audited balance sheets) Government Govt Funded Self financed Other (Pl specify)	
14.	Attach atleast 3 year audited report sheet	
15.	Facilites available (Computer, Phone, Internet, Vehicles)	
16.	Office building (own/rent)	
17.	Experience / Competence in Organic Farming (Attach a Copy)	
18.	Whether worked as service provider of Central/State Government/Other agency for organic adoption and certification (attach a proof)	

19.	Experience in any Participatory Guarantee System (Attach proof)	
20.	Experience in Organic certification system or ICS (Attach proof)	
21.	Knowledge in Organic Standard PGS-India NPOP NOP EU standards Others (Pl specify)	
22.	Proposed area of operation State : District : Villages :	
23.	Proposed farmers and group details Total Number of Groups: Total Number of farmers : Total Area proposed (Ha) :	
24.	Whether already have registered farmers as per their requirement of PGS guidelines (If yes then provide details, Group wise with list of farmers in each group and their organic status)	
25.	Regional Council operational manual prepared or not (if yes provide a copy)	
26.	Local Group operational manual prepared or not (If yes then provide a copy)	
27.	Detailed strategy of operation as Regional Council. (If required attach on separate sheets)	
28.	<u>Head</u> (Attach Photo) 1. Name of the Head of organization 2. Designation 3. Telephone No. with STD code 4. Mobile Number 5. Email ID 6. ID Proof (Enclose a copy)	
29.	<u>Operating Person</u> (Attach Photo) 1. Name of the person responsible for operation of regional Council 2. Designation 3. Telephone No. with STD code 4. Mobile Number 5. Email ID 6. ID Proof (Enclose a copy)	
30.	Total staff strength (Attach list of staff members with photos, designation and qualifications and assigned work)	

31.	<u>Technical Staff details</u> 1. Name of the Technical Staff 2. Designation 3. Telephone No. with STD code 4. Mobile Number 5. Email ID	
32.	Any other information	
33.	List of enclosures attached	

I/We the members of the organization hereby declare that the information provided above is true to the best of my/ our knowledge.

I/ We have read the PGS-India operational Guidelines and are convinced that the proposed organization (Give name of Organization) fully meets the eligibility criteria prescribed in PGS-India guidelines.

I/We understand that PGS-India Programme do not provide any financial assistance and the entire operation shall be taken up from the organization's sources

I/We declare that the organization is in sound financial health and capable of meeting the expanses needed for operation of Regional Council.

I/ we declare that on being selected as Regional Council under PGS-India programme we undertake to abide by the PGS-India guidelines and instructions issued by the NAC/ PGS secretariat from time to time and shall implement the programme in true spirit of PGS Principal

Signature of Head of organization with seal
(Name Head of organization)
Designation
Date

Format-2**Format of Agreement to be executed between PGS-India Regional Council and Local Group under PGS-India****(To be signed on Rs. 20/- Non-Judicial Stamp paper)**

An agreement made on _____ day of _____ (month) of year Two thousand between the _____ (Name of Regional Council) (hereinafter called the RC, which expression shall include their successors and assignees) on one part and _____ Name and address of Local Group) {hereinafter called the said LG which expression shall include their heirs, administrators, executors and legal representatives} on the other part.

Whereas the said LG has under the provisions of the PGS-India programme as stipulated and detailed in PGS-India operational Guidelines and PGS Terms of Reference (ToR) for Local Groups (hereinafter referred to as the said rules, which expression shall include the provisions in force and amendments/ modifications made from time to time) has applied to the _____ Regional Council for grant of Registration as LG and whereas the _____ Name of Regional Council has agreed to authorize _____ Name of local Group) as PGS-India Local Group on the terms and conditions as stipulated in ToR, NOW IT IS HEREBY AGREED that:

1. M/S _____ (Name of LG) as PGS-India Local Group shall abide by the operational guidelines and ToR for Local Groups, as prescribed by and on behalf of the Executive Secretary PGS India programme and _____ (Name of RC) and undertake to perform in true spirit of the PGS-India programme with full commitment and responsibility without any personal interest towards persons or organizations according to the said rule and hereby authorize the Executive Secretary PGS-India and _____ (Name of RC) to take any appropriate action as per the said rules in the event of violations.
2. _____ (Name of RC) hereby declare that as the _____ (Name of LG) has completed all necessary requirement as stipulated under PGS-India programme and in accordance with ToR for LGs the group is granted with registration under PGS-India programme as per the details given in the Registration certificate.
3. _____ (Name of RC) undertake to provide all the assistance to the said LG in terms of literature, copies of operational manual, standards and capacity building activities, including development of competence of local group members in standards implementation, peer review, analysis of review results and decision making.
4. _____ (Name of LG) undertakes to provide all assistance and access to all documents, fields, store houses, processing units, cattle houses, fodder storages etc to the authorized persons of RC for surveillance and verification. _____ (Name of LG) shall be providing copies of all peer appraisal sheets with necessary LG Summary sheet at the end of every season or at least twice in a year to RC and provide necessary help and assistance in surveillance as authorized by RC.
5. _____ (Name of LG) declare that they will keep all their information and documents in easy access for inspection by any officials of RC, Zonal Council or of PGS-Secretariat.

6. _____(Name of RC) and _____(Name of LG) have finalized the mutual working arrangement including the financial payments for the services, to be provided by the RC and agree to abide by our agreement.
7. It is understood that the Local Group or the RC shall have no claim for any financial assistance from Government of India or PGS-India Secretariat.
8. The Executive Secretary, PGS-India, Secretariat shall have full authority for surveillance, verification and monitoring of the functioning of Local groups.
9. _____(Name of LG) on being registered as Local Group under PGS-India programme hereby declare that they shall not be the part of any other certification process, other than PGS-India, including the similar PGS programme being run by other non-Government agencies, without the prior approval of the RC/PGS-India secretariat.

IT IS HEREBY FURTHER AGREED AND DECLARED THAT _____(Name of LG) and _____(Name of RC) shall work together effectively towards image building of the PGS-India programme and shall not be doing anything or activity which lowers or tarnish the prestige of the programme and/ or jeopardize or threaten the integrity of the organic guarantee. Further it is also declared that none of the partners of LG and RC have any conflict of interest in functioning of the PGS-India organic guarantee process.

Signed on behalf of the
Regional Council

Name _____
Address _____
Date _____

Signature of Group leader of LG

Name _____
Address _____
Date _____

In witness of

Witness 1 (signature)
Name and Address _____

Witness 1 (signature)
Name and Address _____

Witness 2 (signature)
Name and Address _____

Witness 2 (signature)
Name and Address _____

Format-3

PGS-India Programme
Term of Reference for Operation of Local Groups

PGS-India is a voluntary organic Guarantee programme, being operated by the National Centre of Organic Farming (NCOF) under National Project of Organic Farming, Department of Agriculture and Cooperation, Government of India.

PGS-NAC (PGS-National Advisory Committee) is the apex policy and decision making body. National Centre of Organic Farming shall be the secretariat of the programme with Director, NCOF as the Executive authority.

The programme intends to create a network of local organic farmer's groups having competence of organic certification system which are capable of providing organic guarantee based on PGS-India Standards through participatory approach. To make the system transparent and trust worthy there is a provision for appointment of local agencies as Regional Councils. These Regional Councils shall be the agencies situated within the close geographical proximity of the groups and through their participation in group processes, surveillance, and supervision and by verification of documented peer appraisals confirm the organic integrity of the group.

It must be clearly understood that registration of any Local Group by the Regional Council authorized by PGS-India NAC or PGS-India Secretariat is purely voluntary and do not give any guarantee/ assurance for any financial assistance from the Secretariat or Ministry of Agriculture, Govt. of India or its any other Institution/ organization associated to the secretariat.

PGS-India NAC being the apex governing body and NCOF being the secretariat of the PGS-India programme, although, shall not be interfering in the autonomic functioning and decision making of the RCs and Local Groups (LGs), but have full right to review the decisions of the LGs and RCs in accordance with the spirit of the PGS and PGS-India operational guidelines.

PGS-India NAC and PGS-India Secretariat shall have the right to surveillance, monitor, review and random sampling of products for residue testing. In all such cases the report shall be sent to the concerned RC for action and simultaneously shall also be hosted on the website of the PGS-India programme.

Registration of LG by RC shall be subject to the fulfilment of eligibility conditions, prescribed in the PGS-India operational manual. Registered LG on being registered is required to function as per the requirement of the PGS-India programme, as specified in PGS-India operational manual and should ensure that that at all times they contribute to the confidence building of the consumers in the PGS-India guarantee system.

Although PGS-India programme do not stipulates any fee, but RCs and LGs may agree upon some fee structure to be paid by LGs to RC, depending upon the services being offered by the RC.

Terms of reference for Registered Local Groups under PGS-India Programme

1. The Local Group on being registered as PGS-India Local Group (hereinafter referred as LG) shall ensure that it has provided a copy of the following documents to the Regional Council:
 - a. Application form of LG for registration
 - b. List of farmer members with a copy of individual application form and duly signed PGS-India pledge
 - c. Individual member's farm history sheet in prescribed proforma.

- d. In case, if all the members are not converting their entire land holding and cattle herd to organic in one go, then detailed conversion plan of fulfilling the requirement within 24 months
 - e. Agreement to be entered into with RC.
2. There is a mandatory requirement of group's endorsement by any other registered PGS-India Group or by State Govt Agriculture/ Horticulture Department's District Officer or by RC itself or by Zonal council or Regional Centres of Organic Farming.
3. At the time of Registration each LG needs to obtain following documents from the RC
 - a. Copy of PGS-India operational manual
 - b. Copy of PGS-India standards in local language
 - c. Copy of all the forms, peer appraisal sheets and LG summary sheet in local language
 - d. LG operating manual, developed by RC along with the checklists (if any developed by RC)
 - e. List of the services and activities to be provided to LG by the RC.
 - f. RCs shall also facilitate availability of technical literature on crop management, nutrient management, plant protection or any other such issues as needed by farmers.
4. The LG shall make all out efforts to promote organic farming and work towards image building and confidence building among its members and other stakeholders of organic farming and consumers
5. If a LG is having only five members then each member shall be the part of certification team. But if the group is large then each LG need to elect its certification team comprising of five members as Follows:
 - Group leader
 - Training and meeting coordinator
 - Peer review facilitator
 - Documentation In-charge
 - Public relation and RC CoordinatorCertification team is elected every year with the post of Group Leader being rotated.
6. All efforts should be made to ensure that each and every member of the group is active participant in peer review process.
7. Capacity building of farmers is an important component of PGS-India Programme each LG shall ensure adequate capacity building measures in consultation with group leaders and RCs for total compliance of standards. At least 2 members of each group need to be properly trained by RC.
8. In cases where LGs do not have access to computer or internet or LGs are unable to upload the data, RCs need to help them in developing their capacities or obtain the entire data in hard copy and upload in the website. In such cases LGs need to provide all information to RC in hard copy on paper.
9. LG shall ensure that the members of RCs shall participate in LG group meetings, LG key training programmes and some peer appraisal visits to assess the strength of the group and to help them improve their implementation processes.

10. Although entire PGS data shall be on-line in the PGS-India website, but each LG shall also ensure that original hard copies of the records such as LG summary sheets, peer appraisal sheets, LGs application with each member history sheet are also maintained in hard copy in separate member files at LG office.
11. LG shall prepare half yearly calendar of activities (such as trainings, capacity building programmes, peer appraisals etc) and intimate all group members and RC for effective coordination.
12. LGs shall also prepare annual or half yearly crop calendar before every sowing season with details of activities to be taken and intimate to RC in time.
13. As per the requirement each LG shall meet at least six times a year and maintain attendance register and details of meeting proceedings. Each and every member is required to participate in at least half of such meetings. Participation of members in such meetings reflects the commitment of the member to the programme and an important step for endorsement of certification decision by RC.
14. To keep on building the competence of the members, LGs need to organize some key field day trainings. Proceedings, details of such trainings along with attendance is also an important component for endorsement of certification decision by RC.
15. LGs shall provide full access to all the documents, records and information, including their fields and members for surveillance, monitoring and groups' competence assessment to representatives of RCs, Zonal Councils or PGS-India Secretariat at any point of time during their visits.
16. LGs shall ensure mutual recognition and support among different LGs at regional and national level by studying each other's processes and functioning and by having surveillance in each other's areas.
17. In case if any LG wanted to leave and desire to join other RC, then the group need to apply to the concerned RC or in case if RC is not cooperating then to Zonal Council for No Objection Certificate with full reason and justification. On being satisfied RC/ ZC can allow LGs to join other RC. In such cases after obtaining NOC from RC/ ZC, they can apply for registration to other RC with a copy of NOC. Entire record pertaining to that group shall be transferred to the new RC on their request without any prejudice or condition, what-so-ever.
18. AS PGS-India programme do not provide for part conversion and parallel production, RC shall ensure that all LGs stick to these requirements and in case where phased conversion is allowed, proper time schedule of full conversion is chalked out and approved. LGs need to ensure that approved time frame is adhered. In cases where a group or a member of the group fails to meet the requirement of full conversion, he will not be entitled for organic certification, in spite of being attaining full requirements of organic on part fields.

19. Entire Certification process to be followed by LGs is as follows:

Certification Process by Local Group (LG)

Step 1

- xxix. Form a group comprising of minimum 5 farmers (belonging to close by villages with continuous territory).
- xxx. Collect registration and farm history sheet from all the members.
- xxxi. Obtain copies of PGS Standards and PGS operational documents from nearest RC and distribute to all the members. These documents can also be downloaded from PGS website.
- xxxii. Convene the meeting of all the members and ask all the members to sign the pledge.
- xxxiii. Prepare Local Group operational manual detailing requirement of documents to be maintained by farmers, peer appraisal methodology and checkpoints to be assessed, based on the broad guidelines of PGS-India norms
- xxxiv. Ensure that members have committed to convert their entire land holding and livestock to organic. In case if some members propose to convert their land in phases then draw appropriate strategies to distinctly separate such units with organic ones. Also chalk out a plan for phased conversion and get it approved by Regional Council. As per PGS-India norms each member has to bring his entire land holding with livestock within 24 months from the date of registration in the group.

If a farmer under PGS-India group fails to convert his entire land holding and livestock within the stipulated 24 months time, then he will not be eligible for PGS organic certification and shall continue to remain under conversion.

- xxxv. Invite already registered another Local Group to verify the group formation and obtain necessary recommendations. In case if there is no other PGS-LG close by, then contact local State Agriculture office, demonstrate the group's strength on organic and obtain endorsement. Alternatively apply to the RC and request RC to undertake verification. RCOFs can also be requested for endorsement of Local Groups.

The Local Groups need to be approved only once and no further renewal is needed. If there are repeated problems (missing paperwork, a random pesticide inspection turns up a problem, a random oversight inspection turns up a problem, etc) THEN they could get disbanded/ sanctioned and have to re-apply and could get re-entry only after taking necessary correction and thorough verification by RC.

- xxxvi. Register the group on-line on PGS Website. In case if the group do not have access to computer and internet, then services of an local computer operator/ internet cafe can be taken. Alternatively fill all the forms and submit to RC for uploading the information on PGS website.
- xxxvii. Enter into agreement with the RC for services to be availed on payment basis (as per mutual agreement).
- xxxviii. Request RC to grant registration, user ID and password.
- xxxix.

Step 2

- xl. Follow the PGS guidelines on group meetings, key field trainings and knowledge sharing.
- xli. Keep vigil on neighboring farmer's farms and if some non-compliances are noticed then inform other group members during group meetings
- xlii. Ensure timely organization of training programmes in collaboration with RC.
- xlili. Invite practicing organic farmers and other local experts for problem solving in management issues such as in nutrient management, pest management etc during key trainings and group meetings.
- xliv. Maintain attendance register for group meeting and key field trainings
- xlv. If member farmers are using or propose to use off-farm inputs then verify their organic status, discuss in group meetings and endorse or prohibit their use. Use of such inputs without group's approval shall be treated as non-compliance.

Step 3

- xlvi. Chalk out peer appraisal schedule and constitute peer appraisal groups. Each group should have minimum 3 peer appraisers. Depending upon the number of farmers there can be any number of appraisal teams comprising of three or more members. At least one member in the appraisal team must be literate and well versed in filling the appraisal forms.
- xlvii. Reciprocal review between two member group farms is not allowed (i.e. A reviews the B and B reviews A).
- xlviii. Invite other group peer reviewers or representatives of consumers/ traders or local State Agriculture Department officer as invited member of the peer group (but their participation is not mandatory). This may increase the trust and credibility of the group Guarantee.
- xliv. Complete peer review of all the farms at least once in each season. Ensure that all farms have been reviewed objectively.
 - l. Discuss review reports in the meetings and decide upon the organic status of each farm one by one.
 - li. Segregate farmers who have fulfilled all the requirements and consider them for grant of certificate
 - lii. Discuss about the non-complying farmers and depending upon the nature and gravity of non-compliances issue sanctions.

Step 4

- liii. Appraisal paper work is checked for completeness and a local Group Summary Worksheet is prepared.
- liv. Group or certification committee decides on certification and declares certification status of each group member.
- lv. Enter all details on-line in PGS website and send signed copy of the summary worksheet to the RC. Alternatively send all details in hard copy along with signed copy of summary sheet to RC for uploading the data into PGS website.
- lvi. Regional Council check details provided in hard copy or on-line. While deciding on approval RC takes into consideration surveillance report (if any done), complaints received, residue analysis report etc. RC cannot decide on inclusion or non-inclusion of specific farmers based on information provided, it can decide only on approval or non-approval of certification of the Local Group as a whole. On being satisfied, grants necessary approval on-line.
- lvii. LG prints certificate from PGS website and distribute to individual farmers. Alternatively LG requests RC to print the certificates and send to Group leader for distribution.

Only the farmers which have completed full conversion period without any major or serious non-compliance be declared as “PGS-Organic”. Farmers which have one or more major non-compliance or are under conversion period will be declared as “PGS-Green”. Only the crops sown after joining the group, taking the PGS pledge in conformity of PGS standards and fully conforming to the PGS standard requirements as per the recommendations of peer reviewers shall qualify for “PGS-Green”. 3 continuous advisory on same issue can shift the status of member.

20. Time limit for grant of certification decision

The RC needs to decide on certification request within 15 days from the date of uploading the LG-summary sheet or submitting the hard copy of the group decision to RC. If RC fails to endorse the decision of the LG or otherwise, within 15 days, then ZC need to intervene and decide the issue within next 7 days. In case if ZC also fails to intervene and decide in time then the group can approach PGS Secretariat for decision.

Signed on behalf of the

Regional Council

Name _____

Address _____

Date _____

1. Signature of Group leader of LG

Name _____

Address _____

Date _____

Format-4

Details of Local groups and farmers registered under Regional Councils

Sl No.	Name of Local Group Address details (Complete postal address with phone numbers, email ID) and date of Registration and Unique ID no. of Group	Group Leader Name and Address details (Complete postal address with phone numbers, email Id)	Total Number of farmers in Local Group	Farmer Name and Name of Village to which farmer belong	Unique ID No. of farmer	Total Area covered under organic farming (ha)
Grand Total						

Format -5**Application form for entry into PGS Local Group****To**

The Group Convener/Leader

PGS Local Group

Village

District

State.....

Sir,

I am willing to undertake organic crop cultivation and livestock production as per PGS standards and want to become a member of your PGS local group for PGS organic guarantee programme.

Necessary details of my family and farm, past history of production and inputs use and livestock are enclosed herewith in the prescribed format.

I have obtained a copy of PGS Standards and Local Group operational manual and I undertake to adopt these standards on long term basis.

I also undertake to participate in all the activities of PGS Local Group including regular participation in group meetings, key field day training programmes and peer appraisals of farms of other members of the group.

I undertake to abide by the rules and regulations of the Local Group and follow all directives. I undertake to abide by the collective decisions of the Group.

On being formally inducted I undertake to sign the PGS organic pledge and follow it in letter and spirit.

Signature of Farmer

Date

Name.....

Place

Address.....

<u>For Use by Local Group Office</u>
Application No in sequence.....
Details checked and found adequate or not.....
Placed before the LG executive on Dated for approval.....

Accepted as LG member(Yes / No)

Assigned Membership Code.....

Signature of Local Group Leader.....

Paste a
photo of
farmer

FARMER HISTORY SHEET

Format -6

NAME OF GROUP:- _____

Sl. No.	Components	Details
1	Name of the Farmer	
2	Father's name	
3	Age	
4	Gender (M/F)	
5	Category (SC, ST, OBC, GEN)	
6	Mobile Number	
7	E-mail id (if any)	
8	Name of the family members and Relation	1 2 3 4 5 6
9	Village	
	Tehsil/Block	
	District	
	State	
10	Total area of land holding (ha.)	

11	Area offered for Organic (ha.)	
12	No. of plots offered for organic (plots having in different locations)	
13	Date of use of Prohibited substances (Synthetic chemical fertilizer and pesticides)	
14	Irrigation facilities (source and no.)	1 2 3 4 5
15	Machine and tools (name and no.)	1 2 3 4 5
16	Live stock (name and no.)	1 2 3 4 5
17	Live stock feed and fodder used (on-farm or off-farm) (name and quantity) (kg/day)	
	Live stock waste (dung) (kg/day)	

	(urine) (Lit./day)	
18	Live stock medicines used (Name and Quantity)	
19	Contamination control measures proposed	
20	Storage facilities	
21	On-farm input production facilities	
22	Post harvest facilities available	
23	Post harvest processing facilities	
24	Farm field map	
25	Soil testing (Attach Report)	
26	Water testing (Attach Report)	

(RABI)

Sl. No.	Components	Details			
1	Crop Category (Cereals, Pulses, Vegetables etc.)				
2	Name of Crop taken				
3	Fertilizer used	Chemical Fertilizer (name and qty/ha)	Biofertilizers (Name and qty/ha)	Organic Manures (Name and qty/ha)	
4	Plant protection measures	Chemical	Botanical extracts	Bio-pesticides	Others

Note: (Data for previous three years of RABI seasons required at the time of registration)
Use the same format to give details of each season details

(KHARIF)

Sl. No.	Components	Details			
1	Crop Category (Cereals, Pulses, Vegetables etc.)				
2	Name of Crop taken				
3	Fertilizer used	Chemical Fertilizer (name and qty/ha)	Biofertilizers (Name and qty/ha)	Organic Manures (Name and qty/ha)	
4	Plant protection measures	Chemical	Botanical extracts	Bio-pesticides	Others

Note: (Data for previous three years of KHARIF seasons is required at the time of registration)

Use the same format to give details of each season details

(SUMMER)

Sl. No.	Components	Details			
1	Crop Category (Cereals, Pulses, Vegetables etc.)				
2	Name of Crop taken				
3	Fertilizer used	Chemical Fertilizer (name and qty/ha)	Biofertilizers (Name and qty/ha)	Organic Manures (Name and qty/ha)	
4	Plant protection measures	Chemical	Botanical extracts	Bio-pesticides	Others

Note: (Data for previous three years of SUMMER season is required at the time of registration)

Use the same format to give details of each season details

Format -7

Organic Farmer's Pledge

I _____ son/daughter _____ of _____
 of _____
 Village _____ District _____ hereby declare on _____
 day of month _____ year _____ that:

1. I will follow the PGS organic standards in crop production and livestock rearing/ processing to ensure synthetic input free production system for the long term sustainability, health and well being of soil, environment, crops, livestock, my family and community. I have received a copy of PGS standards and Local Group operational manual.
2. I will not use any synthetic input (such as chemical pesticides, insecticides, herbicides, fungicides, chemical fertilizers, growth regulators and synthetic hormones etc) in any form directly or indirectly in my farming operations brought under PGS programme.
3. I commit to bring my entire farm operations including livestock under organic (or within a period of 24 months)
4. I will check with the Local Group before using any off-farm product that I am unsure of its organic status.
5. I will work with my fellow farmers in the Local Group and attend meetings and trainings to expand and share my knowledge of the standards and organic production techniques.
6. I will work to build the soil through ecologically sustainable farming practices such as crop rotations, composting, cover crops and green manures.
7. I will care for my livestock in ways that ensures their well-being in full compliance of PGS organic standards.
8. I will only use bags and containers that are clean and clearly labeled 'organic only' to harvest, transport and sell our organic products.
9. I will work to prevent contamination by suitable buffers and other means.
10. I will encourage biodiversity through my farming system.
11. I will sell products as Organic only when they are grown on certified land, and have been grown in accordance with PGS organic standards.
12. I will ensure that on the farm during storage, processing, transport and sale there is no contamination or mixing of organically grown with non-organically grown produce.
13. I agree to accept the decision of the Local Group in regards to my certification status.
14. I will participate in appraisals on other farms as per group norms.
15. I will report even minor or unintentional non-compliances to the organic standards on my farm to my Local Group

I hereby further declare that the information I have provided in the application and farm history sheet is true to the best of my knowledge. I also hereby declare that during peer appraisal I will fully cooperate with the peer reviewers and provide true information to the best of my and my family's knowledge and I will keep my information up to date with any changes occurred during the process.

Date
Place

Signature of farmers

Format -8

**Application format for Registration of the
Local Group (LG) with Regional Council**

To
The _____
_____ (Name of Regional Council)
Address _____

Sub:- Request for registration of Local Group under PGS-India programme.

Sir,

We the members of the (name and Address of local group) are willing to join the PGS-India programme as Local Group to develop an organic participatory guarantee system for our produce. Details of the group are as follows:

Name of the
Group _____

Total number of farmers (Enclose list of farmers, duly signed by each member) _____

Total area to be
covered _____

Copy of application and PGS pledge in respect of individual farmer members are enclosed at S.No _____ to _____.

Farm History sheet complete in all respects individually for each farmer is enclosed at S.No. _____ to _____.

We the members of the _____ (name of the local group) collectively and individually declare that:

- a. We have read and understand the PGS-India programme thoroughly and declare that the group is in a position to carry out all the activities of Local Group, as specified under PGS-India operational manual.
- b. We have obtained the copy of PGS-India operational manual and PGS-India Standards and have explained to all the members. A copy of standards in the local language has also been provided to each member.
- c. Each member has signed the PGS pledge in front of the group members and we collectively undertake to ensure that all the members will follow the PGS-India guidelines in letter and spirit.
- d. _____ members of the group (enclose the list with name and addresses) have undergone the training on PGS-India programme and are in a position to act as peer reviewers.

Contd....

- e. We undertake to convene the meetings of the Group at least once in two months (at least 6 times a year) to discuss the progress of the programme and to share the experience of each other earned from contacts, trainings or otherwise.

- f. All the farmers have committed to bring their entire land holding along with cattle under PGS-India programme in _____ months time.
- g. We undertake to abide by the guidelines and instructions of the PGS-India programme and the instructions/ guidelines of Regional Council issued from time to time.
- h. We undertake to abide by the decision of the Regional Council and shall work towards image building of the programme.
- i. For administrative purpose we have elected/ constituted our Certification team comprising of following members and we authorise the certification team members to undertake all documentary requirement as and when needed as per the requirement of PGS-India programme. Besides certification decisions, the role and responsibility of each team members is mentioned against each:

- | | |
|-----------------|---------------------------------------|
| i. Shri _____ | Group Leader |
| ii. Shri _____ | Training and meeting coordinator |
| iii. Shri _____ | Peer review facilitator |
| iv. Shri _____ | Documentation In-charge |
| v. Shri _____ | Public relation and RC
Coordinator |

- j. For data uploading on PGS-India Website we have necessary facilities and competence available at our end and shall be doing by our own
Or

We have hired the services of agency (Give name of the agency) for data uploading and the concerned agency has obtained all necessary details from RC.

Or

We request the Regional Council to kindly provide all such facilities and for the same we shall be providing all the details in hard copy to Regional council.

The _____ (Name of RC) is hereby requested to kindly accept our group as authorized local group and grant us with necessary registration, User ID and Pass word etc.

Signature & Name

Member 1

Member 2

Member 3

Member 4

Group Leader Signature

Name _____

Endorsement of Local Group

Particulars	Details & Remarks	
Name of Endorsing Agency		
1.State Government Authority		
2. Regional Council		
3. PGS Local Group		
Name of Group being Endorsed		
Date of Endorsement		
Group is competent enough to undertake PGS-India programme as per guidelines	Yes	No
Constitution of the group fulfils the requirement of PGS-India programme and the members are trusted with proven dedication for organic	Yes	No
Few member of the group are fully aware about PGS standards, operational requirements and can undertake peer appraisals	Yes	No
Please provide details that how the group is propose to undertake on-line data uploading work through	Own	Through Regional council

I/We _____ (name and address of endorsee) _____ is/are convinced that the group as mentioned above fulfils the minimum requirements as per PGS-India operational guidelines, at least few members are well versed with the standards and peer appraisal strategy and can carry forward the implementation strategy of PGS-India organic guarantee scheme. The members of the group are known and can be trusted. I/We considered for grant of registration under PGS-India programme.

Date

Signature

Place

Name and address of the endorsee

List of documents to be submitted at the time of registration of Regional Council

Applicant / Regional Council Name :
Address :

Sl No.	Documents to be submitted at the time of registration of Regional Council	Yes / No	Remarks / page no.
1.	Application form with duly signed by competent authority		
2.	Biodata/ Name, address, photo with resumes of the head of organization with identity proof		
3.	Should have support and endorsement from at least 10 local groups supporting to RCs (Local group formats should be enclosed)		
4.	Copy of TOR signed on each page as token acceptance of terms and conditions (duly signed by farmers and Regional Council members)		
5.	Agreement duly executed on Rs. 20 non judicial stamp paper duly signed by and executed in two copies (Format as per PGS guideline : refer Local group formats)		
6.	List of farmers and farmer as per prescribed format		
7.	Documents of legal status of agency with 3 years balance sheets		
8.	Affidavit of financial soundness with undertaking of PGS activities operations with their own resources		
9.	Have adequate financial resources to operate as Regional Council		
10.	Proven record in promotion of agriculture and its management (if any)		
11.	Proof / certificates of adequate experience of PGS , organic farming, and certification (if any)		
12.	Registration of applicant organization under acts govt. of India / State (enclose proof copy)		
13.	Situated in the area of functioning (proposed to operate PGS-INDIA programme) with permanent office and working personals		
14.	Have access to computer, printer, internet facility		
15.	Any knowledge on organic guarantee/ certification systems and/ or previous experience in supporting TPC(if any)		
16.	If members have undergone necessary PGS training meant for RCs organized by ZC and PGS secretariat (enclose documents)		
17.	At least one member is well versed with data handling and data uploading in computer in internet		
18.	Sample copies of peer appraisal sheet and sample copy of certificate issued earlier (if any)		
19.	Any other related documents to substantiate Technical / Financial credential to operate smooth function of RCs / PGS (if any)		

Formats used after Approval of Local groups

Format -11

Format for proceedings and attendance Register for Meetings

1. PGS Local Group Name.....
2. Total number of members.....
3. Date and time meeting.....
4. Important issues discussed and planning done (if any)

5. Number of peer appraisals completed since last meeting.....
6. Peer appraisals planned for next two months.....

7. Proposal for any input approval or query on problem solving (give brief)

8. Any other specific issue raised and discussed.....

9. Decisions made (if any)

Members present

S.No.	Name of member	Signature

Format -12

Format for proceedings and attendance Register for Field Day / Trainings

1. Name of PGS Local group :
2. Number of members :
3. Location of training :
4. Date of training and duration :
5. Subject and theme of training :
6. Expert persons invited :

7. Training was organized in collaboration of whom :

8. Brief description of issues discussed

Members present

S.No.	Name of member	Signature

Format -13A**Peer Inspection / Field Inspection Appraisal Worksheet – Part 1**

Peer Appraisal sheet for Season..... Year.....

Local Group Name :

Local Group Code No. :

Name of peer Appraisers with their member code

1.
2.
3.
4.
5.

1. Farmer's details

S. No.	Component	Details
1.	Farmers Name	
2.	Member Code	
3.	Status of farmer as per last appraisal	
4.	Area of farm	
5.	Is there any change on farm in area or infrastructure	
6.	Is there any change in livestock position	
7.	Name of family member present during inspection*	
8.	Date of Inspection	

*During peer appraisal presence of at least one member of the family who is well versed with the PGS programme is a must requirement. In the absence of any representative appraisal cannot proceed

Format -13B

Peer Inspection / Field Inspection Appraisal Worksheet – Part 2

2. Background Information

S. No.	Component	Observation	Status of NC*
1.	Date of last use of prohibited substances		
2.	Since how many months farmer is doing organic		
3.	Are you satisfied that since taking pledge farmer is not using any synthetic inputs		
4.	Whether farmer has adopted some measures to improve habitat If yes please provide details. If not then advise improvement		
5.	How diversity is being maintained Explain the measures initiated since last inspection or after taking pledge		
6.	If under conversion period, then what is the exact period of conversion on the date of inspection		
7.	Are you satisfied that conversion requirements are being met		
8.	Do you feel any need for reduction in conversion period? If yes then specify reasons and evidences		
9.	Buffer zone is being maintained or not? If yes then specify that are you satisfied with the buffer zone If not then advise (but this advice is applicable in conversion period only). Non-maintenance of buffer zone after conversion period becomes non-compliance		
10.	Are you satisfied that adequate measures have been taken to prevent contamination from water flow		
11.	What is source of irrigation? Does it meet the requirements of organic standards		
12.	Specify if any soil and water conservation methods have been adopted. If not please advise (it is a continuous process)		
13.	Are you satisfied that the farmer is well acquainted with PGS organic standards and protocols?		

*Status of non-compliance – In case the nature of deficiency or non-compliance is not threatening the organic integrity; it should be rated as A (advisory). If it is threatening organic integrity it should be rated as M (Major non-compliance). If it is of serious nature and a gross violation it should be rated as Serious (S). Major NC reverts the organic status of farmer into in-conversion and Serious (S) NC necessitates sanction (such as suspension, expulsion or reversion of status to registered). Three Advisory (A) on particular issue in three consecutive

appraisals turns into Major (M) non compliance and threatens certification status. Full compliance is indicated as “C”.

Format -13C

Peer Inspection / Field Inspection Appraisal Worksheet – Part 3

1. Compliance of PGS organic standards

S. No.	Item	Comments	Status of NC*
1.	Seed and planting material a. Organic (o) or conventional (c) b. If conventional whether chemically treated (CT) or not (NT) c. Genetically modified (GMO) or not (Non-GMO)		
	Are you satisfied that seed and planting material meets PGS standards		
2.	List on-farm manures used and quantity Are you satisfied that they meets PGS standards		
	List any off-farm purchased input used. If yes then give details Whether it was approved by group or not Does input is approved under NPOP by any agency (give detail)		
	Are you satisfied that fertilization process and inputs meets PGS standards		
3.	Weed management practices adopted		
	Are you satisfied that weed management process meets PGS standards		
4.	Provide details on plant protection measures a. On-farm measures b. Off-farm inputs		
	Whether off-farm inputs were approved by group or not		
	Whether off-farm inputs are approved under NPOP by any agency (give details)		
	Are you satisfied that pest management process meets the requirement of PGS standards		
5.	Whether equipments and tools used are properly washed for use in organic farming		
6.	Whether containers used for storage of organic produce meets PGS standards		

7.	Are you satisfied that requirements of storage, containers, bags etc meet PGS standards		
8.	Whether livestock are being treated in proper manner and provided with adequate facilities		
9.	Whether livestock is being fed with organic feed and fodder		
10.	Are you sure that no prohibited substances are being fed to animals		
11.	Give details of veterinary medicines given and vaccinations		
12.	Are you satisfied that veterinary medicines meet the PGS standards and were given only in emergency. Give details of with-holding period after medication		
13.	Are you satisfied that all requirements for animal production have been met as per PGS standards		
14.	<p>Beekeeping</p> <ul style="list-style-type: none"> • Are you satisfied that bee hives and boxes meet the standards requirement • Are you satisfied that the bee boxes have been placed under organic management/ wild natural fields • Are you satisfied that no prohibited substances have been used in bee rearing or handling <p>Are you satisfied that all standard requirements for Bee keeping have been met</p>		

*Status of non-compliance – In case the nature of deficiency or non-compliance is not threatening the organic integrity; it should be rated as A (advisory). If it is threatening organic integrity it should be rated as M (Major non-compliance). If it is of serious nature and a gross violation it should be rated as Serious (S). Major NC reverts the organic status of farmer into in-conversion and Serious (S) NC necessitates sanction (such as suspension, expulsion or reversion of status to registered). Three Advisory (A) on particular issue in three consecutive appraisals turns into Major (M) non compliance and threatens certification status. Full compliance is indicated as “C”.

Format -13D

Peer Inspection / Field Inspection Appraisal Worksheet – Part 4

1.	Chemical fertilizers used :	Yes/No	Fertilizer Name Quantity(Kg/Ha)
2.	Chemical pesticide/weedicide /Insecticide etc	Yes/No	Category Name Quantity(Kg/Ha)
3.	iquid Biofertilizer consortia/ Liquid Biopesticides/ Neem cake/ Neem Oil/ Phosphate Rich Organic Manure / Zyme Granules Applied	Yes/No	Category Quantity(Kg/Ha) Source of Funding
4.	Soil samples collected from your field by any members of Regional Council /other members (State/Central Govt. / Public agencies	Yes/No	Member Name No. of Sample No. of Sample Tested
5.	Organic farming practices recommended to you to follow in your farm field by members of Regional Council /other members (State/Central Govt. / Public agencies) based on soil test results	Yes/No	List of Practices
6.	Field inspection done in your farm field during crop production by members of Regional Council /other members (State/Central Govt. / Public agencies)	Yes/No	Name Of LG Member Date Of Inspection Name Of Other Members
7.	Samples collected from your farm field has been analyzed for residues of chemicals and pesticides by members of Regional Council /other members (State/Central Govt. / Public agencies)	Yes/No	Name Of Member Sample Collected Name Of Other Members Result Reports
8.	Traditional organic Input Production units (Panchagavya, Beejamruth and Jeevamruth etc.) of your own / sponsored under government scheme in your farm field	Yes/No	Name Of Unit No of Unit Capacity Source
9.	Planted any Nitrogen Harvest plants in your farm field during organic crop production	Yes/No	Name Of Seed Quantity NO of Plants
10.	Botanical extracts production units (Neem cake, Neem oil) in your farm field of your own / sponsored under government schemes/other agencies	Yes/No	Name Of Unit NO of Unit Source of Funding
11.	Vermicompost production units in your farm filed of your own / sponsored under government schemes/other	Yes/No	NO of Unit Quantity(kg/Ha) Source of Funding

	agencies		
12.	Transportation facilities you are having or any transportation convenience arranged to you for transportation of organic produce by cluster/RCS/ State/Central Govt. / Public agencies on packs of your products which are going to sale in market	Yes/No	Distance of Market Transportation Facility Arrangement
13.	Spending any amount on utilization of Machineries / Agricultural implements from Custom Hiring Centre (CHC)	Yes/No	Amount(By Own) Amount Supported By RC Cluster Other Name of Agriculture Implements
14.	Training Attend on organic farming	Yes/No	Training Date Subject Place Duration
15.	Exposure visits of organic field organized by attended any meeting on organic farming	Yes/No	Visit Date Place Duration

Format -13E**Peer Inspection / Field Inspection Appraisal Worksheet – Part 5**

4. Production details

S. No.	Crops/ produce	Expected yield	Requirement for home consumption	Surplus available for sale
1.				
2.				
3.				
4.				
5.				

2. Inspection summary and recommendations

Although the peer review team does not make the final decision on certification but now that the inspection is over, what would you recommend?

- Full Certification
- In Conversion Certification
- Farmer should make listed improvements and apply for certification next year.

Date of peer appraisal _____

How long did the peer appraisal take _____

Who was responsible for filling in the peer appraisal worksheet

Printed Name, Signatures and Date of all peer-appraisers present at this inspection

Format -14

Peer Inspection/Appraisal Worksheet for Processing and Handling

Peer Appraisal sheet for Year.....

Type of processing

Details of processing and processing facility

On-Farm/ Off-Farm or Hired facility

Facility owned by

Details of other processing activities on premises

Name of peer Appraisers with their member code

1. Sh
2. Sh
3. Sh
4.
5.

1. Local Group details

S. No.	Component	Details
1.	Group Name	
2.	Group Code	
3.	Details of organic produce to be processed with quantity	
4.	Proportion of various ingredients to be used including water salt and other non-organic additives	
5.	Name/(s) of Group member present responsible for supervision/ processing	
6.	Name of Group member/ representative present during inspection*	
7.	Date of Inspection	

*During peer appraisal presence of at least one member of the group who is well versed with the PGS processing standards is a must requirement. In the absence of any representative appraisal cannot proceed

2. Appraisal report sheet of processing process

S. No.	Component	Observation	Status of NC*
1.	Storage <ul style="list-style-type: none"> Does storage facility meet standard requirement of PGS Are you satisfied that necessary measures have been put into place to prevent co-mingling and contamination Are you satisfied that no prohibited substances have been used in storage 		
	Are you satisfied that full standard requirements have been met in storage		
2.	Processing facility Specify whether processing facility is certified organic or undertakes non-organic processing also.		
	Whether all equipments, containers and processing facility has been cleaned thoroughly to ensure that no prohibited substances are incorporated in the processing		
	Are you satisfied that the processing unit meets all standard requirements for PGS-organic processing		
3.	Processing <ul style="list-style-type: none"> Give details of process and specify whether the process is approved process under PGS-organic programme or not 		
	<ul style="list-style-type: none"> Whether all ingredients are PGS organic or not. If not then provide details for each organic and non-organic ingredients 		
	<ul style="list-style-type: none"> Are you satisfied that all non-organic ingredients/ purchased ingredients meet standard requirements 		
	<ul style="list-style-type: none"> Name, quality and quantity of non-organic additives used 		
	<ul style="list-style-type: none"> Are you satisfied that no prohibited substances have been used in processing 		
	Are you fully satisfied that the entire processing process meets the standard requirements or not. If not then specify non-conforming activity/ingredient		

3. Production details

S. No.	Type of finished product	Expected total yield	Details of packing	Specify number of containers with sizes
1.				
2.				
3.				
4.				
5.				

3. Inspection summary and recommendations

Although the peer review team does not make the final decision on certification but now that the inspection is over, what would you recommend for:

Storage facility

Processing unit

Process and out put

Date of inspection _____

Name, Signatures and Date of all peer-inspectors present during the appraisal

Format -15

Non-Compliance Guidelines

“Catalogue of Sanctions”

Sanctions are given to farmers by the Local Group as a whole OR by the Local Group’s elected Ethics Council (if one was created).

Situations	Type of sanction
<ul style="list-style-type: none"> • Missing Attendance at a required Field Day • Unsatisfactory production system 	Verbal warning
<ul style="list-style-type: none"> • Minor violations of the standards or regulations • Repeated written warning for similar problem • Not responding to approval conditions 	<i>Short Suspension of Certification</i> Period determined by length of time it takes for the Grower to get a new peer inspection/consultation
<ul style="list-style-type: none"> • Repeated minor violations • Clear violation of the standards not threatening the organic integrity of the product 	<i>Suspension</i> for a fixed period after until farmer(s) take corrective actions.
<ul style="list-style-type: none"> • Clear violation of the standards threatening the organic integrity of the product eg: use of prohibited pesticides or synthetic fertilisers. 	<i>Longer term suspension for 1 year</i> <i>Farmer may be moved back into “In Conversion” status</i>
<ul style="list-style-type: none"> • Repeated violations leading to penalties, suspension or withdrawal of approval. • Obvious fraud • Intentional obstruction of the inspection eg: denying inspector access. • Refusal to respond to written requests for additional information 	<i>Termination of participation</i> Farmer(s) banned from PGS membership either permanently or for a set period of time.

The Right of Appeal : The farmer's can make an appeal to the Regional Council within 2 weeks of the date of notification of the sanction by the Local Group OR to the Local Group as a whole if there is an Ethics Council that implemented the sanction.

LOCAL GROUP SUMMARY WORKSHEET

(To be submitted to the Regional Council for certification decision approval)

List of Local Group Farms to be Certified this Calendar Year

Calendar Year: _____

LOCAL GROUP ID# _____
(Assigned at the time of formation of the Local Group)

LOCAL GROUP LEADER/Representative _____

Contact Information: _____

Total number of farmers

1. Number of farmers fully conforming to certified status
(list enclosed as A)
2. Number of farmers granted in-conversion
(List enclosed as B)
3. Number of farmers sanctioned
(List enclosed as C)

Certification decision

We the members of the Local Group ID No. hereby individually and collectively declare that members listed at A have achieved the PGS certified status (PGS Organic) and fully conformed all the requirements.

We individually and collectively declare that farmers at B are granted with In-conversion status (PGS Green – Grown without chemicals).

Details of expected produce under PGS-Organic and PGS-Green are given at Annexure I.

Regional Council is requested to kindly approve our certification decision. All required information including peer appraisal sheets have been up-loaded on PGS website and is available for review.

We all group members undertake to abide by the decision of the Regional Council.

Local Group Representative Signature Date

Decision of the Regional Council

Certification decision approved

Certification unique ID Code

Or

Certification decision not approved due to reasons

1

2

3

Signature

Regional Council Certification Manager Date

The Right of Appeal

In case of certification approval denial by Regional Council the Local Group can make an appeal to the National Council or to NAC through PGS Secretariat within 2 weeks of the date of notification of the certification denial by the Regional Council OR to the Appellate authority designated by the NAC.



PGS - India

A Participatory Organic Guarantee Programme
 Department of Agriculture and Cooperation
 Govt of India

Certificate No.
 Date of Issue (MM/DD/YYYY).....

Scope Certificate

This is to certify that the product(s) and areas(s) of the
 mentioned farmer DHDHD
 belonging to PGS-India Group

Registered with Regional Council Noand name.....
 are in accordance with requirements of

PGS-India National Standards For Organic Production

For the process of :

“Crop Production”

This Scope Certificate
valid from (MM/DD/YYYY) until (MM/DD/YYYY)
for those product(s) and area(s) specified in the annexe

The validity of this certificate solely depends on the continued compliance with the
 required standards and PGS-India guidelines.

Signature of PGS India Group Leader
Local Group No.

Logo
Authorized by :

Signature of Head of Regional Council
Date-
Name of Regional Council
Authorization No.



(Any one of the type of logo used depending on the organic cultivation status of farmer)

Local Group Name :

Local Group Code :

Farmer's Name :

The validity of this certificate solely depends on the continued compliance with the required standards and PGS-India guidelines.

Member Code	Member Name	Total Organic Area(Ha)	Farmer Status	Crops name	Production (kg/ha)

Signature of PGS India Group Leader
Local Group No.....

Logo

Authorized by :

Signature of Head of Regional Council

Date-

Name of Regional Council

Authorization No.

**Annual Progress Report for the year(Report to be submitted by Regional council)
(Soft copy to be mailed at nbdc@nic.in)**

Name of Regional Council.....
Complete Address and contact details:.....
Year of Registration / Authorization
Year of Expiry of Authorization
PGS-INDIA Registration ID.....

Sl. No	No. of Groups			Total No. of Farmers			Area ((Ha)			Total No. of Farmers certified		Name of Products produced		Production In tones		Total Amount of Revenue generated from marketing (Rs. In Lakh)	
	Total number of Groups upto previous year (April YYYY)	Total number of Groups added in the present year (April YYYY)	Grand Total number of Groups	Total number of Farmers upto previous year (April	Total number of Farmers added in the present year (April	Grand Total number of Farmers	Total of Area (Ha)upto previous year (April YYYY)	Total Area (Ha)add ed in the present year (April YYYY)	Grand Total Area (Ha)	PGS Green	PGS-organic	PGS Green	PGS-organic	PGS Green	PGS-organic	PGS Green	PGS-organic

Present Status of PGS-INDIA

To promote organic farming and domestic organic market a free / no cost domestic organic certification system called Participatory Guarantee system-India (PGS-India) in India is being implemented by Ministry of Agriculture, Department of Agriculture & Cooperation, Government of India through National Centre of Organic Farming (NCOF), Ghaziabad and its seven Regional Centres (Ghaziabad -Head Quarter, Bangalore, Nagpur, Jabalpur, Panchkula, Bhubaneswar & Imphal). At present, fifty five **Regional councils** are authorized (on 26-03-2015) to work under PGS India Programme. Out of fifty five regional councils, seven are Regional centers of NCOF and forty eight are from different NGOs/ Society/ State Govt. organization/Departments from different States {Karnataka (6), Kerala (3), Tamil Nadu (3), Maharashtra (1), Andhra Pradesh (1), Rajasthan (11), Utter Pradesh (2), Madhya Pradesh (13), Chhattisgarh (2), Manipur (2), Odisha (1), Sikkim (1), Uttarakhand (1), Car Nicobar (1)}. The PGS organic certification at free of cost to the farmer under Paramparagat Krishi Vikas Yojana Scheme is promoted under components of National Mission for Sustainable Agriculture.

Logos used in Participatory Guarantee System-INDIA organic certification Programme



Logo Used while marketing on the products produced from the field under conversion



Logo Used while marketing on the products produced from fields of completely converted into organic

**Standard Operating Procedures (SOP) for Food Safety Officer (FSO)
For
Monitoring Compliance to the Food Safety and Standards (Organic
Foods) Regulations, 2017**

Introduction-

This SOP provides guidance for a Food Safety Officer to inspect an organic product and related documents.

a. Information for FSO:

Any food offered or promoted for sale as organic food is required to comply with all the applicable provisions of any one of the following (Regulation 4 under Chapter II of this regulation):

- i. National Programme for Organic Production (NPOP);
- ii. Participatory Guarantee System for India (PGS-India);

b. Requirements for labelling-

The product shall carry a certification or quality assurance mark in addition to the labelling requirements of one of the systems mentioned in (a) above in addition to the FSSAI logo. All organic foods shall also comply with the packaging and labelling requirements specified under the Food Safety and Standards (Packaging and Labelling) Regulations, 2011”.

This means that all organic food products shall have two logos, one of FSSAI and another of either India Organic logo or PGS-India Organic Logo as the case may be.

1. Requirements of labelling under National Programme for Organic Production (NPOP)

If the product is certified under National Programme for Organic Production (NPOP) then the label must clearly display following logo.



In case of single ingredient product where all requirements have been met:

- Product may be labelled as 'Organic'.
- Name of accredited certification body, accreditation number.
- FSSAI logo

In case of Multi ingredient product where NPOP Logo (India Organic) is allowed is as under:

Where min. 95% of ingredients are of certified origin

- Product can be labeled as 'Certified Organic'.
- Name of accredited certification body, accreditation number.
- FSSAI logo

2. Requirements of labelling under Participator Guarantee System (PGS):

If the product is certified under PGS-India programme then the label must clearly display following logo.



In case of single ingredient product where all requirements have been met:

- Products may be labelled as 'PGS-Organic'
- PGS Logo (India Organic)
- FSSAI logo
- UID Code

In case of Multi Ingredient Product-

Where min. 95% of ingredients are organic:

- Product can be labeled as PGS Organic
- FSSAI logo
- UID Code

c. Requirements for sampling and analysis-

Regulation 9 under Chapter II of FSS (Organic Food) Regulations, 2017 also states that “Without prejudice to the provisions of these regulations, all organic food shall comply with the relevant provisions, as applicable, under the Food Safety and Standards (Food Product Standards and Food Additives) Regulations, 2011, the Food Safety and Standards (Contaminants, Toxins and Residues) Regulations, 2011, under the Act and the rules and regulations made there under”.

- To ensure the compliance of these general regulations samples need to be collected and analysed in FSSAI accredited testing laboratories.
- Sampling for laboratory testing to be done as per the sampling procedure described in Section 47 “Sampling and Analysis” of FSS Act, 2006.

➤ Steps/Parameters to check the Organic Food compliance at the Retailer end:

For NPOP and PGS certified Food products:-

Retailer is the business entity which is not involved in manufacture or processing including packaging. A retailer buys the product in closed/ sealed packs from manufacturer, processor or packer and keeps them on shelves for sale to consumers.

- Organic products shall be kept/ displayed separately in a manner that it is distinguishable from non-organic products.
- Check for labelling requirement as specified above
- Check for purchase records to ensure that products have been purchased from organic certified manufacturer and processor

iv. The sample may be drawn as per the standard sampling protocol and sent to the authorised testing laboratory.

➤ **Steps/Parameters to check the Organic Food compliance at manufacturer, processor, handler/ packer end.**

For NPOP certified Food products:-

Besides the general requirement mandatory under FSS Act 2006 following additional parameters/ records to be checked to ensure the integrity of organic process.

- i. Unit is registered with NPOP accredited organic certification body
- ii. Unit possess valid scope certificate for organic processing and is maintained on continuity basis.
- iii. All organic product labels are approved by the accredited organic certification body.
- iv. Production records are maintained for incoming raw material, manufacturing/ processing process, output records, sale records and are duly verified by accredited organic certification body. Ensure that all certification related records are verified by organic certification body at least once a year.
- v. Transaction certificates are available for all inward raw material and scope certificates indicate the quantum of production.
- vi. Scope certificates and Transaction certificates are issue with QR code and Bar code. FSO's can verify the genuineness of these certificates by scanning the QR code and instantly he will get the pdf copy of the certificate from APEDA's Tracenet
- vii. Run audit trail for inward of raw material and outward of finished product as per the manufacturing process.
- viii. If required, samples can be drawn for testing as per the standard sampling protocol and sent for testing in authorised laboratory.

➤ **Steps/Parameters to check the Organic Food compliance at manufacturer, processor, handler/ packer end.**

For PGS-India certified Food products:-

- i. Scope certificates issued by the RC shall carry the digital signatures of authorised signatory of RC.
- ii. Actual ink signature of LG group leader on all the certificates handled to individual members.
- iii. Unique Identification (UID) Code to be checked on each certificate.
- iv. Each certificate will list out the area, crop and products certified during the year.

➤ Steps/Parameters for Import of Organic Food products:-

In addition to the requirements laid down under Food Safety and Standards Act 2006, following additional documents should accompany the import consignment for checking by the custom authorities:

- i. Importer is registered with NPOP accredited organic Certification Body, for management of traceability.
- ii. Valid scope certificate issued by the NPOP accredited organic Certification Body of India (in cases where India does not have bilateral or multilateral equivalency for organic products with the exporting country) or valid scope certificate issued by authorised certification body of exporting country, if there is bilateral or multilateral equivalency agreement exists between NPOP and organic regulation of exporting country and APEDA has granted the authorization to such certification bodies.
- iii. Transaction Certificate issued by the authorised certification body (as above).

File No- S-11051/04/2017/NRLM(SVEP)/359280
Government of India
Ministry of Rural Development
Department of Rural Development
DAY-National Rural Livelihoods Mission (Aajeevika)

7th Floor, NDCC-II Building
Jai Singh Road,
New Delhi-110 001

14th August, 2018

OFFICE MEMORANDUM

Subject – Guideline of Mahila Kisan Sashtkikaran Pariyojana for Value Chain Development

To bring exclusive focus on value addition and market linkages through producers' collectives and promotion of Producers Enterprises which are owned and governed by women farmers, a dedicated value chain development component has been approved under Mahila Kisan Sashaktikaran Pariyojana (MKSP).

The guideline of Mahila Kisan Sashtkikaran Pariyojana (MKSP) for Value Chain Development is attached herewith for kind information.

This has the approval of competent authority.



(Nita Kejrewal)
Joint Secretary to the Govt. of India
Ph.: 011-23461754

Encl: As above

To,

Principal Secretaries of all States

Copy to :CEOs / SMDs of all States

GUIDELINES FOR VALUE CHAIN DEVELOPMENT UNDER MAHILA KISAN SASHAKTIKARAN PARIYOJANA

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1. Background

1.1 Mahila Kisan Sashaktikaran Pariyojana

In 2011, the Ministry of Rural Development launched “Mahila Kisan Sashaktikaran Pariyojana” (MKSP), a sub component of the National Rural Livelihood Mission (NRLM) to improve the present status of women in agriculture, and to enhance the opportunities for her empowerment. The primary objective of the MKSP is to empower women in agriculture by making systematic investments to enhance their participation and productivity, as also create and sustain agriculture based livelihoods of rural women. By establishing efficient local resource based agriculture, wherein women in agriculture gain more control over the production resources and manage the support systems, the project seeks to enable them to gain better access to the inputs and services provided by the government and other agencies. Once the production capacities of women in agriculture improve, food security ensues for their families and communities.

In 2012, the scope of MKSP was extended to Non Timber Forest Produce (NTFP) based livelihoods to promote NTFP collectives to increase the income of tribal NTFP collectors through sustainable harvest and scientific post-harvest practices for higher returns; negotiate better with market forces while also taking up various value addition activities at appropriate levels. The intervention would envisage strengthening the NTFP value chain on end-to-end basis and creating strategic public-private-panchayat partnerships for the benefit of all stakeholders.

Interventions to promote value chain for ensuring better market linkages for the produce were envisaged as one of the important interventions under MKSP, both for agriculture and NTFP.

1.2 Value chain development interventions under DAY-NRLM

Under MKSP and various other Farm Livelihoods interventions, Producers’ Groups (PGs) have been formed to undertake primary level aggregation and value addition activities at the village level. These PGs are small sized unregistered entities and engaged in localized marketing activities based on the local demand and supply situations. The PGs, being small and disaggregated cannot individually engage effectively in large scale economic activities.

As a result the impact of the PGs in ensuring better prices for the small and marginal producers was not very significant in terms of exploiting the true market potential. It has been realized that to achieve the desired goal of getting the maximum percentage of every consumer rupee spent a larger professionally managed and community owned institution would be more effective.

In 2015-16, DAY-NRLM, under its' World Bank supported National Rural Livelihoods Project (NRLP) had launched a special fund for promotion of large size value chain interventions building on the strength of Community Based Organizations (CBO) under DAY-NRLM. Several initiatives focused on value chain development for market linkages have been taken up under this special fund in various states.

1.3 DAY-NRLM Strategy on Value Chain Development

To consolidate the value chain development experiences under DAY-NRLM and to bring specific impetus on value addition and market linkages the scope of MKSP is now extended to incorporate proposals for value chain development with exclusive focus on value addition and market linkages through collective action and promotion of Producers Enterprises (PE) which are owned and governed by the producers.

Under DAY-NRLM, it is envisaged that the members of the existing PGs would be federated into Producers' Enterprises of size to attain the economy of scale through value chain interventions. In geographies, where PGs have been promoted under Farm Livelihoods interventions, the members of the PGs would be federated into Producers' Enterprises.

Promotion of sustainable and economically viable Producers' Enterprises is a highly challenging and complex task and DAY-NRLM has identified policy, techno-managerial manpower and financing challenges through various consultative processes and from experience. There is a need for a special intervention to promote member owned and member controlled Producers' Enterprises to ensure better price realisation to Mahila Kisans. These interventions would be covered under the MKSP Value Chain Development interventions. The value chain interventions in agriculture, dairying and NTFP under MKSP Value Chain will be implemented through Producer' Enterprises.

The strategy envisaged to develop Producers' Enterprises is centred on the following aspects –

- a. **Robust Business model** - The focus should be on building member owned PEs. A robust business model which takes into account supply factors, market and consumer preferences is essential for success of Producers' Companies. Post farm-gate to market interventions would be supported.
- b. **Focus on value addition** – Interventions centred on value addition and marketing would be encouraged rather than interventions based on purely aggregation and marketing.
- c. **Dedicated human resource** Human Resource with relevant qualifications and experience as staff of the PE to manage the PE operations effectively. There would focus on placement of a dedicated team of experts at the SRLM level (Spear Head Team) to support and guide the implementation of value chain interventions proposed by the SRLMs.

- d. **Capacity building** - Mentoring and capacity building of small farmers is essential for the sustainability of PEs through a dedicated team.
- e. **Financing** – Procurement infrastructure, processing infrastructure, working capital and viability gap funding to the PEs

As a component of DAY-National Rural Livelihoods Mission (DAY-NRLM) Ministry of Rural Development is extending the scope of Mahila Kisan Sashaktikaran Pariyojana (MKSP) to development of value chain interventions through promotion of sustainable Producers' Enterprises for interventions from farm gate to market with exclusive focus on market linkage.

Producers Enterprise

- A Producers' Enterprise (PE) is defined as registered formal organization of farmers including co-operatives and Farmer Producer' Companies.
- A producer enterprise is built on Mutual Assistance Principles
- The primary objective of these organizations is to ensure better economic return to the farmer producers by helping them to take up business activities.
- These enterprises operate as commercial organizations and being economically viable is of paramount importance for these organizations.

2 Objectives of Value Chain under MKSP

The objective of this component of MKSP is to empower women famers and collectors through an integrated approach of developing Producers' Enterprises, building market linkage and capacity building programed together.

The key objectives of value chain component of MKSP are:

1. To ensure **higher price realization** for the agriculture, dairying and NTFP produce for the small and marginal women farmers
2. Increasing influence of women farmers on the commodity value chain
3. To ensure increased **bargaining power** of **small and marginal producers** by achieving economy of scale and therefore negotiate better prices.
4. To develop **robust business models at scale** for the commodities produced by small and marginal women farmers
5. To develop **scalable and sustainable Producers' Enterprises** to implement the value chain development interventions
6. To create **opportunities for value addition** of commodities
7. To take up **Capacity building** of the community for better post-harvest handling, knowledge of quality parameters
8. To provide the platform for producers to promote their interests and influence policies

in the local and national environment that affect their business and livelihood.

9. To promote the **use of ICT** for accounting, inventory management, payment to producers and market information dissemination.

3 Expected Outcomes

MKSP Value Chain proposals being submitted should have clearly stated outcomes. The expected outcomes that must be achieved through the planned interventions:

- a. Better price realisation to the small and marginal women farmers
- b. Establishment of scalable and sustainable women Producers' Enterprises with robust business model and viable business plan having small and marginal women farmers as the shareholders
- c. Establishment of professional management structure for the Producer Enterprise
- d. Equitable sharing of profits between the members
- e. Access to market information for better marketing of their products
- f. Establishing market linkages with institutional buyers
- g. Development of Standard Operating Procedures for all processes of the Producers' Enterprises such procurement manuals, HR manuals, accounting processes.
- h. Development and promotion of sustainable management, quality assurance and storage practices

The SRLM may develop partnerships with other reputed organizations having demonstrated experience in value chain development of the selected commodities for achieving the desirable outcomes. This would be as per the partnerships guidelines of DAY-NRLM.

Creation of standalone marketing infrastructure such as retail outlets, market yards, if necessary, should be taken up through convergence.

The result framework of the project is attached as Annexure- II.

4 Non-negotiables

While designing the proposal the PIA has to consider the non-negotiables of DAY-NRLM and MKSP Value Chain and should ensure that these principles are respected and are not violated. These non-negotiables have been clearly defined to make the project community owned,

community governed and sustainable. These principles would guide the project and make the project relevant for the small and marginal women farmers.

- a. The interventions would be focused on small and marginal women farmers. The Producers' Enterprises proposed to implement the interventions would be women Producers' Enterprises.
- b. The interventions proposed would be implemented through PEs and at scale.
- c. The producer Enterprise would be professionally managed having its own professional managers with requisite qualifications and relevant experience of running a business enterprise
- d. The interventions would be focused on post farm-gate to market for agriculture produce, dairying and NTFP.
- e. The Producers' Enterprises would be community owned and must adhere to the principles of co-operation.
- f. Any assets provided under the interventions would be community owned i.e. by a producers' enterprise.
- g. Any financial support such as working capital support, viability gap funding etc, to organizations other than PEs would not be permitted.
- h. A dedicated team at the SRLM level should be in place before any intervention is proposed. The team should consist of manpower with relevant techno-managerial experience in operations, financial management, commodity handling etc.
- i. No subsidy or grant to be provided to any individual
- j. Market linkages have to be identified before submission of proposal. The market linkages must be worked out before the producers' enterprise is promoted
- k. Core business of the Producers' Enterprise must be based on agriculture, Dairying or NTFP.

5 Approach

The Value Chain projects would be implemented by the Producers' Enterprise promoted for that specific purpose. The SRLM is the promoting organization of the PE. DAY-NRLM Guideline for the promotion of Producer Enterprises would be followed as a framework for implementation.

6 Value Chain Projects under MKSP

6.1 About the Project

- a) The objective of the MKSP Value Chain Development is to empower women to sustain and to enable better price realisation through value addition, market linkage based livelihoods by establishing sustainable Producers' Enterprises. The project objectives must be explicitly stated and formulated accordingly.
- b) The objective is also to build on existing producers' groups that have been formed under MKSP agriculture and livestock interventions to federate their members into market linked, sustainable Producers' Enterprises.
- c) While evaluating the proposal the size of the enterprise would be a key determinant. An enterprise which is not big enough may not be able to meet the overhead expenditure like good quality manpower and also may not be able reach the economy of scale.
- d) The Projects should be conceived in a manner so as to provide end to end solutions. Provision of a complete package of 'end-to-end' services through mobilizing women producers into Producers' Enterprises, providing access to a complete package of post-harvest services from procurement, value addition to marketing of produce should be made in the project in order to make it a holistic project. To the extent possible, the existing gaps in the marketing eco-system must be addressed.
- e) The project proposal should draw extensively from the existing best practices in post-harvest practices, value addition and marketing.
- f) The project must have a clearly defined business model and business plan at the time of submission of the proposal
- g) Project should lead to substantial tangible and intangible socio-economic benefits.
- h) Project should have a well-defined internal monitoring systems to track the progress i.e., physical and financial achievements. Appropriate Management Information Systems and accounting software should be set up by the PEs.
- i) The PEs proposed would be professionally managed entities; hence the SRLM must plan for recruitment of professionals with relevant qualifications and experience in the proposal.
- j) The Producers' Enterprises Staff must have relevant qualification and experience. The Staff must consist of commodity specialists (depending on the number of commodities handled) and an accountant.
- k) The project should be developed on the existing implementation experience of the implementing agency or its partners in implementation of large size value chain development interventions involving promotion of producer enterprises.

6.2 The components under the project

- i. Promotion of Producer Enterprise through organization and mobilization of SHG women in agriculture should be the core element of the project.

- ii. The PEs would be owned and governed by the community and would be managed by the professionals. Project would support the PE for hiring the professional managers for some period.
- iii. The Producer Enterprise so promoted would engage in post-harvest value development for agriculture, dairying or animal husbandry produce and NTFP.
- iv. Processing activities that add value to the agricultural, dairy or NTFP would be taken up by the producer enterprise and necessary infrastructure for the same would be provisioned under the project. This would include horticulture, agro-processing, food-processing, storage, value addition, preservation, etc. The business model of the PE must be clearly identified.
- v. Building market linkages is an essential component of the project. The market linkages must be identified before the project is proposed.
- vi. The producers enterprise may need to buy and store the produce for a short period of time and the project would support working capital towards that.
- vii. In order to optimize the benefits from the project under MKSP Value Chain, a well-defined convergence strategy should be mentioned at central, state, district and block levels in order to leverage schemes of various Ministries /Departments such as MGNREGA, Ministry of Agriculture, Department of Animal Husbandry, Department of Food processing etc. and similar schemes aimed at providing support to development of Enterprises or value addition infrastructure.
- viii. The PE must plan for knowledge building, management and dissemination relating to markets, post-harvest practices and village level value addition.
- ix. Capacity building of producers in better harvest and post-harvest technology may also be part of the funding to the producer enterprise.
- x. Producer enterprise would also take up the training of members and board of directors in governance of a producer enterprise

7 Funding

7.1 General condition

Ministry of Rural Development (MoRD) would provide funding support of up to 60% (90% for North East and hill states) to the project submitted by the SRLMs under MKSP Value Chain. Balance is to be contributed by the respective state governments or any other donor agencies, national and international in the form of grants.

Participation of banks in financing the projects would be encouraged. The SRLM would be expected to define the financing mechanism for the Producers' Enterprise post the project period.

The SRLMs will be submitting the project proposals for a period of three (3) years and the funding will be made through a project route. The project will be approved for a three years project period.

The investment per household should not exceed INR 15000 over the period. Dairy value chain development requires high infrastructure investment, hence in the case of dairy value chain projects, the investment per household should not exceed INR 18000 over the project period.

The investment per household would be calculated as:

Investment per household = total investment proposed for the project / number of unique farmers to be covered during the project period.

The total project cost for any single project shall not exceed INR 45 crores.

8 Convergence

DAY-NRLM has issued joint advisories with Ministry of Agriculture and Department of Animal Husbandry, Dairy and Fisheries. For implementation of the value chain interventions the SRLMs may explore convergence opportunities with other schemes and departments in their respective States.

9 Processes under MKSP for Value Chain Development

9.1 Identification of project areas

The project area would primarily be the intensive blocks under DAY-NRLM. If a project is being conceived in an intensive block, the non-intensive blocks adjacent to the intensive block may also be included with the condition that the SRLM would develop a plan to cover these non-intensive blocks under its social mobilization and financial inclusion interventions.

The areas taken up under Mission Antyodaya would be given preference for promotion of value chain interventions under MKSP- Value Chain Development.

Priority would be given to those areas where there are existing producers groups in significant numbers promoted under DAY-NRLM.

9.2 Project implementing agency

The State Rural Livelihoods Mission of any State may pose projects under MKSP- Value Chain Development.

9.3 Proposal submission process and templates

The proposal for value chain development projects under agriculture, dairying or NTFP may be submitted under MKSP Value Chain in the proposal submission template provided. The proposal submission template is provided in Annexure – III.

The SRLMs will be submitting the project proposals for a period of three (3) years and the funding will be made through a project route.

9.4 Proposal approval Stages -

9.4.1 Desk appraisal

The proposal submitted by the SRLMs would be appraised by a team of experts having thorough understanding of value chain interventions including business models and commodity markets. The proposal submitted by the SRLMs would be appraised by a team of experts having thorough understanding of value chain interventions including business models and commodity markets. The expert team would comprise of Farm Livelihoods team of DAY-NRLM handling value chain development interventions and National Resource Persons empanelled by NIRD&PR having expertise on value chain development. The appraisal would be taken up following the scoring template as Annexure I. The detailed guidance on scoring is also provided in Annexure I-A.

Any proposal scoring less than 60% marks will not be considered.

The Appraisal Team would appraise the project based on the following -

- a. Non-negotiables defined in the MKSP Value Chain Guidelines
- b. Results Framework defined in MKSP Value Chain Guidelines
- c. Project submission template and financial analysis, business plan, financial viability, sustainability, profitability.

In case the SRLM has proposed a Technical Support Agency or Field Implementation partner, the mode of procurement has to be mentioned in the proposal.

In case the proposal is not found to be suitable to be taken to the pre-EC stage, the SRLM would re-work the proposal based on the comments of the Farm Livelihoods Team.

The Farm Livelihoods Team may undertake a field appraisal of the project areas to verify the readiness of the SRLM to implement value chain development interventions, suitability of the commodity and other factors.

9.4.2 Pre-Empowered Committee meeting

The Projects submitted would be examined and considered by the Pre-EC before it is submitted to the Empowered committee for its recommendation. The composition of the Pre-EC would be as under:

- i. Joint Secretary (Rural Livelihoods) - Chairman
- ii. Farm Livelihoods Team – Member Convener
- iii. Concerned SRLM Team members

The pre-EC meeting could be held multiple times during the appraisal stage of the proposal.

9.4.3 Empowered Committee

Once the projects have been examined in the Pre-EC meeting, the proposal would be put forth for approval by the Empowered committee. The composition of the Empowered Committee would be as under:

- i. Secretary, Department of Rural Development - **Chairman**
- ii. AS & FA, Ministry of Rural Development - Member
- iii. Senior Adviser (RD), Planning Commission - Member
- iv. Joint Secretary, Ministry of Environment & Forest - Member
- v. Joint Secretary (Agriculture Marketing) - Member
- vi. Joint Secretary (A &DD)/JS (Fy) - Member
- vii. Joint Secretary, Ministry of Tribal Affairs - Member
- viii. Joint Secretary, Ministry of Development of North East Region (In case of Projects from North East) - Member
- ix. Special Invitee/Expert (Two) - Member
- x. Joint Secretary (Rural Livelihoods) Member-Convener

9.5 Role of the State Rural Livelihoods Mission

The State Rural Livelihoods Missions (SRLM) as Project Implementing agency (PIA) will place a dedicated spearhead team at the State level for proposal development and subsequent facilitation of the project roll-out. However, before recommending the project to MoRD, SRLM will obtain the requisite approval for commitment for state share.

Spearhead will comprise of one or two commodity experts, one expert in financial management and one expert in promotion of producers' enterprises and operations. This team should be a separate team apart from the existing farm livelihoods team. The cost of this spearhead team could be met by the SRLM out of the provision available under DAY-NRLM for administrative expenses.

9.6 Project Period

Projects are to be implemented within three years' time

9.7 Eligible Items of Expenditure:

Component-wise expenditure likely to be incurred for the project, like beneficiary mobilization, cost of training and capacity building, monitoring fees, administrative expenditure etc. must be mentioned in the project document.

The major components envisaged under the value chain development projects proposed under MKSP Value Chain are:

- a. Support to SRLM
- b. Support to Producers' Enterprise (PE)
- c. Technical Support Agency

Any kind of subsidy to individual members or asset creation for individual members is not permissible under this project.

9.7.1 Support to SRLM

During the initial stages of the project, the SRLM would undertake the activities for the incorporation of the PE. Therefore, the funds permissible under the Support to SRLM would include:

- a. **Pre-incorporation and incorporation expenses** – which includes expenditure towards preliminary survey (if required), identification of initial subscribers, facilitation of KYC of initial subscribers, hiring a Chartered Accountant, registration fees for the PE etc.
- b. **MIS entry and profiling of Mahila Kisans** – entry of the Mahila Kisan profiles in the DAY-NRLM Farm Livelihoods MIS would be taken up by the SRLM profiles. In case the entry of the Mahila Kisan profiles would be budgeted under the administrative expenses under the support to PE component.
- c. **Administrative expenses** – includes the following components
 - **Spearhead team** – the SRLM may budget the salary and travel expenses of the spearhead team under this component
 - **Monitoring and Evaluation** – includes expenditure towards baseline, mid-line and end-line surveys, independent evaluation to be taken up etc.
 - **Documentation/Dissemination of best practices** – the SRLM may document the best practices developed in the project to replicate in other areas.

9.7.2 Support to Producers' Enterprise (PE)

As the value chain interventions would be implemented under the aegis of the PE, the support to PE for value addition viability gap funding and HR support for a limited period, working capital support and procurement infrastructure would be provided under this

component. This component would be released to the PE by the SRLM after the registration of the PE and the submission of the DPR by the PE to the SRLM.

The sub-components envisaged under the support to the PE are:

- a. **Infrastructure for Value addition** - The MKSP for value chain development would provide financial assistance to PEs for–
 - i. Processing facilities for value addition of agriculture, dairying or NTFP produce which may include facilities for weighing, cleaning, sorting, grading, packing, testing equipment, ripening chambers, oil extraction, specialized packaging etc.
 - ii. Facilities including pack-houses, pre-cooling units, bulk milk coolers etc. may be proposed
 - iii. The SRLM may specify the plan for convergence with other Departments such as Department of Animal Husbandry, Dairying and Fisheries, Ministry of Agriculture, Ministry of Food Processing Industries, TRIFED etc. in the proposal
 - iv. Promotional costs for marketing, certifications costs (such as FSSAI, organic certifications) which add value or are part of legal compliances would be covered.

Any infrastructure set-up under MKSP value chain component would be owned by the PEs. Asset for a single individual member will not be permissible under this component.

- b. **Viability gap funding** – includes costs of community mobilization, social capital development, training and capacity building and logistics expenses of the PE.
 - i. Selection of areas where there is significant presence of SHGs and social capital is encouraged. Therefore, community mobilization should not exceed 5% of the support to PE
 - ii. Total viability gap funding should not exceed 20% of the support to the PE.

Any staff working at block level or below can be considered under the training and capacity building cost.

- c. **Administrative cost of PE** –
 - i. **Support for professional management** includes the cost of key manpower such as CEO, commodity handling experts, accountant etc. of the PE. The PE must have a lean HR structure.

ii. **Setting up of the PE**– includes cost of suitable accounting software, inventory management software, office furniture and fixtures and computers.

The administrative cost of PE should not exceed 6% of the support to PE cost.

d. **Working Capital** – the project would support the PE for the working capital required for procurement of produce from farmers for a period of 3 weeks. That means if the PE has a plan to procure paddy then the support on working capital would be equivalent to cost of paddy procured for 21 days.

9.7.3 Technical Support Agency

The SRLM may take the services of a technical support agency for providing technical and handholding support to the specific PE(s) to be promoted under this proposal. The mode of procurement of the Technical Support Agency (TSA) must be specified in the proposal.

Therefore the TSA are to be taken to provide specific support to the PEs.

The Cost of the TSA should not be budgeted as a percentage of the total project cost.

The cost should be defined as per clearly specified milestones and deliverables.

9.8 General Conditions for Eligible Items of Expenditure

The project should incorporate expenditure on various components indicated under MKSP to arrive at the project cost. The administrative expenses for managing the project shall not exceed 6% with the condition that savings if any in the administrative component may be used for furthering the activities of the Project but not vice versa. Purchase of vehicles is not admissible in the projects. No cost escalation shall be borne by the Government of India.

At the end of the project period, the ownership and management rights of the infrastructure and assets created if any, under the project, shall remain with the PE. Reallocation of funds not exceeding 5% of the total project cost among major budget heads will be permissible to accommodate any innovation within the project. Within the main budget heads reallocation of funds is permissible. However, reallocation on account of administrative expenditure shall not be permitted. Any Additional Information that may be relevant to the Project Proposal may be mentioned in the Project Document.

10 Release of Funds

The funds will be released directly to the concerned SRLM from the Ministry of Rural Development.

10.1 1st Instalment

The first instalment will be released by MoRD to the SRLM on the approval of the project by the Empowered Committee. Out of the first instalment (i.e. 25% of the central share), 10% of the central share may be released after approval of the project. The SRLM would submit DPR to the Ministry of Rural Development. Rest of the 15% will be released immediately after submission of DPR to the Ministry of Rural Development for which a maximum period of 3 months from date of approval of the project by Empowered Committee will be permitted to the PIA. In case Technical Support Agency (TSA) has been proposed, the TSA needs to be on-board before the release of the second tranche of the 1st instalment. The placement of spearhead team to spearhead this activity at the SRLM level in a focused manner is a necessary condition for project approval.

10.2 2nd Instalment

The 2nd instalment of 50 % of central share will be released upon the following:

- a. The PE proposed has been incorporated.
- b. The PE Staff proposed has been recruited and positioned in the PE.
- c. Entry of Mahila Kisans covered and CRPs developed in the National Livelihoods MIS.
- d. Release of state share
- e. Submission of a Utilization certificate along with an expenditure statement for at least 60% of the released 1st instalment funds and contribution from state Govt./other agencies and achievement of corresponding physical target.
- f. Submission of year-wise audit reports of the funds utilized;
- g. Quarterly reporting of progress in the prescribed formats
- h. A certificate from the Designated Agency that the project is being implemented as per the approved project proposal.

10.3 3rd Instalment

The 3rd and final instalment of 25% of central share will be released upon the following:

- a. Utilization of 80% of the total available funds and achievement of corresponding physical targets.
- b. Entry of Mahila Kisans covered and CRPs developed in the National Livelihoods MIS.
- c. Submission of year-wise audit reports of the funds utilized;
- d. Regular reporting of progress in the prescribed format;
- e. A certificate from the Implementing/Coordinating Agency that the project is being implemented as per the approved project proposal.
- f. Before the release of the 3rd and final instalment, it will be open to MoRD to have verification of the progress of the project by a third party / independent agency.

All financial documents (UC, Audit report etc.) and the project report submitted by the SRLMs should be scrutinized and authenticated by the SRLM before they are forwarded to the Ministry of Rural Development.

10.4 Utilization of Interest earned on central release

The interest amount accrued on Government releases, if any, shall be adjusted against the Government share of the Project cost at the time of release of the third and final instalment.

10.5 Releasing of Matching Share:

The State Government/other donor agency is required to release its corresponding matching share within a month of receipt of the respective instalment of the central share.

10.6 Submission of progress reports

The SRLM shall submit the progress report of the project by 15th of the month succeeding every quarter in the format prescribed by the Ministry. Failure to furnish the progress report would make SRLM liable to refund the Central funds released for the Project along with interest.

It shall be open to the Ministry of Rural Development to prescribe such conditions, as it deems fit, from time to time to ensure proper execution of the project.

10.7 Monitoring and review of the Project

Monitoring and review of the Projects sanctioned and implemented will be done at two levels i.e. at the Central level by NMMU and at the State level by the RD Department or the SMMU. 1.5% of the central share in a project will be given to agencies identified at central level for appraisal, fund routing, monitoring and coordination.

10.7.1 State Level

For monitoring and periodic review of the sanctioned project, a Committee at the State level, headed by the Secretary (RD) of the State is to be constituted who will be responsible for reviewing and monitoring the Project/s. The Mission Director, SRLM would be convenor of the committee. The State Committee shall have participation from Forest and Environment, tribal development and Women and Child Development Departments, Department of Agriculture, Department of Animal Husbandry, Dairying and Fisheries.

The spearhead Team to spearhead the value chain activities in a focused manner at the State Level would undertake regular monitoring and handholding of the Value Chain development interventions and the PEs.

10.7.2 Central Level

At the Central Level, the Farm Livelihoods Team will periodically review and monitor the MKSP Value Chain projects sanctioned under the scheme. The team would brief the Empowered Committee about the progress of the ongoing projects periodically. In addition, an advisory body including the representatives from private organizations, industries, marketing firms etc. would be constituted at the Central Level to give necessary advice to the Ministry of Rural Development on the implementation of MKSP.

The National Resource Persons (NRP) may also be utilized for periodic review and monitoring of the project.

10.8 MIS

The DAY-NRLM Farm Livelihoods MIS has been developed at the National level to capture household level interventions through various data points. The data pertaining to the Mahila Kisan covered, CRPs developed and Producers' Enterprise promoted must be entered into the Farm Livelihoods MIS. The SRLM must plan for MIS staff at the State level and block level.

10.9 Audit

1. The Ministry of Rural Development retains the right to carry out internal audit of funds and financial implications of the project, if deemed necessary.
2. Financial audit is to be carried out by the Chartered Accountant of the SRLM or any other authority appointed by the State Government. The audit report together with action taken on the auditor's observations and physical progress under the project shall be furnished at the time of release of 2nd or 3rd instalment of the Central funds.

11 Necessary conditions for project approval

- a. Recommendation by the appraisal Team
- b. Commitment of 40% of the Project Cost by State Government.
- c. Professionals with relevant education and experience to be recruited by the SRLM.
- d. Exit and Scaling up strategy
- e. Predominant focus on vulnerable communities (ST/SC, Minorities and women headed households)
- f. Comprehensive project design – farm gate to market

12 Project Completion

Process Documentation from the beginning will be useful for developing audio visual for further scaling up and midway corrections. Documentation is an essential requirement of the project along with video recording for important project milestones, giving the status of the project participants before and after. It should cover the details of deliverables as indicated in the project and achievements made against these deliverables. The completion report of the project should be made available by the SRLM to MoRD within three months from the date of project completion along with final utilization certificate and audit reports and funds that remained unspent, if any.

Annexure – I: Appraisal Criteria – Value Chain Projects under MKSP

State Name:

Proposal Name:

Total Marks Awarded:

Appraisal Decision:

Name of appraiser/s:

Minimum marks for considering project viable - 60

Evaluation Criteria	Marks Awarded	Remarks
<ul style="list-style-type: none"> • Does the proposal clearly articulate the opportunity? <ul style="list-style-type: none"> • Any detailed value chain study taken up? • Situation Analysis (3 marks) <ul style="list-style-type: none"> ○ Opportunity ○ Strength ○ Weakness ○ Threat • What is the overall project rationale and context? (2 marks) <ul style="list-style-type: none"> ○ In terms of demand/supply analysis ○ Rationale for commodity selection – livelihood opportunity /intended impact (results) ○ Business risk (and mitigating measures planned) • What is intended impact on livelihoods and the local economy? (5 marks) <ul style="list-style-type: none"> ○ # HH impacted 		

<ul style="list-style-type: none"> ○ Opportunity for local employment creation <p style="text-align: center;">(Total Marks: 10 points)</p>		
<p>Does the proposal have a strong business model and a business plan?</p> <ul style="list-style-type: none"> ● Institutional Mechanism (5 marks) <ul style="list-style-type: none"> ○ Type of Producer Enterprise (PE) proposed ○ Scale of PE proposed – annual turnover and no. of members ○ Business model of the PE ○ Fund flow mechanism proposed ● Market Analysis (5 marks) <ul style="list-style-type: none"> ○ Does the project demonstrate a strong market orientation – market linkage/private sector partnership etc.? ○ Market intervention measures/partnerships suggested ○ National and local scenario developed for the commodities ○ Total production of the commodities identified in the selected areas and the percentage targeted to be procured by the PEs. ○ Terms of trade, presence of intermediaries, middlemen, local traders, mandis etc. ● Benefit to the individual members in terms of net increase in income (15 marks) <ul style="list-style-type: none"> ○ Per unit increase in price realization to the farmer ○ Per household investment ○ Benefit cost ratio ○ % of consumer rupee passed on to the farmer ● Gap Analysis (5 marks) <ul style="list-style-type: none"> ○ Who are the competitors? 		

<ul style="list-style-type: none"> ○ What would be the competitive advantage for the PE over the competitors? ○ What would be the strength / USP of the PE in business? ● Financial analysis (8 marks) <ul style="list-style-type: none"> ○ Business plan of the PE ○ P&L projections for 5 years ○ Break-even of the PE – <ul style="list-style-type: none"> ▪ 1st year of operations ▪ 2-3 year of operations ▪ 4-5 year of operations ○ Return on net assets (net income / (fixed assets + working capital)) ○ IRR of the project <ul style="list-style-type: none"> ▪ <5% ▪ 5-10% ▪ 10-20% ▪ 20-30% ▪ > 30% ● HR Strategy (6 marks) <ul style="list-style-type: none"> ○ HR structure proposed for the PE ○ Profile of the manpower to be recruited ● Are any Business Development Services proposed? ● ICT proposed (3 marks) <ul style="list-style-type: none"> ○ Accounting and inventory management software ○ Is DBT proposed? ○ MIS 		
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<ul style="list-style-type: none"> • Stakeholder analysis (3 marks) <ul style="list-style-type: none"> ○ Social Capital to be created through the project (Udyog Mitra) ○ Community ○ Local market traders ○ Service providers (logistics etc.) <p style="text-align: center;">(Total Marks: 50 points)</p>		
<p>Technical Support Agency (TSA) and capacity building strategy</p> <ul style="list-style-type: none"> • Has a TSA been proposed? • Procurement mechanism? • Is there a Capacity building plan for – <ul style="list-style-type: none"> • Community • Udyog Mitra • PE Staff • Board of Directors of PE • Spearhead team • Is there a partner for capacity building ? <p style="text-align: center;">(Total Marks: 10 points)</p>		<ul style="list-style-type: none"> •
<p>What is the overall implementation readiness of the SRLM?</p> <ul style="list-style-type: none"> • Spearhead Team (SHT) (10 marks) <ul style="list-style-type: none"> ○ Has the SRLM placed a dedicated spearhead team for value chain interventions? ○ Composition of the SHT (profile of SHT members) – Commodity specialist, finance, accounting and commercial expert, supply chain management expert. • Prior experience of SRLM (5 marks) <ul style="list-style-type: none"> ○ Existing project portfolio – formed PE or not with women SHG members, Turn over, profitability, management structure of PE, 		

<p>number of commodities handled, years of operation, return on investment, benefit to farmer members, profits shared with members etc</p> <ul style="list-style-type: none"> • Is there a Monitoring, Learning, and Evaluation plan in place? (5 marks) <ul style="list-style-type: none"> ○ Is there a plan for baseline and M&E? <p style="text-align: center;">(Total Marks: 20 points)</p>		
<p>What is the post project sustainability?</p> <ul style="list-style-type: none"> • Exit strategy of the SRLM • For how many years would the SRLM provide handholding support after the project period? • Is there any suggested financing mechanism for post-project maintenance costs? • Is there a bank financing mechanism worked out? <p>(Total Marks: 5 points)</p>		

Annexure I-A - Guidance note for appraisal of a MKSP AAP Value Chain development proposal

(This is an indicative guidance for doing appraisal of the MKSP-AAP Value chain proposal. The appraisal should be a judicious mix of qualitative assessment along with objective criteria)

Evaluation Criteria	Scoring Guidance
<ul style="list-style-type: none"> • Does the proposal clearly articulate the opportunity? <ul style="list-style-type: none"> • Any detailed value chain study taken up? • Situation Analysis (3 marks) <ul style="list-style-type: none"> ○ Opportunity ○ Strength ○ Weakness ○ Threat • What is the overall project rationale and context? (2 marks) <ul style="list-style-type: none"> ○ In terms of demand/supply analysis ○ Rationale for commodity selection – livelihood opportunity /intended impact (results) ○ Business risk (and mitigating measures planned) • What is intended impact on livelihoods and the local economy? (5 marks) <ul style="list-style-type: none"> ○ # HH impacted 	<p>The appraiser has to assess the quality of the value chain analysis. If no study has been undertaken the proposal would be given '0' against the total marks assigned '10'.</p> <ol style="list-style-type: none"> 1. Situation Analysis <ol style="list-style-type: none"> a. 3 marks if all aspects – Opportunity, Strength, Weakness and Threat are of good quality and captures the field level realities b. Marks to be proportionately reduced based on how many aspects of SWOT are covered in detail 2. Project rationale and context <ol style="list-style-type: none"> a. Comprehensive coverage of demand & supply analysis, risk analysis and rationale for commodity selection clearly articulated b. The rationale should be thorough and should give a complete picture of the business proposition 3. Intended impact on livelihoods – <p>The proposal should be of scale and there should be a positive impact on aspects of local economy such as employment generation. If the proposal is for covering 2000- 4999 HH it would get 1 marks, 5000 HH or above it would get 2 marks, more than 10000 HH would get 3 marks. Any proposal proposing to cover less than 2000 would get '0'</p> <p>If the proposal has scope for local/farm gate value addition having employment opportunity for 50 people it would get 2 marks, between 25-</p>

<ul style="list-style-type: none"> ○ Opportunity for local employment creation <p>(Total Marks: 10 points)</p>	<p>49 people employment would get 1 mark. No marks if it is less than 25 people</p>
<p>Does the proposal have a strong business model and a business plan?</p> <ul style="list-style-type: none"> ● Institutional Mechanism (5 marks) <ul style="list-style-type: none"> ○ Type of Producer Enterprise (PE) proposed ○ Scale of PE proposed – annual turnover and no. of members ○ Business model of the PE ○ Fund flow mechanism proposed ● Market Analysis (5 marks) <ul style="list-style-type: none"> ○ Does the project demonstrate a strong market orientation – market linkage/private sector partnership etc.? ○ Market intervention measures/partnerships suggested ○ National and local scenario developed for the commodities ○ Total production of the commodities identified in the selected areas and the percentage targeted to be procured by the PEs. 	<ol style="list-style-type: none"> 1. Institutional mechanism - The institutional mechanism proposed should follow the Guidelines for promotion of Producers’ Enterprise under DAY-NRLM. In case of deviation from the PE guidelines the proposal will get ‘0’. If the proposal adheres to the PE guidelines an assessment has to be made on <ul style="list-style-type: none"> ● Annual turnover of PE – more than 10 crore: 3 ; 5-10 crore: 2, less than 5 crore : 1 ● The business model should be robust with clear role differentiation between BOD and the professional managers – if yes then give 1 mark and if no then give ‘0’ mark ● Clear articulation of fund flow mechanism from SRLM directly to PE based on the business plan should be there - if yes then give 1 mark and if no then give ‘0’ mark 2. Market Analysis – <ol style="list-style-type: none"> a. The appraisal team should evaluate the marks based on comprehensiveness of market study and market analysis. b. The proposal should display a complete understanding of the terms of trade and flow of value along the entire chain of the selected commodities. <ul style="list-style-type: none"> ● The market linkage established with organized sector – if yes then give 2 mark and if no then give ‘0’ mark ● The role of existing middlemen clearly articulated- – if yes then give 1 mark and if no then give ‘0’ mark

<ul style="list-style-type: none"> ○ Terms of trade, presence of intermediaries, middlemen, local traders, mandis etc. ● Benefit to the individual members in terms of net increase in income (15 marks) <ul style="list-style-type: none"> ○ Per unit increase in price realization to the farmer ○ Per household investment ○ Benefit cost ratio ○ % of consumer rupee passed on to the farmer ● Gap Analysis (5 marks) <ul style="list-style-type: none"> ○ Who are the competitors? ○ What would be the competitive advantage for the PE over the competitors? ○ What would be the strength / USP of the PE in business? ● Financial analysis (8 marks) <ul style="list-style-type: none"> ○ Business plan of the PE ○ P&L projections for 5 years ○ Working capital plan ○ Break-even of the PE – <ul style="list-style-type: none"> ▪ 1st year of operations ▪ 2-3 year of operations 	<ul style="list-style-type: none"> ● Market analysis in terms of transaction costs been done for both local and distant market s – 2 marks, done only for one market give 1 mark and not done at all give '0' <p>3. Benefit to individual members –</p> <ol style="list-style-type: none"> a. Emphasis should be placed on the benefit proposed for the women farmers through the proposed intervention. b. Marks to be allotted according to the benefit cost ratio and the net realization accrued to the farmer over the duration of the project. c. % of consumer rupee can be deduced from the efficiency proposed to be brought into the value chain. <ul style="list-style-type: none"> ● Net return to farmers is more than 20%: 10 marks ● Net return to farmers is between 15- 20% : 7 marks ● Net return to farmers is between 10-15%: 5 marks ● Net return to farmers is between 5- 10%: 2 marks ● Net return to farmers is less than 5%: 0 marks ● Benefit cost ratio (after 3 yrs of intervention) more than 3 times : 3 marks ● Benefit cost ratio (after 3 yrs of intervention) between 2-3 times: 2 marks ● Benefit cost ratio (after 3 yrs of intervention) between 1-2 times: 1 marks ● Per HH investment between 10-15 thousand : 1 marks ● Per HH investment less than 10 thousand : 2 marks <p>4. Gap analysis –</p> <ol style="list-style-type: none"> a. Articulation of the opportunity through usage of tools such as Porters model, PESTLE etc. b. Marks to be allotted according to the benefit cost ratio and the net realization accrued to the farmer over the duration of the project.
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<ul style="list-style-type: none"> <ul style="list-style-type: none"> ▪ 4-5 year of operations ○ Return on net assets (net income / (fixed assets + working capital) ○ IRR of the project <ul style="list-style-type: none"> ▪ <5% ▪ 5-10% ▪ 10-20% ▪ 20-30% ▪ > 30% ● HR Strategy (6 marks) <ul style="list-style-type: none"> ○ HR structure proposed for the PE ○ Profile of the manpower to be recruited ● Are any Business Development Services proposed? ● ICT proposed (3 marks) <ul style="list-style-type: none"> ○ Accounting and inventory management software ○ Is DBT proposed? ○ MIS ● Stakeholder analysis (3 marks) <ul style="list-style-type: none"> ○ Social Capital to be created through the project (Udyog Mitra) ○ Community ○ Local market traders 	<ul style="list-style-type: none"> c. % of consumer rupee can be deduced from the efficiency proposed to be brought into the value chain. <ul style="list-style-type: none"> ● Identified competitors at two levels or more(village, mandi, distant market): 2 marks ● Identified competitors at least at first level (village): 1 marks ● Not identified competitors: 0 mark ● Clearly articulated competitive advantage for the PE over the competitors at both levels: 2 marks ● Clearly articulated competitive advantage for the PE over the competitors at village/mandi level: 1 mark ● Not articulated clearly the competitive advantage for the PE over the competitors: 0 mark ● How the PE will overcome the competition is clearly articulated: 1 mark ● How the PE will overcome the competition is not clearly articulated: 1 mark <p>5. Financial analysis –</p> <ul style="list-style-type: none"> a. Marks to be allotted in proportion to year of breakeven (early breakeven more marks), IRR (higher IRR gets more marks) and high Return of net assets b. The appraising team should understand the industry / sectoral benchmarks while appraising on the financial criteria. <ul style="list-style-type: none"> ● Prepared the projection for P & L for first five years: 2 marks ● Not prepared the same: 0 mark ● Breaking even in 3 years: 3 marks ● Breaking even in 4 years: 2 marks
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<p>○ Service providers (logistics etc.) (Total Marks: 50 points)</p>	<ul style="list-style-type: none"> ● Breaking even in 5 years: 1 marks ● Breaking even in more than 5 years: 0 mark ● If there is no projection for breaking even the proposal may not be considered ● Turn over/working capital ratio more than 10: 3 ● Turn over/working capital ratio between 7-9 : 2 ● Turn over/working capital ratio between 5-7: 1 ● Turn over/working capital ratio less than 5: 0 <p>6. HR Strategy – The HR strategy proposed should follow the Guidelines for promotion of Producers’ Enterprise under DAY-NRLM.</p> <ul style="list-style-type: none"> ● Dedicated manpower in the pay roll of the PE has been provisioned with 1 CEO, 2 commodity expert, 1 expert in finance & accounts : 4 marks ● Dedicated manpower in the pay roll of the PE has been provisioned with 1 CEO, 1 commodity expert, 1 expert in finance & accounts : 3 marks ● Have provisioned for at least 1 CEO/commodity expert, 1 expert in finance & accounts: 2 mark ● Have not made any provision for staff in PE pay roll : Reject the proposal ● Performance based incentive structure has been introduced: 2 marks <p>7. ICT proposed - The ICT proposed (accounting and inventory management software, DBT facility etc.) should follow the Guidelines for promotion of Producers’ Enterprise under DAY-NRLM</p>
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	<ul style="list-style-type: none"> • Provisioned for suitable software for accounting and inventory management : 2 mark • Provisioned for direct payment to the bank accounts of the members: 1 mark <p>8. Stakeholder Analysis-</p> <ul style="list-style-type: none"> • The plan for the mobilization of farmer producer is clearly articulated: 2 mark • A cadre of community resource persons (Udyog Mitra) has been planned: 1 mark
<p>Technical Support Agency (TSA) and capacity building strategy</p> <ul style="list-style-type: none"> • Has a TSA been proposed? • Procurement mechanism? • Is there a Capacity building plan for – <ul style="list-style-type: none"> • Community • Udyog Mitra • PE Staff • Board of Directors of PE • Spearhead team • Is there a partner for capacity building ? <p style="text-align: center;">(Total Marks: 10 points)</p>	<p>Technical support agency for field level implementation and capacity building strategy proposed should follow the Guidelines for promotion of Producers’ Enterprise under DAY-NRLM.</p> <ul style="list-style-type: none"> • Adequate provision has been made for a TSA for field level implementation: 4 mark • How the TSA would be taken on board is articulated: 2 marks • A clear plan including module development Result for capacity building for community, Udyog Mitra, PE staff, BOD of PE is there : 2 marks • Planned to take a capacity building partner : 2 marks
<p>What is the overall implementation readiness of the SRLM?</p> <ul style="list-style-type: none"> • Spearhead Team (SHT) (10 marks) 	<p>1. Spearhead team placed should follow the Guidelines for promotion of Producers’ Enterprise under DAY-NRLM.</p> <p>The appraisal team should evaluate the composition of SHT in terms of relevant qualification of the team and the experience of the team members</p>

<ul style="list-style-type: none"> ○ Has the SRLM placed a dedicated spearhead team for value chain interventions? ○ Composition of the SHT (profile of SHT members) – Commodity specialist, finance, accounting and commercial expert, supply chain management expert. ● Prior experience of SRLM (5 marks) <ul style="list-style-type: none"> ○ Existing project portfolio – formed PE or not with women SHG members, Turn over, profitability, management structure of PE, number of commodities handled, years of operation, return on investment, benefit to farmer members, profits shared with members etc ● Is there a Monitoring, Learning, and Evaluation plan in place? (5 marks) <ul style="list-style-type: none"> ○ Is there a plan for baseline and M&E? <p>(Total Marks: 20 points)</p>	<p>in the commodities proposed. People having experience in commodity business in commercial sector would get higher weightage.</p> <ul style="list-style-type: none"> ● SHT is having dedicated 5 or more members: 10 marks ● SHT is having dedicated 4 members: 8 marks ● SHT is having 3 members: 6 marks ● SHT is having 2 members: 4 marks ● SHT is having 1 member: 2 marks <p>2. Experience of the SRLM – The SRLM should have prior experience in implementation of aggregation, value addition and marketing through Producer Enterprises / Producer Groups.</p> <ul style="list-style-type: none"> ● Have experience of promoting producer enterprises in agriculture/dairy/horti/NTFP with at least 1000 members in last 5 yrs: 3 marks ● Have promoted at least 100 producer groups in last 5 yrs: 2 marks <p>3. Monitoring and evaluation plan – clearly defined targets and indicators for measuring performance of the project.</p> <ul style="list-style-type: none"> ● A detailed plan for base line survey with time line has been incorporated: 2 mark ● Result framework has been objective and clear in terms of output/outcome and indicators: 2 marks ● Performance monitoring for PE has been worked out: 1 mark
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<p>What is the post project sustainability?</p> <ul style="list-style-type: none"> • Exit strategy of the SRLM • For how many years would the SRLM provide handholding support after the project period? • Is there any suggested financing mechanism for post-project maintenance costs? • Is there a bank financing mechanism worked out? <p>(Total Marks: 5 points)</p>	<p>1. There should be plan for post project sustainability of the institutions promoted under the project.</p> <p>The plan should include all the aspects detailed in the Guidelines for promotion of Producers' Enterprise under DAY-NRLM.</p> <ul style="list-style-type: none"> • The exit strategy of SRLM is gradual and clearly defined in number of years: 1 mark • In case project takes longer than 3 yrs to break even, the support strategy is clearly articulated: 1 mark • Plan exists for financing through bank/other agencies : 1 mark • Co financing through convergence has been planned with clear commitment: 2 marks
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Annexure – II: Results Framework

Project Development Objective – To establish sustainable and viable Producers’ Enterprises owned by women primary producers that enables their improved access to market having an increased ownership of the value chain.

Result Framework for Value Chain development under DAY-NRLM

Outcome / Outputs	Indicators	Means of Verification
Sustainable and viable Producers’ Enterprises (PE) established	<ol style="list-style-type: none"> 1. % of PEs promoted which are financially viable at the end of the project period 2. % of PEs being managed with relevant experience as per the PE guidelines 3. % of PEs who have achieved turnover of more than ___crore 4. % of PEs having SOPs developed for 1. SOPs developed for – Procurement, Sales, Pricing, Payment to Farmers, Storage and quality, Logistics, Finance and Human Resource (recruitment and performance incentives). 5. Use of IT systems for accounting 6. MIS for monitoring at PE level 7. Data entry in Livelihoods MIS at National Level 8. Professionals with relevant experience and education managing the PE operations 	Through assessment of – <ol style="list-style-type: none"> 1. Analysis of financial Indicators – <ol style="list-style-type: none"> a. Profitability b. Break-even point c. EBIDTA 1. Baseline data 2. YoY business operations data 3. Books of accounts 4. Employee profile in the payroll of the PE
To ensure member centrality and governance in the PEs promoted	<ol style="list-style-type: none"> 1. % of producers in the operating area enrolled as members 2. % of the total produce of the member farmers handled 3. % PEs having patronage based profit sharing mechanism 4. % of profit shared with the members 5. % of consumer rupee that flows back to the producer 5. % of PEs have timely election of their Board of Directors as per bylaws 	Through assessment of - <ol style="list-style-type: none"> 1. Financial Statements 2. Bylaws of the PE 3. Survey

	6. % of PEs submitted legal and financial compliances as per Company Law requirements 7. % of PEs having extension services for better harvest and post-harvest technology 8. % members of the PEs receiving the extension services 9. % of PEs providing market information services 10. % of the members of the PEs receiving market information services 11. % of PEs having transparent procurement mechanism 12. % of PEs having transparent pricing mechanism	
To ensure the members move up in the value chain for better return	1. % PEs having a business model and business process established based on understanding of the value chain 2. % of PEs undertaking value addition activities (except aggregation, grading, cleaning and sorting) <ul style="list-style-type: none"> ▪ Percentage of value addition in the value of the produce sold 	1. Reporting and submission of documents
To establish market linkage	1. % of PEs having market linkages with institutional buyers	1. MoUs with institutional buyers
To ensure better price realization to the farmers	1. % of PEs ensured better price realization to the members by at least 10% 2. Increase in income of the farmers	1. Current local market price 2. Reduction in losses

Annexure – III Proposal Submission Template

FRAMEWORK FOR DEVELOPING THE PROJECT PROPOSAL FOR VALUE CHAIN INTERVENTIONS UNDER MKSP

1. Background & Context

1.1. Situation Analysis

1.1.1. Analysis of the scenario of the identified commodities in the State and country

2. Supply and demand dynamics

2.1. Analysis of the activity/ subsector – at producer/ collectors level, at secondary aggregation level, at value addition level, margin spread, existing bottlenecks in aggregation, value addition and marketing, design issues etc.

2.2. Demand and supply condition of the commodity/products to be dealt.

2.3. Potential of export of the commodity.

2.4. Whether there is an unmet demand for the product in the state, nationally and internationally

2.5. Price trend of the commodity/products in the market.

2.6. Based on the above demand-supply and price analysis, determine whether product has a good potential to increase income of the primary producers and job opportunities in the value chain

3. Geography Selection

3.1. Location of proposed model. Rationale for selecting that area of operation.

4. Value chain and activities mapping

4.1. What are the main broad functions for the value chain being explored for intervention?

4.2. Who are the main value chain actors involved in the chain?

4.3. What are the different segments and the margin spread within each value chain segment?

4.4. How does the product flow among the value chain actors and in what volumes?

4.5. Traditional market and emerging market identification for the product developed.

4.6. Terms of exchange with supplier and buyer (Credit period offered).

4.7. Specific problems of small and marginal producers as a value chain player.

4.8. Analysis of the local market including the APMCs, their advantages and dis-advantages.

5. Prioritizing the interventions:

5.1. What are the gaps in the value chain?

5.2. Developing the points of interventions. Determining the stage(s) in the value chain where the interventions to be incorporated.

6. Rationale for intervention

6.1. Pro poorness of the activity – How the intervention is going to address specific marketing problems of small and marginal farmers.

6.2. If expansion of existing intervention, then what has been the output/ outcome of the previous intervention (previous outreach - household, acreage, number of artisans etc; results of the intervention in terms of benefit to the producers and income enhancement, etc)

6.3. Techno economic analysis

6.4. Please mention the area specific context of the problem envisaged to be tackled through the submitted proposal.

6.5. Analyse the gaps in the existing value chain, which will be addressed by the project.

6.6. Please provide suitable rationale for the type of investment expected.

6.7. The benefits to small and marginal farmers from the intervention?

7. Objectives/Key Deliverables

7.1. Please mention the deliverables from the proposal.

7.2. Please mention the key objectives of the proposal in measurable terms

8. Target Group

8.1. Who is the target group? How many households? How many villages/ GPs? How many blocks/ districts? What per cent of small farmer/ marginal farmer/ poor/ EPVG/ SECC deprived HH/ ST/ SC/ OBC families of the target areas are covered in the intervention? What are the roles to be played by these households?

9. Value proposition of the interventions

9.1. What value will the proposal add to the livelihood portfolio of the household?

9.2. Increase in margin in the activity (return to producers' enterprise) as well as overall income enhancement at the household level?

There is a need to quantify the value proposition.

10. Intervention

10.1. Describe the key interventions being proposed – Is it only an aggregation model or does it involve aggregation and primary processing or any other model (*please specify*)?

11. Market Analysis Section

This section is basically a summary of the Marketing Plan. It needs to show the demand for the product to be marketed, the proposed market, trends within the industry, a description of the

pricing plan and packaging. This section should also take up an Industry Analysis. This section evaluates the playing field in which the producers' enterprise will be competing, and includes well-structured answers to key market research questions such as the following:

- What are the sizes of the target market segments? – This section assesses the customer segment(s) that would be served. This section must convey the needs of the target customers. It must then show how the products satisfy these needs. What are the trends for the industry as a whole? What is the geographical area of the market?
- Who are potential buyers and what is their current source of the product?
- How many potential customers are in that area?
- What percent of the market to be catered? How much markets share that will have in the future? How quickly will you reach that percentage?
- Who are the competitors? What are their strengths and weaknesses?
- Is the business seasonal?

12. Marketing Strategy

What will be the strategy to attract and keep the segment of this market (USP)?

- 1.1. customer quality
- 1.2. product quality
- 1.3. price
- 1.4. location
- 1.5. promotion
- 1.6. persuasion—personal selling
- 1.7. satisfaction guarantee/product warranty
- 1.8. distribution
- 1.9. credit (if yes, what is the credit policy and payment terms?)
- 1.10. terms of trade

13. Location of the Physical Infrastructure like common facility centre etc.

- 13.1. What is the location of the Physical Infrastructure and why it is chosen as location?
- 13.2. Will the building be rented, leased, or owned by the producers' enterprise?

14. Licenses/Permits/Registrations

- What licenses or permits are required to be obtained?
- How long does it take to get the needed licenses/permits? What is the cost involved?
- Describe the insurance coverage if required?

15. Training and capacity building

Details of the trainings proposed including topic, frequency and technical agency/ resource persons for -

- Members of the PE
- Board of Directors
- Udyog Mitras / CRPs
- PE staff

16. Producers' Enterprise

16.1. Management Section

- Outline the organizational structure and management team of the producers' enterprise. Include the legal structure of the Producers' Enterprise whether it is a producers' company, a cooperative society or a MACS etc.
- Please elaborate the reasons for choosing a particular legal structure and the pros and cons for the same.
- HR structure of the PE

Phasing strategy and timelines may be mentioned for the way the producers' enterprises are planned to evolve

16.2. Business model and business plan

- How will the raw material/ traded goods flow? What are the interventions for reducing cost of raw materials/ traded goods?
- What are the technology interventions? How it is demystified and transferred?
- How is knowledge transferred? What is the system of community extension mechanism? What are the roles of the community professionals?
- How does the marketing of the produce/ product/service take place? What will be the intervention in this aspect?- *to be detailed in the marketing section*
- If forward linkages are proposed to be developed, what level of business analysis has been made?
- Detailed business plan of the Producers' Enterprise including –
 - a. P&L projections for 5 years
 - b. Break-even analysis
 - c. Commodity-wise P&L and cost analysis
- How the monitoring of the activity takes place? What is the MIS? How MIS feeds into course corrections?

16.3. Fund Flow mechanism

- How does the fund flow happen?
- For what activity the funds are routed?
- To whom?
- How the fund utilization is monitored?

16.4. Implementation arrangement

- Has the SRLM placed a dedicated Spearhead Team for implementation of value chain intervention? Profile of the Team members to be given.
- Will a Technical Support Agency be taken on board? What is the procurement process?
- What is the role of the Technical support agencies?
- Who are the other partners in the entire implementation process? What are their roles and responsibilities?

16.5. Output/ outcome

- Total number of household covered
- Number of Producer enterprises formed? Estimated turnover of the PEs.
- Number of professionals trained and groomed for running the producers' enterprise?
- Economic benefits to the producers? Increased price realisation / income to the farmer
- Profitability of producers' enterprises measured through a pre and post interventions projections for P&L, Balance Sheet, Cash Flows and ROI
- A result framework may be submitted in the format given in Annexure II of MKSP Value Chain Guidelines.

17. Other important aspects

- What is the level of credit¹ aspect in the activity?
- If the working capital/ input cost is subsidized by when the activity can be totally financed from the banks/ Financial Institutions?
- Break even analysis of the producers' organizations?
- What is the cost of intervention per beneficiary household

¹ It is expected that the inputs/ working capital at individual level is met from CIF or bank loans

- What additional cost will be required for scaling-up the program and what will be the per household costing?²

18. Overall Budget requirement

- Support to Producers' Enterprise
- Support to SRLM
- Technical Support agency

19. Risk Analysis

Comprehensive analysis of the risks such as product risk, market risk, commodity risk, price risk, business risk and the respective risk mitigation strategy to be proposed.

20. Convergence

What are the different convergence needs of the households (related to the proposed activity in this particular proposal) in terms of assets/ infrastructure (both individual and common); services (department of agriculture/ fisheries/ AHD/ SME, etc); Please elaborate how the following convergence will be made possible and whether there will be a proposal to use the special convergence fund window.

² The initial cost per household may be higher which will reduce as the number of household goes up



एक कदम स्वच्छता की ओर



ग्रामीण विकास मंत्रालय
ग्रामीण विकास विभाग
भारत सरकार
कृषि भवन, नई दिल्ली-110001
Ministry of Rural Development
Deptt. of Rural Development
Government of India
Krishi Bhavan, New Delhi-110001

ATAL DULLOO, IAS
Joint Secretary
☎ – 24122936
☎ – 24104386
@ – jurl-mord@gov.in

March 12, 2018

DO No. K-11067/17/2017/NRLM(Livelihoods) (358317)

Sub: Collaboration with TRIFED

Dear Madam /Sir,

As you know DeenDayalAntyodaya Yojana (DAY-NRLM) is an important poverty alleviation programme under the Ministry of Rural Development, Government of India. One of the objective of DAY-NRLM is to increase household level income of the rural poor through sustained livelihood enhancements and improved access to financial and non-financial services. DAY-NRLM believes in building collaboration with various ministries and agencies for improving the efficacy of implementation of the Mission. As part this approach, an MoU with TRIFED have been signed on 10th February 2018 during the workshop held at NCUI Auditorium, New Delhi. Copy of the MoU and minutes of the workshop are attached herewith for reference.

Followings are the broad areas of collaboration between TRIFED and DAY-NRLM

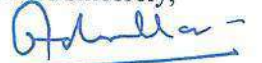
1. Minor Forest Produces

- a. Taking services of Self Help Groups and/or Producers Collectives promoted DAY-NRLM for procurement, processing and /or marketing of MFP commodities under the scheme "Minimum Support Price for Minor Forest Produce (MSP for MFP)". The scheme "MSP for MFP" is being implemented by TRIFED.
 - b. Establishment of "Procurement and/or Value addition Centre" to be owned by Self Help Groups / Producers Collectives at field level by making resources available to Self Help Groups/primary level Societies/collectives as the case may be, through a business plan.
 - c. Establish backward and forward linkage for successful management of such value addition centres and provide necessary guidance/handholding.
2. Marketing of handloom, handicraft and processed packed food/organic products of *tribals* through the TRIBES INDIA outlets.

I would like to request you to submit your plan along with the details of clusters, active SHGs/Producers Collectives having majority tribal members by 23rd March 2018. State nodal agency of your state declared by TRIFED for the scheme "MSP for MFP" may be consulted.

With regards

Yours sincerely,


(Atal Dulloo)

To

The CEO/SMD of SRLMs,
Odisha, Chhattisgarh, Rajasthan, Gujarat, Maharashtra, Jharkhand, Andhra Pradesh, Madhya Pradesh, Telangana, Karnataka, Nagaland, Manipur, Uttar Pradesh, Tamilnadu, Kerala, West Bengal, Tripura, Assam, Mizoram, Himachal Pradesh, Meghalaya.

This letter is issued under the authority of the Secretary, Ministry of Forests, Government of India. It is issued to the 'MFFP' to inform you that the Government of India is pleased to approve the project and to grant financial assistance for the project.

Department of Forest Development, Ministry of Forests, Government of India, 1st Floor, Level 1000, Kasturba Marg, Chandigarh, New India 160011. Yours faithfully,
Secretary to the Government of India, Ministry of Forests, Government of India.

PRELIMINARY

Whereas the Government of India is very much concerned to ensure, particularly in the case of forest products, that the best possible use is made of the forest resources of the country; and whereas the Government of India is desirous of promoting the development of the forest products industry in the country; and whereas the Government of India is desirous of providing financial assistance for the project and to grant financial assistance for the project;

And whereas the Government of India is desirous of providing financial assistance for the project and to grant financial assistance for the project; and whereas the Government of India is desirous of providing financial assistance for the project and to grant financial assistance for the project;

And whereas the Government of India is desirous of providing financial assistance for the project and to grant financial assistance for the project; and whereas the Government of India is desirous of providing financial assistance for the project and to grant financial assistance for the project;

Whereas the Government of India is desirous of providing financial assistance for the project and to grant financial assistance for the project; and whereas the Government of India is desirous of providing financial assistance for the project and to grant financial assistance for the project;

Secretary

of both the subgroups as well as the ICMFs, which have not been included in ICMFs. In conventional development documents, such inclusion is not usual.

Scheme DRY-ARUN is proper being implemented by Department of Rural Development, Ministry of Rural Development envisaged to reduce poverty by creating the new business to assist gender self-employment and other wage employment opportunities, resulting in appreciable improvement in their livelihoods as a sustainable basis through building strong grassroots institutions of the poor. Under the programme, the women have been organized in form Self Help Groups (SHGs) and higher order community institutions at village, panchayat, cluster, block as well as district level to carry out various social activities and delivery of services. Activities of these community institutions are for strengthening financial and technical support services, imparting skills to the rural population.

Scheme for treatment prevention DRY-ARUN focuses on activities and projects leading livelihoods portfolio of the poor in rural and urban areas. Plans under livelihoods interventions are being made through Ministry of Rural Development (MARD) through state level interventions are being made through SWP (Scheme for Women Empowerment), under MARD. 11-80 lakh beneficiaries of 17 states have already been covered by interventions and one provision 1,000 + community centres such as KISSHAK, Panchayat, Yashakt, Mahayakt and Udyogkita. For state level interventions under special food projects 1.25 lakh beneficiaries of 7 states have been covered. Under SWP it is expected to provide 1.21 lakh individual responses in 111 blocks in 24 states in 4 years and cover approximately the 1.21 lakh rural poor in the year from 2003-2006.

Whereas there is large scope for collaboration and cooperation between Department of Rural Development and TRIFED in undertake economic support programmes relevant to the activities of Tribal Category of Minor Forest Produce and Tribal Areas. The synergy of schemes and programmes of the both the departments can help promote the tribal gather against the unfair practice of unscrupulous trader/spiritualists in the trade of minor forest produce by implementing the scheme of MAF or MFP at state by providing marketing support of tribal areas through state units of TRIFED by engaging the community institutions like Self Help Groups, Self Help Groups, Collection centres under DRY-ARUN.

The broad terms and conditions of the MOU are as under:

1. AREA OF COOPERATION

Since it is hereby agreed that Ministry of Rural Development (Rural Livelihoods Division) and Ministry of Tribal Affairs - (TRIFED) would mutually work together in implementing various programs of both the departments to achieve the common goal of improving the livelihoods of tribal people.

2. MUTUAL INTEREST PROBLEMS

- 2.1 The pressing tribal gather in the trade of Minor Forest Produce against the unfair practices of unscrupulous middlemen and spiritual market operators/spiritualist between the State market agency of unscrupulous trader which is implementing the scheme of MAF or MFP and the community institutions such as Self Help Groups and the

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5.13.2003

products available in the market) to make the procurement of fish through a transparent manner.

14. Income of fish fish larvae under Fisheries Collection program under the scheme of DAY-NELM or any other scheme of Ministry of Rural Development must be utilized for procurement, processing and/or marketing of MP products under the scheme MSP for MP.
15. The fish fish groups and/or Fisheries Collectives as listed for for such purpose shall be appropriately empowered with authority to both the parties to undertake such business.
16. Both the parties shall establish "Procurement and/or Value addition Centre" to be owned by fish fish groups/ Fisheries Collectives at fish fish to making resources available to fish fish groups/ fish fish level beneficiaries in the near may be through business plan.
17. Limited backward and forward linkage be necessary management of such value addition center and provide necessary infrastructure.

1.2. HANDICRAFTS

RESPONSIBILITY OF TRIFED

- a) In regard to recommendations of MPSP on SHK/Producer Collectives having majority tribal members who are engaged in traditional activity of production of finished products of handloom, handicraft and processed packed food organic products, TRIFED's concerned Regional Office shall support the SHK/Producer Collectives and assist their marketable products for sale through its chain of SHK/SHM/SHU/SHV outlets. The marketing products shall be assured by TRIFED and promote made directly to the Joint/Local districts of the SHK/Producer collective members or the account of SHK products collective.
- b) Whereas TRIFED shall promote, TRIFED Regional Office shall recommend to MPSP to undertake inquiry meeting of fish and design development of existing SHK/Producer Collectives having majority tribal members developed under NRI/M or TRIFED programmes for upgrading the skills of women SHK/Producer collective, development of new design aimed at marketing their to produce finished products of handloom, handicraft and processed packed food organic products with better market acceptability.

RESPONSIBILITY OF DEPARTMENT OF RURAL DEVELOPMENT

- a) MPSP shall recommend and share with TRIFED details of the SHK/Producer Collectives having majority tribal members listed under fish program who are engaged in traditional activity of production of finished products of handloom, handicraft and processed packed handloom products that can be sold thru Tribes India market of TRIFED.
- b) MPSP shall undertake inquiry meeting of fish and design development of existing SHK/Producer Collectives having majority tribal members, develop design under fish program for upgrading their skills, development of new design aimed at improving their to produce finished products of handloom, handicraft and processed packed handloom products with better market acceptability.

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3. MOU shall continue beyond expiry of MOU and the go development of a number of projects in collaboration with my country of the members. The total programme is developed under MRP (M) programme and incorporated in TRFED, for appropriate state skills development of new design aimed at increasing them to produce highest quality of hardware, services to and process product for foreign products with better market acceptance.

4. Both the parties shall identify other areas of cooperation for the benefit of India, which may be also be included as part of the MOU, as mutually agreed upon time and condition.

3. JOINT COORDINATION COMMITTEE (JCC)

The parties agree that there will be a Joint Coordination Committee (hereinafter referred to as JCC) consisting of representatives from TRFED and Government of India. The terms of reference of this Committee would be to plan, monitor and review the entire activities of this MOU in accordance with the scheme and programme of TRFED and Department of Social Development for the purpose of MRP and other member's hardware sector. The JCC will meet at least once in a quarter and periodically monitor and review the progress. TRFED and Department of Social Development will nominate State Officers for managing and implementing the activities of JCC and for approval of the MOU.

The decisions taken by the JCC shall be implemented through respective Regional/State Officers of TRFED and Ministry of Social Development.

4. VALIDITY

This MOU shall remain valid for a period of one year effective from 12th January, 1998. It shall be referred to as the "5 Years Term" and can be renewed further on terms and conditions mutually agreed upon by the parties in writing.

5. DISPUTE SETTLEMENT & JURISDICTION

All disputes or differences arising between the parties shall be referred to Arbitration as per the provisions of Arbitration and Conciliation Act, 1996 as amended. The venue and place of Arbitration shall be New Delhi. The language for arbitration shall be English.

6. TERMINATION

This MOU can be terminated by either of the parties on a six-month notice in writing. However, if the MOU is terminated for whatsoever reason, the responsibilities of each party shall continue to exist till the completion of the programme.

7. MATTERS NOT PREYIELD IN LAW AND

If any doubt arises as to the interpretation of the provisions of this MOU or as to matters not provided therein, the Party to this MOU shall consult with other for such matters and decide such doubts to good faith.

Arshad Ali
Arshad Ali

ASSIGNMENT

All interests in assignments to this MOU shall be mutually assigned and agreed upon in writing. No assignment for change thereof shall be effective or binding on the parties hereto unless set in writing and countersigned by the respective duly authorized representatives of each of the Parties herein.

8. WITNESSES

All notices, requests or other communications hereunder shall be sent in writing and addressed to the parties as follows:

TRUSTEES	TRUSTEES' Office, 6011 Building, 3, 7th International Trade Center Road, Hong Kong, China 999038
Department of Rural Development	Department of Rural Development, Ministry of Rural Development, 27 Floor, Hotel New Otani, Grand Hyatt, Grand Hyatt, New York, New York 10021

9. FORCE MAJEURE

Neither TRUSTEES nor MOU shall be liable to each other for failing or delay in the performance of any of its obligations under this Agreement to the extent such failure or delay is caused by strike, civil commotion, war, hostilities between states, government laws, orders or regulatory provisions, actions by the Government or any agency thereof, acts of God, events, fires, accidents, seizures, embargoes, expropriations or other similar or different contingencies beyond the reasonable control of the respective parties.

Notwithstanding anything contained herein above, the decision of the Board of Directors of TRUSTEES shall prevail over and above the clauses mentioned in this MOU.

IN WITNESS WHEREOF, the parties hereto affixed their signatures this 10th day of June 2008.

For and on behalf of
Department of Rural Development
Ministry of Rural Development

For and on behalf of
TRUSTEES Cooperative Marketing
Development, Co-Operative of
India Limited (TRUSTEES)

[Signature]

Chief Officer
Rural Marketing

- Witness
- [Signature]*
(with stamp)
 - [Signature]*
(with stamp)

[Signature]

General Manager
Marketing Division

TRUSTEES CO-OP. MARKETING
DEVELOPMENT, CO-OPERATIVE OF
INDIA LIMITED
27/F, HOTEL NEW OTANI, GRAND
HYATT, GRAND HYATT,
NEW YORK, NEW YORK, USA
10021

- Witness
- [Signature]*
(with stamp)
 - [Signature]*
(with stamp)

Government of India
Ministry of Rural Development
Department of Rural Development
(RL Division)

6th Floor, Hotel Samrat,
Kautilya Marg, Chanakyapuri,
New Delhi -110021

6th March, 2018

To

All CEOs/ SMDs of SRLMs.

Sub: Support to SRLMs for Tasar based Livelihoods Interventions – Recognition of Tasar Development Foundation as DAY-NRLM Support Organization (NSO)

Sir/Madam,

As you are aware Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM) is an important poverty alleviation programme under the Ministry of Rural Development, Government of India. One of the objectives of DAY-NRLM is to increase household level income of the rural poor through sustained livelihood enhancements and improved access to financial and non-financial services. DAY-NRLM believes in building partnerships with various stakeholders for improving the efficacy of implementation of the Mission. As part of this partnership approach, DAY-NRLM has recognized Tasar Development Foundation as National Support Organization (NSO) under DAY-NRLM.

Tasar Development Foundation is an experienced organization in the field of Tasar based livelihoods promotion and I believe that it will be in our interest to leverage their experience and insights for activities under DAY-NRLM. I request you to make the best use of this opportunity and establish contact with the professionals from TDF and take this forward.

For taking support from TDF as NSO, SRLM will need to sign an MoU with Tasar Development Foundation directly as per partnership guidelines of DAY-NRLM. If there is any requirement of funds by TDF then it is to be approved by the EC of the respective State Government and the funds may be provided on task/activity based requirement. The training, capacity building and other activities to be undertaken by the State Government will be as per the cost norms approved under DAY-NRLM.

TDF would support the SRLMs to promote tasar based livelihoods interventions by providing technical and/or implementation support in the States and the support may cover the followings.

1. **Project preparedness** – Assist SRLM in developing projects for promotion of tasar based livelihoods intervention, preparation DPR & inception report, value chain studies etc.
2. **Implementation Support** – Support the SRLMs in implementation of tasar projects such as designing technical protocol, provide supply of nucleus seed and basic seed, assist in disease monitoring, assist promotion of producers' groups, assist in implementation of ICT intervention, project documentation.

3. **Capacity Building** – Preparation of training materials/modules, give exposure to the livelihood anchor persons of SRLMs viz., Young Professionals, Block/District/State Project Managers on *tasar* cultivation, identification of consultants /resource persons / trainers for various training program, assist conducting trainers training program, awareness program for primary producers.
4. **Value Chain development** – assist SRLM in procurement and setting up of infrastructure for collection and storage of *tasar* cocoons.
5. **Market linkage** – assist SRLM in establishing tie-ups for forward linkages.
6. **Monitoring and MIS** – assist the SRLMs monitoring of various activities being undertaken, assist SRLM to developing MIS, quarterly review meeting in consultation with NMMU and SRLM.

Besides, the SRLM and TDF may mutually agree on other compatible areas of collaboration.

Yours faithfully,



(Nita Kejrewal)

Joint Secretary to the Govt. of India

Copy to: Managing director, *Tasar* Development Foundation, Sundar Sadan, 1st Floor, Opposite D C Residence, near Chetna Apartment, Barmasia, Deoghar, Jharkhand – 814112.



ग्रामीण विकास मंत्रालय
ग्रामीण विकास विभाग
भारत सरकार
कृषि भवन, नई दिल्ली-110114
Ministry of Rural Development
Deptt. of Rural Development
Government of India
Krishi Bhavan, New Delhi-110114

ATAL DULLOO

Joint Secretary

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January 22, 2018

DO No. K-11067/16/2017/NRLM(Livelihoods)/PartFile

Dear Madam / Sir,

I would like to share herewith the key output indicators on farm livelihoods interventions finalized during the thematic discussion in the writeshop - 2018 held at NIRD & PR, Hyderabad. These key output indicators are to be included in the SRLM – Annual action plan 2018-19 as part of farm livelihoods interventions.

Yours Sincerely,

Encl: Key output indicators on farm livelihoods interventions.

(Atal Dulloo)

To,
The All States/UTs CEOs/SMDs of SRLMs

Annexure - 1

Farm Livelihoods Key Output Indicators

Name of SRLM:

Sr.	Indicators	Achievement till March 2018	Plan for 2018-19 (Additional count)	Cumulative [3 + 4]
1	2	3	4	5
A	SRLM AAP - Farm Livelihoods Key Output Indicators			
1	No of MahilaKisan covered			
2	No. of districts			
3	No. of intensive blocks entered under farm livelihoods interventions			
4	No. of Villages covered under farm livelihoods interventions			
5	No. of block LH staff engaged (@3 per block as per advisory)			
6	No. of SRP (SRLM Staff)			
7	No. of SRP (Non SRLM Personal)			
8	No. of LH CRPs engaged by VO after training			
i	Krishi Sakhi			
ii	PasuSakhi			
iii	Van Sakhi			
iv	Any other type (pls. mention)			
9	No. of Custom Hiring Centres established			
10	No. of Organic clusters developed			
i	No of blocks to be covered under organic			
ii	No of villages under organic farming			
iii	Areas to be covered under organic farming (Ha)			
iv	No. of Producer groups promoted			
11	Total budget proposed for Farm Livelihoods			
i	IB-CB			
ii	CIF			
B	MKSP (existing projects implemented by SRLM)			
1	No of MahilaKisan covered			
2	No. of districts			
3	No. of blocks covered under MKSP			
4	No. of Villages covered under MKSP			
5	No. of block LH staff engaged (@3 per block as per advisory) under MKSP			
6	No. of LH CRPs engaged			
i	Krishi Sakhi			
ii	PasuSakhi			
iii	Van Sakhi			
7	No. of Custom Hiring Centres established			
8	Areas to be covered under MKSP (Ha)			
9	No. of Producer groups promoted			
C				
	MGNREGA			

1	Farm Pond			
2	Dug Well			
3	Compost Pit			
4	cattle Shed			
5	Goat shed			
6	Rural Haat			
7	CHC with Dept of Agri			
	MoA or any other Department, please mention clearly			
8				

BP-120511/2018

No.9-79/2017-Org. Fmg.(49094)

Government of India

Ministry of Agriculture and Farmers Welfare
Department of Agriculture and Cooperation and Farmers Welfare
(INM Division)

Krishi Bhawan, New Delhi

Dated the ...9.11.2018....

To,

The Principal Secretaries (Rural Development & Panchayati Raj) all States
The Principal Secretaries (Agriculture) all states

Subject: Convergence of Mahila Kisan Sashakthikaran Pariyojana (MKSP) of Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM), MoRD and Paramparagat Krishi Vikas Yojana (PKVY) of Department of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture and Farmer's Welfare.

Madam/Sir,

This is in continuation with the joint letter No- 1-7/2015-NGRCA dated 8th November, 2016 and the joint letter no- I-2011/23/2012-SGSY(C) dated 28th October, 2015 issued on the above subject (copy enclosed).

1. **Mahila Kisan Sashakthikaran Parlyojana (MKSP)** is a program under Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM) under Ministry of Rural Development, GOI.

MKSP is being implemented in 1188 blocks of 183 districts in 19 states and covering 32.40 lakh women farmers. Projects will be implemented in three more states soon. Core strength of MKSP program is mobilizing women farmers and building social capital on sustainable agriculture at village level.

A. Important Intervention under MKSP in promoting Agro-ecological practices:

- i. **Soil Health:** Improve the organic carbon content, through addition of well decomposed biomass. It provides suitable medium for harboring microorganisms that facilitates nutrient uptake.

Specific interventions: 1) NADEP, 2) Vermin Compost, 3) Ghana Jeeva-mrut 4) Green manuring 5) Azolla in rice cultivation, 6) Tank silt application

- ii. **Seeds:** The small and marginal farmers have constraints in access to quality seeds. So seeds they use are sorted through winnowing and brine solution and purified using cow urine and cow dung (*Beejamrut*) which have fungicidal properties and helps control seed borne diseases.

G

Specific interventions: 1. *Physical inspection for uniformity in colour, size and shape*, 2. *Brine solution treatment* 3. *Germination test* 4. *Treatment in Bejamrut* 5. *Seed production preservation*

iii. **Production-nurturing Young and Healthy Seedlings for Optimization of Plant Population:** Several easy to adopt agricultural practices have been promoted.

Specific interventions: 1. *Direct seeded rice* 2. *Nursery- split type, raised bed nursery, poly house/shade net* 3. *Provision of temporary water harvesting structure- Jalkund, mobile pumping* 4. *Trauma less-transplantation in Line and spacing* 5. *Minimize competition for resource during vegetative growth*

iv. **Weed control:** Timely Weeds control make nutrients available to field crops and the final yield.

Specific interventions: 1. *Mulching* 2. *Weeding*

v. **Disease and pest control:** The overall strategy is to understand the nature dynamics and popularize practices that control and bring back balance between the harmful and harmless organisms (insects and pest).

Specific practices: 1. *summer plough* 2. *5% Neem Seed Kernal Extract* 3. *Neemastram*, 4. *Agniastrm*, 5. *Brahmastram* 6. *Panchgavya*

B. Important Interventions to roll out the MKSP program:

- i. **Training and Capacity Building:** These activities are rolled out through Social Capital Building at village level. National Resource Persons are engaged (NRP) train the State Resource Pool and Community Resource Persons (CRP-LH) are trained by SRPs.
- ii. **Custom Hiring Center (CHC):** Custom Hiring Centers are set up with Agricultural implements for drudgery reduction of Mahila Kishans.

2. **Paramparagat Krishi Vikas Yojana (PKVY)** is a comprehensive scheme under National Mission of Sustainable Agriculture (NMSA) of Department of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture and Farmer's Welfare to promote organic farming through a cluster approach. This centrally sponsored scheme is being implemented by the state governments on farmers' field.

A. Major Components and pattern of support of Paramparagat Krishi Vikas Yojana (PKVY).

i. **Adoption of Participatory Guarantee System (PGS) certification through cluster approach**

➤ ***Mobilization of farmers / local people to form cluster in 50 acre for PGS certification***

- *Conducting of meetings and discussions of farmers in targeted areas to form organic farming cluster*
- *Exposure visit to member of cluster to organic farming fields*

- Formation of cluster, farmer pledge to PGS and Identification of Lead Resourceful Person (LRP) from cluster
- Training of cluster members on organic farming
- **PGS Certification and Quality control**
 - Training on PGS Certification in 2 days
 - Training of Trainers/ Lead Resource Persons
 - Online Registration of farmer
 - Soil sample collection and testing
 - Process documentation of conversion into organic methods, inputs used, cropping pattern followed, organic manures and fertilizer used etc.,
 - Inspection of fields of cluster member
 - Certification Charges
 - Administrative expenses for certification
- ii. **Adoption of organic village for manure management and biological nitrogen harvesting through cluster approach**
 - **Action plan for Organic Farming for one cluster**
 - Conversion of land to organic
 - Introduction of cropping system; Organic seed procurement or raising organic nursery
 - Traditional organic Input Production units like Panchagavya, Beejamruth and Jeevamruth etc.
 - Biological Nitrogen Harvest planting (Gliricidia, Sesbania, etc)
 - Botanical extracts production units (Neem cake, Neem oil)
 - **Integrated Manure Management**
 - Liquid Biofertilizer consortia (Nitrogen fixing / Phosphate Solubilizing/ potassium mobilizing bio-fertilizer)
 - Liquid Bio-pesticides (Trichoderma viridae, Pseudomonas fluorescens, Metarhizium , Beauveria bassiana, Pacelomyces, verticillium)
 - Neem Cake/ Neem Oil
 - Phosphate Rich Organic Manure / Zyme Granules
 - Vermi-compost pit preparation
 - **Custom Hiring Centre (CHC) charges**
 - Agricultural implements - Power tiller, Cono-weeder, Paddy thresher, Furrow opener, Sprayer, Rose can, Top Pan balance
 - Cattle shed / poultry / piggery for animal compost
 - **Packing, Labeling and Branding of organic products of cluster**
 - Packing material with PGS logo + Hologram printing
 - Transportation of organic produce
 - Organic Fairs
- 3. This is being observed that there are lot of synergy between MKSP and PKVY programs interventions. And both the programs focus on the small and marginal farmers. These two programs have been found highly suitable for immediate convergence. Women farmers of MKSP projects can be supported by the PKVY program in all the areas where MKSP has been rolled out.

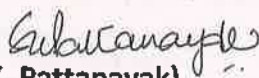
4. **Scope of convergence between these two programs:**

- i. Exposure visit and training of women farmers and Community Resource Persons
- ii. Soil collection and testing
- iii. Organic certification
- iv. **Input support in:**
 - **Land:** Land preparation, Jeevamruth preparation, Liquid Bio-fertilizer consortia supply
 - **Seed:** cropping system, organic seed procurement, raising organic nursery, Beejamruth preparation
 - **Plantation of Gliricidia, Sesbania etc; creation of Azola pits etc**
 - **Disease and pest control:** Setting up of botanical extracts production units: Neem cake, Neem oil etc ; Panchagavya preparation, Liquid Biopesticides supply
- v. Custom Hiring Centre (CHC) setting up and supporting existing CHCs with additional Agricultural implements
- vi. Creation of cattle shed / poultry shed / pig sty
- vii. Packing, labeling and branding of organic products: packing material, transportation of produce

5. This is being proposed that SRLM and Agriculture Department of respective states may hold joint consultation to prepare a comprehensive plan with clear timelines for convergence between PKVY and MKSP in the areas where MKSP is being implemented. SRLMs may share the list of Blocks and Mahila kishans with state agriculture department.

6. The convergence plan may also be shared with DAY-NRLM, Ministry of Rural Development and Department of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture and Farmer's Welfare.

Yours faithfully,


(S.K. Pattanayak)
Secretary

Department of Agriculture, Cooperation & Farmers Welfare,
Ministry of Agriculture and Farmer's Welfare.


(Amarjeet Sinha) 29/12/17
Secretary

Department of Rural Development
Ministry of Rural Development

o/c
issued
22/02/18

अमरजीत सिन्हा
AMARJEET SINHA



सचिव
भारत सरकार
ग्रामीण विकास मंत्रालय
ग्रामीण विकास विभाग
कृषि भवन, नई दिल्ली-110001
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Government of India
Ministry of Rural Development
Department of Rural Development
Krishi Bhawan, New Delhi-110001
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E-mail: secyrd@nic.in

D.O.No. I-12011/23/2012-SGSY(C)

December 18, 2017

Sub: Development of Community Infrastructure under Mahatma Gandhi National Rural Employment Guarantee Scheme for Livelihood Activities Promoted under DAY-NRLM.

One of the main objectives of MGNREGA is to create durable and productive community and individual assets in order to strengthen the livelihood resource base of the rural poor. The State Missions under the aegis of DAY-NRLM are also implementing several activities to promote sustainable agriculture, livestock and Non-Timber Forest Produce based livelihoods with members of women SHGs.

In view of this shared objective of strengthening livelihoods of the poor, the Ministry of the Rural Development had issued a Notification dated 3rd January, 2014 [Schedule -I, section 4(3)] outlining the provisions for creating common assets for the benefit of DAY-NRLM compliant SHGs.

Specifically, the notification states the focus of MGNREGA in this regard as follows:-

1. Promote agricultural productivity by creating durable infrastructure required for producing bio-fertilizer and post-harvest facilities including storage facilities for agriculture produce;
2. Create common work sheds for livelihood activities; and
3. Construct buildings for women's self-help groups' federations and setting up of *haats* at village and/or block level

It is in this context, that we advise the States to take up the construction of the following types of community infrastructure:

1. **Storage shed for Custom Hiring Centres/Tool Banks:** The Custom Hiring Centres/Tool Bank managed by Village Organizations/SHGs are being established under DAY-NRLM to ensure availability of farm equipment to the *Mahila Kisans* through a sustainable model. Purchase of the machinery is being supported by DAY-NRLM and the Sub-Mission on Agricultural Mechanization of the Department of Agriculture. A storage shed for keeping the equipment may be constructed under MGNREGA.

-:2:-

2. **Godowns for Producer Groups/Companies:** Under DAY-NRLM, the Producer Groups / Producers Companies are taking up (i) aggregation and primary processing of agriculture products like Mango, Ginger, Cashew etc; (ii) Minor Forest Produces like Lac, Hill Broom, Tamarind etc.; and (iii) various medicinal plants. Procurement centres are being set up to take up these activities. Godowns may be constructed under MGNREGA so that these organizations can run their business without facing any difficulty in storage, grading etc.

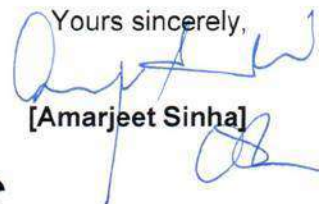
There is also a need for establishing work sheds for women SHGs/producers' groups/producers' enterprises promoted under DAY-NRLM which are involved in aggregation and value addition of locally available products / commodities / services for primary processing, aggregation, packaging, labelling and marketing.

3. **Sheds for Milk Collection Centres:** Milk collection centres at village level as part of Women Milk Producers' Company are being set up under DAY- NRLM for collection of milk, quality assessment and providing input services to women members. Support may be provided to set up the sheds under MGNREGA for these milk collection centres.
4. **Sheds/Storage Units for Tasar Interventions:** Under DAY-NRLM, *tasar* focussed interventions have resulted in a significant increase in income for the SHG members. Some of the important activities being taken up by the women producer collectives under this intervention are setting up of basic/commercial seed production units, grainage units, yarn reeling units etc. These activities would get a tremendous boost if necessary sheds and storage units are constructed under MGNREGA.
5. **Setting up of Rural haats** –Since *haats* give an opportunity to the rural poor to market their products/agricultural produce, MGNREGA resources may be utilized for developing them at the village and block headquarters. The SRLM may choose to use funds provided for infrastructure under DAY-NRLM for setting up similar facilities at the district and the State level.

Further, we advise that the States put in place an effective mechanism to coordinate between MGNREGA officials and SRLM officials to undertake the following:

- Identify community infrastructure required and their location for the women SHG / Producers Groups / Producers Company / other Producers Collectives under DAY-NRLM. The SRLM (State/District unit) would facilitate in identifying SHG/ Producers Groups with possible locations and share the information with NREGA functionaries;
- Inclusion of works identified in the labour budget duly approved through special / supplementary Gram Sabha;
- Preparation of technical documents and work estimates by BDO/PO & seek approval of DPC;
- Joint monitoring of the work through NREGA Soft and NRLM Portal. At the State level, nodal persons from MGNREGA division and SRLM may be nominated for continuous supervision of the activities.

The States are requested to prepare a joint annual action plan after making an assessment of requirements of DAY-NRLM. A quarterly progress report on the rollout may be shared with MoRD.

Yours sincerely,

 [Amarjeet Sinha]

O/C

To:
Principal Secretaries of Deptt. of Rural Development of States and UTs.
 (As per the list enclosed)

File No. J.11060/60/2015-RL (345564)
Government of India
Ministry of Rural Development
Department of Rural Development
(National Rural Livelihoods Promotion Society)

6th Floor, Hotel Samrat,
Kautilya Marg, Chankyapuri,
New Delhi-110 021

Dated: 10th July, 2017

To,

CEOs/SMDs State Government of Odisha,
Bihar, Chhattisgarh, Madhya Pradesh,
Jharkhand and West Bengal

Sir/Madam,

A workshop for planning for documentation of best practices under Mahila Kisan Sashaktikaran Pariyojana (MKSP) was held on 22nd June, 2017 at India International Centre, New Delhi attended by the representatives from the State Governments of Odisha, Jharkhand, West Bengal, Bihar, Chhattisgarh and Madhya Pradesh and NSOs of NRLM. The main objective was to discuss and finalize a framework for documentation of best practices in the States which could be further dissemination to the other States/Areas.

The minutes of the meeting are attached for kind information and further necessary action towards documentation and dissemination of best practices identified in MKSP areas.

Yours faithfully,



(Nita Kejrewal)
Director (Admn. & Finace),
NRLPS

Minutes of the best practices documentation workshop held on 22nd June 2017 at IIC, New Delhi

A workshop for planning for documentation of best practices under *Mahila Kisan Sasaktikaran Pariyojana (MKSP)* for further dissemination of these practices was held on 22nd June 2017 at Conference Hall No.1, India International Centre, New Delhi under the Chairmanship of Shri Tapish Chandra Nautiyal, Deputy Secretary (RL), MoRD.

2. Objective of the workshop: MKSP is being implemented since 2011 under DAY-NRLM. After several years of implementation, there are many best practices on farm livelihoods interventions under MKSP are coming to the fore. In order to document such best practices, so that they may be shared with all states for replication, wherever feasible, the workshop was organised.

3. Participants: The workshop was participated by SRLM teams comprise of SPM, Livelihoods / KMC / M&E from six states namely Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha and West Bengal and NRLM Farm Livelihoods team. As External Expert Ms Sejal Dand, independent consultant and Ms Sabita Parida from UN WOMEN also participated. A two members team from Digital Green has also participated to understand the purpose, content, scope for video documentation of best practices. List of participants is attached at Annexure – 1.

4. Minutes of the workshop:

- a) Workshop started with a welcome address by the Deputy Secretary (RL), MoRD where he stated about the importance of capturing best practices in MKSP areas for future references and replications in other areas. A presentation on the perspective was made by the farm livelihoods team. The external expert Ms Sejal Anand shared her experiences on women empowerment through MKSP and suggested some key areas to be looked into while documenting the best practices.
- b) The best practices document will cover the best practices around the interventions such as Agro-Ecological Practices, *Pasu Sakhi* extension model & Custom Hiring Centre/Tool bank. In addition, the best practices document will capture the outcomes like women empowerment; food, nutrition & health security; drudgery reduction & economic benefits to *mahila kisan* achieved in the best practices sites. Role of the promoting/ implementing organisation is also to be covered in the best practices.
- c) Looking at the geographical area compatibility between PRADAN-NSO and NRLM the documentation will be made for the best practices evolved in MKSP areas of six states namely Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha and West Bengal.
- d) It was discussed and finalised to list out the cluster/area for best practice with following basic conditions;

1. A cluster for best practice with coverage of 3-4 villages in contiguous patch with a size of minimum 100 household (in case of Tasar and Lac the household size is 150).
 2. The best practices shall have evolved in a period of 3-4 years.
 3. The best practice has covered at least 1/3rd of the targeted households.
 4. Cost effective for easy replication.
 5. Prototype shall have been easily adopted with less criticalities.
 6. Same Household accepting the practices for a period of 3-4 years and building trust on that practice and vis-à-vis it enhances the productivity and scope.
 7. Resources mobilised through convergence.
 8. Robust institutional architecture established.
 9. Clearly defined technical protocols and relevant use of these protocols.
- e) PRADAN-NSO has to develop the framework and methodologies for selection & documentation of the best practices. The final framework document is to be shared with the states by the second week of July 2017. Methodologies for the study is to be finalised by end of July 2017.
- f) States in consultation with PIAs have to create an exhaustive list of best practices sites around the selected areas. PRANDA-NSO team in consultation with the SRLM/PIA& NMMU team will make a probable list of the best practices sites for documentation. Final list is to be prepared by PRADAN-NSO in consultation with NMMU/SRLM from the probable list of best practices sites by 4th week of July 2017 for document.
- g) Joint field visit by PRADAN-NSO team and SRLM official/ PIA representative to be started in 2nd week of August '17. State has to provide logistic support for the field visits of the joint team. It is planned to come up with the draft document in October '17 and hold the sharing workshop in December 2017.
- h) State has to nominate one senior SRLM official as the nodal person for coordination in best practices documentation. However, the name suggested by the state teams are 1) Bihar - Manoj Kumar 2) Chhattisgarh – Divya Gupta, 3) Jharkhand – Kamal Jaiswal, 4) Madhya Pradesh – Manish Pawar, 5) Odisha – P K Dash, 6) West Bengal – N C Manna.

Workshop ended with vote of thanks.

Framework and methodology for best practices documentation under MKSP (Mahila Kisan Sashaktikarana Pariyojana)

A) Background

The Mahila Kisan Sashaktikaran Pariyojana (MKSP) was launched in 2011 as a sub component of the National Rural Livelihood Mission (NRLM) with the primary objective of empowering women in agriculture by making systematic investments to enhance their participation and productivity, as also to create and sustain agriculture based livelihoods of rural women. MKSP is one of the first programmes of the government that recognizes the increasing feminization of agriculture and the role of women in farming. Women friendly interventions and revival of Sustainable agro-ecological practices has been the major focus of MKSP.

MKSP is being implemented by Project Implementing Agencies (PIA) i.e. by SRLMs themselves or partner organizations who have expertise in working with communities at scale in agriculture and allied sectors. With six years of its launch, it is now the time to look into the best practices that have emerged through the implementation of MKSP across states. The best practices thus evolved would be the knowledge resource to be emulated in scale by different State Rural Livelihood Missions (SRLM) and other partner agencies.

B) Purpose and objective

The aim of this exercise is to identify, assess, compile and disseminate a selection of evidence based best practices in livelihoods that have emerged in the MKSP, providing pro poor sustainable livelihood solutions which could be widely replicated and scaled up. The best practice documentation will be carried out in six States (Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha and West Bengal). PRADAN as National Support Organization for DAY- NRLM would document the Best Practices that have emerged in the MKSP.

The main objectives of this exercise therefore are to profile and describe current best practices/approaches in three broad intervention areas of MKSP i.e.

1. Agro-ecological practices
2. Livestock- Last mile extension service
3. Farm Mechanization- Custom Hiring Centre/Tool Bank

The documentation study would assess the effect of these three interventions at households as well as community level based on the desired outcomes of MKSP i.e.

- a) **Women Empowerment** – Need to explore the dimensions such as shifts happened in the intra household level decision making, division of labour, increased control over their income realized and their ownership on the assets such as Increased access of women in agriculture to productive land, inputs, credit, technology and information.
- b) Enhanced skills and knowledge in sustainable agriculture (Agro Ecological Practices).
- c) **Food and Nutrition Security** – Dimensions such as enhanced productivity in cereal crop including millets so as to have round the year food sufficiency, interventions in vegetables, pulses and livestock for family consumption for better nutrition through food diversity.
- d) **Economic Impact** – Economic impact could be both from enhanced income because of higher productivity and more area coverage, and also due to the decrease in production cost due to use of low cost non-chemical agri inputs and improved practices. The net additional income should have increased by 25% for the family from the basket of activities taken up by the families.
- e) **Drudgery reduction** – Drudgery reduction for women in agriculture through use of gender friendly tools / technologies. Women have access to user-friendly farm implements, designed to reduce

their drudgery and physical stress; and have enhanced skills to use them; increased participation of men in the activities generally taken by women.

The process of documentation would cover success stories in three different interventions and map out the desired outcomes as what worked well, what did not work, challenges, lessons learnt, the gaps, the scope of improvement and the way ahead. The best practice documentation would also look into the factors like pro-poor friendly interventions, Ease of Replicability and/or up-scaling and Sustainability of the intervention. Study will also capture the convergence happen in the location and impact of it.

C) Criteria for Selection of Best Practice

The following criteria would be required to shortlist the SRLM/PIA at the initial level.

Sr.	Filters for Identification	Description
1	Poor friendly interventions	Easy adoption by poorer families (women, marginalized sections like tribals, dalits, landless, small and marginal farmers, women headed households) Intervention adopted by substantial number of poor families in a contiguous project area. (A cluster for best practice with coverage of 3-4 villages in contiguous patch with a size of minimum 100 household (in case of NTFP/Tasar/ Lac the household size is 150 per GP), at least 1/3rd of the target households, the more the better.)
2	Number of years activity is grounded	The intervention should have evolved for at least three years from the date of grounding. Successfully adopted by the same set of farmers for at least three years.
3	Investment per member household	Should not be a high cost model.
4	Technology/Activities	Simple to adopt and less technology dependent - Use of locally adopted, resource conserving, farmer-led and environment-friendly technologies
5	Minimum level of handholding	Minimum external handholding required.
6	Ease of Replicability and Up-scaling	Have the potential for replication and should therefore be adaptable to similar conditions in varying situations (clearly spelt out protocols developed and adhered for implementation) Cadre of Community Resource persons developed with well laid out training architecture.
7	Sustainability	Strong Community based Institutional Mechanism developed (SHG, PG, SHG federation, inter & intra community institution interaction) Existence of capable local resource persons and local entrepreneurs (being acceptable to the community and have mutual trust) Significant and regular flow of income Ecologically sustainable with climate resilient interventions Robust institutional linkages with market/line department Lower follow up cost.

D) Steps in the Best Practice Documentation with timeline

Timeline for Best Practices Documentation				
	Task	Timeline	Responsibility	
			Lead	Support
1	PRADAN-NSO to develop the final framework and methodologies in consultation with NMMU for selection & documentation of the best practices.	24th July, 2017	PRADAN - NSO	NMMU
2	NMMU will circulate the final framework across six selected MKSP states for generating list of Best Practices	3 rd August, 2017	NMMU	PRADAN – NSO
3	Respective SRLMs in coordination with MKSP-PIAs and state point persons from PRADAN will generate a detailed list of best practices on the selection criteria.	By 10 th August 2017	SMMUs	PRADAN – NSO
4	Further screening & short-listing of best practices along with locations/study areas by SRLM state anchor, PRADAN- NSO representative and shortlisted PIA representatives. Use of framework and template.	20 th Aug, 2017	PRADAN – NSO	SMMUs
5	Joint team field visit (PRADAN-NSO, SRLM, PIA) for detailed exploration of BP, SRLM to depute relevant persons for joint field visit	3rd week of Aug to Sep end, 2017	PRADAN – NSO	SMMUs
6	First draft of BP documentation shared by NSO	4th week of Oct, 2017	PRADAN – NSO	NMMU
7	Final draft of comprehensive document by NSO in consultation with NMMU	4th week of November, 2017	PRADAN – NSO	NMMU
8	Dissemination of MKSP best practices through a National Level workshop	First week of Dec, 2017	NMMU	PRADAN – NSO



एक कदम स्वच्छता की ओर



सत्यमेव जयते

ग्रामीण विकास मंत्रालय
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December 13, 2017

DO No. K-11062/04/2017/NRLM(Livelihoods)

Sir/Madam,

Under DAY-NRLM, initiatives have been undertaken towards building value chain development interventions with focus on sustainable agriculture, livestock and NTFP to enable small and marginal farmers to gain better price realisation, access to markets, improved technologies for value addition and technical support.

Through various DAY-NRLM interventions such as Mahila Kisan Sashktikaran Pariyojana (MKSP), MKSP Annual Action Plan, SRLM Annual Action Plan and World Bank Dedicated Fund, more than 86 thousand producers' groups (PGs) have been promoted. The PGs are small sized, unregistered entities with little scope for significant business transactions and a few of them are engaged in localized marketing activities catering to the local demand and supply situations. Notwithstanding the definite advantages this model has, being small and disaggregated, the PGs cannot legally and functionally engage effectively in large scale economic activities. Therefore, under DAY-NRLM, there is a need to promote member owned and member governed Producers' Enterprises (PEs) of significant size at which economies of scale would confer advantages of bargaining power.

To facilitate the SRLMs in the promotion of Producers' Enterprises based on backward and forward integrated value chains harnessing capital, organized production, processing and marketing for significant economic impact on the livelihoods, it is necessary to have a standardised and structured approach.

In this context, the **Guidelines for promoting Producers' Enterprises under DAY-NRLM** (enclosed), have been developed through a series of consultations with States, experts and other stakeholders. A model Memorandum of Association and Articles of Association for a Producer Company (under Companies Act, Part IX A), is also part of the guidelines to ensure good governance principles and equity.


The Guidelines are intended to serve as a framework for SRLMs for the promotion of sustainable, member owned and member governed Producers' Enterprises (PEs).

With regards

enc: a/a

To,

The SMDs/CEOs of all SRLMs States/UTs

Yours Sincerely,

(Atal Dulloo)



Guidelines for promotion of Producers' Enterprises Under DAY-NRLM

**Deendayal Antyodaya Yojana-National Rural Livelihoods Mission
(DAY-NRLM)**

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List of Abbreviations

AoA	Articles of Association
BoD	Board of Directors
CBO	Community based organization
CEO	Chief Executive Officer
CLF	Cluster Level Federation
FPO	Farmer Producers' Organization
GST	Goods and Service Tax
MACS	Mutually Aided Co-operative Societies
MKSP	Mahila Kissan Sashaktikaran Pariyojana
MoA	Memorandum of Association
NABARD	National Bank for Agriculture and Rural Development
NGO	Non-government organization
NRLM	National Rural Livelihoods Mission
PACS	Primary Agricultural Cooperative Societies
PC	Producers' Company
PE	Producers' Enterprises
PG	Producers' Group
SHG	Self Help Group
SHT	Spearhead Team
SRLM	State Rural Livelihoods Mission
SFAC	Small Farmers Agri-Business Consortium
VO	Village Organization

1 Producers' Enterprises

1.1 Context

As per agriculture census 2010-11 there are 138.35 million operational holding in India and 12.78% of that are female operational holders, an increase from 11.7% in 2005-2006. The operated area is 159.59 million Ha and 10.34% are held by female holders, an increase from 9.33 % in 2005-06. This indicates a rise of 10% in the number of women directly involved in agriculture and a large percentage of agriculture workers are also women. The 2010-11 census also indicates that small and marginal holdings together constituted 85.01 percent against 83.29 percent in 2005-06. And 44.58 % of the operated area is under this holding against 41.14 % in 2005-06. It may be observed that there is an increase in the number of small and marginal holdings.

DAY-NRLM works with small and marginal women farmers and aims to bring strong focus to address the issues of the small and marginal producers such as productivity enhancement, extension service delivery and value chain development for improved market access. The fragmented production system has several challenges. It has been well documented that small and marginal producers have very small marketable surplus; so the cost of marketing is high due to un-favourable economies of scale. Besides, there is high asymmetry in market knowledge and information.

Organization of small and marginal producers into member owned and member controlled **Farmer Producer Organizations (FPOs)** or Producers' Enterprise (PE) has emerged as one of the most effective mechanism to address challenges faced by small and marginal farmers such as access to markets, access to credit and access to technology and inputs and markets.

Producers' Enterprises (PEs) can be defined as registered, formal organizations of farmers including co-operatives and Farmer Producer' Companies. The primary objective of these organizations is to ensure better economic return to the farmer producers by helping them to take up business activities. These enterprises operate as commercial organizations and being economically viable is of paramount importance for these organizations.

This document is intended to serve as the guiding principles for development of Producers' Enterprises under DAY-NRLM. This guideline would serve as a framework for market linked interventions with small and marginal farmers and would also help:

1. To understand the main purpose and benefits of promoting PEs under DAY NRLM;
2. To develop a strategy to be adopted by the implementing agencies for promoting sustainable producers' enterprises; and
3. To provide comprehensive guidance to the implementing agencies to promote PEs that are sustainable member owned and member controlled organizations.

1.2 Producers' Groups under DAY-NRLM

DAY-NRLM has been working with the poor and vulnerable women and organizing them into Self Help Groups (SHG) to improve their livelihoods and enhance their income. A large percentage of SHG members are dependent on agriculture including livestock and NTFP for their livelihoods. Self Help Groups (SHGs) are formed at the village level, which are then federated into Village Organizations (VOs) and further into Cluster Level Federations (CLF). Under various farm livelihoods interventions initiated under DAY-NRLM such as Mahila Kisan Sashktikaran Pariyojana (MKSP) and the Livelihoods annual action plan of the States, small and marginal women farmers are organized into institutions to enable them to access timely technical support at their doorstep. At the village level or cluster level, Producers' Groups (PGs) have been formed with women farmers involved in similar kind of activities like agriculture, livestock or NTFP. Some of the features of PGs are:

1. PGs are predominantly **un-registered** entities and usually organized as a Common Interest Group.
2. In many cases, PGs have been provided working capital support and infrastructure support by the SRLM through the VO or CLF
3. SRLMs have supported the PGs in formation of business plans
4. More than **75%** of the Producers' Groups are multi-commodity PGs
5. Average Size of PG: **35 SHG members** (*except for Kerala – 5 SHG members per PG*)

The PGs are small sized, unregistered entities with little scope for significant business transactions and a few of them engaged in localized marketing activities catering to the local demand and supply situations. Their business model is primarily based on economies of aggregation and thus aimed at reduction in individual transaction costs involved. Their target markets are also local and usually fall within a short radius. Notwithstanding the definite advantages this model has, being small and disaggregated, the PGs cannot legally and functionally engage effectively in large scale economic activities. Therefore, under DAY-NRLM, there is a need to promote member owned and member governed Producers' Enterprises of significant size at which economies of scale confer advantages of bargaining power.

The presence of social capital developed, Community Resource Persons and Community institutions are prime movers for economic prosperity and social development of any cluster. Hence, it is envisaged under DAY-NRLM to develop value chain interventions in geographies where SHGs, social capital and Producers' Groups are in abundance.

The value chain development strategy under DAY-NRLM would now focus on the promotion of market linked Producers' Enterprises which have a robust business model for better price realisation of small and marginal farmers; this would go a long way to make these organizations sustainable.

1.3 Rationale for implementation of value chain development through Producer Enterprises

The global economic trend of value chains has been moving towards consolidation of primary production, value addition through marketing and branding. Economy of scale would be a critical success factors to be competitive in the today's market. There is evidence that PEs can take the small and marginal farmers and producers higher up in the value chain and help them in getting remunerative prices for their produce. Therefore, DAY-NRLM would endeavor to promote large size women Producers' Enterprises in the farm sector like agriculture, dairy, NTFP and also in the non-farm sector like handloom, handicrafts and other non-farm rural produce.

To understand the impact of large scale Producers' Companies, we may look at the example of Aranyak Agri Producer Company Limited, a women Producers' Company in Purnea district promoted by Bihar Rural Livelihoods Promotion Society (BRLPS).¹

The districts of Purnea and Katihar in the north east of Bihar are major producers of rabi maize crop but they are at the mercy of market intermediaries like village traders and commission agents when it comes to marketing their produce. Keen on taking the focus of Self Help Groups (SHGs) beyond member savings and internal loaning with bank linkages, the Bihar Rural Livelihoods Promotion Society (BRLPS) or JEEVIKA decided to form Producer Groups (PGs) in these districts. To demonstrate the increased returns to farmers through produce aggregation and collective marketing, an intervention was started in Purnea district through the registered Producer Company "Aranyak Agri Producer Company Limited" (AAPCL).

The formation of AAPCL has impacted the entire maize value chain in the area of operation by way of reduced cost of cultivation, dilution of lock-in of the farm output to local trader who traditionally supplied farm inputs on credit; and a better price realization which was 20% higher than what had been realized in previous years from sales to local traders and mandi sales. The benefits to the members have led to an increase in the maize procurement by the AAPCL from 10.06 MT in the first year of its operation (2014-15) to 13902 MT in the year 2017-18 and both the number of members and the scale of procurement by the AAPCL are expected to grow in the coming years with improved livelihood support to the farmers participating in the project. More than 3400 farmers are doing business with AAPCL and the turnover has reached Rs 19 crore in 2017-18.

The intervention demonstrates how a producers' company promoted at scale can increase bargaining power, bring about better price realisation and take small and marginal farmers up the value chain. The best practices from AAPCL and other Producers' Companies have been used as the basis to develop the guidelines in the chapters.

¹ Source: Business Models for Livelihoods Promotion – compendium by DAY-NRLM. The full text of the case study is given in Annexure II.

The formation of PEs would benefit the small and marginal women farmers through -

1. **Economies of scale and increased bargaining power:** PEs bring together the business activities of many individual small-scale producers and thereby increase the overall scale which would lower business costs and enable high volume, improved quality, and consistency in supply. PEs can increase small-scale producers' bargaining power by achieving large volume and therefore negotiate better prices.
2. **Improved market reach-** Most small-scale producers are unable to get a good price for their produce because they are unable to access markets where prices are higher. PEs can enable them to access remunerative markets by achieving the scale necessary to deal with buyers in these markets, or by value addition to the commodities to access higher value markets.
3. **Access to finance** – financing is a key challenge for small and marginal farmers, PEs can access institutional finance.
4. **Risk mitigation** – with the increased bargaining power and access to better markets, PEs can help small and marginal farmers mitigate market risks by offering competitive price for the commodities.
5. **Improved access to extension services** – PEs provide production related technical and technological services including input services, conduct training and capacity building activities.
6. **Increased policy influence** - Large PEs can provide the platform for producers to promote their interests and influence policies in the local, national, and even international environment that affect their business and livelihood.
7. **Professional management** – PEs are professionally managed entities, hence the management has the technical and managerial expertise which would help the management of the PEs in ensuring better returns.

Therefore, all large scale value chain interventions under DAY-NRLM would be implemented through the promotion of Producers' Enterprises.

1.4 Types of Producers' Enterprises under DAY-NRLM

1. **Brownfield PEs** – Many SRLMs and MKSP partners have been promoting PGs under different agriculture, livestock and NTFP interventions. Each member of the PGs, which are in contiguous villages and involved in similar business purpose, should be organized into various PEs to be promoted based on geography and commodity.

The PGs should remain as activity groups and would not participate in economic activities. The PGs would now engage in extension activities related to productivity enhancement such as Farmer Field schools, crop advisories and agro-advisories.

Many of the PGs are engaged in providing support to the producers in marketing of their producer in the neighbouring markets as a standalone support service. These PGs may continue to function if federating the members of these PGs into PEs is not feasible.

2. **Greenfield PEs** – PEs set up in areas where value chain interventions have not been implemented before through PGs or institutional mechanism would be referred to as

Greenfield PEs. The implementing agency has to carry out adequate due diligence before promoting PEs in Greenfield areas.

2 Role of implementing agency (SRLM)

The State Rural Livelihoods Mission (SRLM) is the implementing agency of the value chain interventions. As the implementing agency, the SRLM ensure its preparedness for establishing a successful and sustainable Producers' Enterprise. The approval of the proposals on value chain development under NRLM would be subject to the preparedness of the SRLM and the most important preparedness criteria is positioning of a spearhead team (dedicated for PE promotion) by the SRLM.

2.1 Spearhead Team (SHT)

The promotion of PEs requires specialized techno-managerial skill sets which need to be built in the SRLMs to enable scaling up of value chain interventions and regular monitoring. The SRLM should put together a multi-functional team to spearhead the PE initiatives and provide lifecycle guidance. This team would be dedicated for the promotion of PEs in the State. The Spearhead team would consist of Commodity experts, finance, costing & accounts expert, production & operations expert, market expert, Capacity building and institution building expert. The members of SHTs would have relevant experience in handling businesses with top line and bottom line responsibilities in commercial organizations. The role of the SHT would be –

1. Identification of commodities, preparation of business plan and proposal
2. Assist in pre-incorporation activities of the PE
3. Positioning the dedicated PE staff (core staff)
4. Assistance to the PE in operations for at least 2 cycles and ensuring compliance
5. SHT and NMMU would be responsible for business counselling, regular review of performance and progress and provide regular feedback for performance improvement and achieving results. The key areas to be monitored and assessed are:
 - a. Regular capacity building based on whether the management has adequate capacity to run the business
 - b. Whether the BOD is taking greater responsibility
 - c. Relationship between BOD, members and the management for ensuring synergy
 - d. Whether the SOPs are being followed
6. To build a larger level eco-system to facilitate trade / market linkage
7. Facilitate convergence for leveraging resources

However, the SRLM may also take on board technical support agencies (TSA)/ individual consultants with expertise on specific commodities or interventions to further support the SHT. TSA is not a replacement for the Spear Head Team, but a support to the SHT.

Case study: In the dairy sector, NDDDB Dairy Services has been involved in promoting Milk Producers' Companies. To understand the role of the implementing agency we may take a look

at *Shreeja Mahila Milk Producers Company Ltd., Andhra Pradesh*² in defining the business model and governance of the Producers' Company.

Dairy sector intervention is a sustainable source of livelihood opportunities for women SHGs, both individually as well as collectively. It offers a promising potential for expansion along the entire value chain, from pooling and cooling of milk to high-value processing. More than 56,640 women milk producers/SHG members of Shreeja Mahila Milk Producers Company Ltd. (SMMPL) have demonstrated considerable acumen in handling milk-related operations like milk collection, testing, storage and transportation, and also have displayed a flair for managing assets such as bulk milk cooling units. With the help of stronger backward and forward linkages and support of technical support unit (NDDDB) in terms of technology intervention, the scope to enhance both the scale as well as the scope of women involvement, have helped two folds – (i) improve livelihood opportunities for the SHGs, while releasing the personal time and organizational resources of higher-level institutions (ii) enabled these institutions to concentrate on more productive and value-adding products and services. The business model of SMMPL, cogently illustrate the role of women in enhancing the value-chain efficiency of the dairy sector while improving their livelihoods.

Chittoor District Milk Producer Union Ltd. commonly known as “Chittoor Dairy” was started in 1969 with 6000 litres per day which eventually went up to 2.5 lakh litres per day in 1989-90. Due to slump in prices of the milk powder, the dairy unit could not pay the milk producers and eventually was shut down in 2002. The producers started pouring milk with private dairies, getting less price. The farmers demanded better price and approached DRDA and the District Collector. Services of NDDDB was sought, SMMPL was born as a part of National Dairy Plan Phase 1, supported by NDDDB Dairy Services (NDS).

DRDA came forward to establish 116 bulk milk chilling units (BMCUs), each with a capacity of 3000-5000 litres, by end of March 2016 to support women SHGs. The BMCUs were managed by the Mandal Mahila Samakhya to enable timely chilling at the production clusters at 4 degrees centigrade, to prevent spoilage of milk. The BMCUs procured milk from 2220 village level milk pooling points (MPP) strategically connected with 186 milk routes, which are managed by a member of the SHG “*Palamitra*”. These functionaries are trained to operate the fully automatic weighing and quality testing equipment for determining fat and SNF content in the milk, based on which price was paid to the milk producers is decided.

The structure/governance:

- a. Producer Member: a women who wishes to become a member should possess milch cattle producing milk and make a payment of Rs.50 towards admission fee and Rs.1 per litre towards share capital. She must supply minimum 500 litres of milk for at least 200 days in a year and acquire minimum of 5 shares of each Rs.100 face value. Based on patronage, producer members are categorized into 3 classes, which translates into member's representational privileges in the composition of Board of Directors.
- b. Village Contact Group (VCG): VCGs are formed - with 3 to 7 producer members - at the village level to strengthen relationships and the flow of information between the company and its members, and further encourage and enroll new members.
- c. Member Relation Group (MRG): MRGs are apex bodies, formed with members of VCGs covering 10 to 12 MPPs, with a membership tenure of 1 year.

² Source: Business Models for Livelihoods Promotion – compendium by DAY-NRLM. The full text of the case study is given in Annexure II.

- d. Board of Directors (BOD): The Company is governed by a board consisting of persons elected or appointed as Directors with at least five and not more than 15 Directors.
- e. Shreeja MMPCL staff: Shreeja employs 266 managerial, technical and field support staff deployed at various levels to supervise, coordinate and manage its activities.

The sector expertise of the Team at NDDB Dairy Services enabled the PE to reach the scale of operations, turnover while also ensuring governance and representation of all farmers. More than 80% of the shareholders are small and marginal women farmers.

2.2 Training and Capacity building of SHT

Before promotion of PE, the SRLM should ensure that the Spearhead Team is in place. The SRLM should organize regular trainings for the SHT on the following –

1. Business planning - process of analyzing the business and its markets, developing individual understanding of and gaining broad agreement on a viable business strategy, and setting clear targets and objectives.
2. Analyzing business costs (fixed and variable, sunk cost)
3. Cash flow management, Working capital management
4. Operational management
5. Producer Enterprises, governance, membership and types of legal frameworks
6. Business counselling and performance monitoring

2.3 Exit strategy

To enable PEs to become independent organizations and financially sustainable businesses, the implementing agency needs to plan all their support work with a clear exit strategy that is agreed and understood by both parties. Therefore, from the very beginning the SHT of SRLMs would focus more on strengthening the capacity of the PE staff rather than running the PE business themselves.

3 Identification of area of intervention

Responsibility – Spearhead Team (to be set up by the SRLMs to kick start value chain interventions and promotion of PEs from the proposal development stage).

Rationale - Prior to promotion of any PE, the implementing agency (SRLM) must establish the geographic area, basket of commodities and the economic activities that can be taken up by the PE. The Spearhead Team (SHT) is responsible for conducting a thorough analysis of the external environment, building commodity profiles and also undertaking value chain analysis of all the commodities identified, formulate intervention strategies and develop business models.

This section details the activities to be undertaken to assess the potential and also suggests some tools for assisting with the analysis.

3.1 Assessment of potential for PEs

The key factors to be considered while assessing the potential for establishing PEs –

1. **Geography focused** - The assessment should be geography and stakeholder centric and *not commodity centric*. The area should be contiguous and the target group would be small and marginal women farmers.
2. **Cluster approach** – the focus should be on a cluster approach i.e. in areas where there are existing clusters of one or more commodities.
3. **Participatory value chain development methodology** – the approach to commodity shortlisting and identification of intervention should focus not only on data, rather it should focus on deriving the information from discussion with the community including SHG and federation members and identifying the critical value chain gaps.
4. **Market led approach** – An assessment of the markets and demand, both local and distant, should be undertaken for the shortlisting of commodities.

3.1.1 Scope of intervention based on value chain gap analysis and centrality

1. **Selection of geography** – The implementing agency should identify the geography based on the extent to which community mobilization into SHG's has taken place. It is preferred to take up the interventions in intensive blocks where the mobilization of the poor is nearly saturated.
2. **List of potential commodities** – The SHT must conduct secondary analysis to prepare a list of the commodities or economic activities (agriculture, NTFP, dairying etc.) that are cultivated/ collected or available in the selected area.
3. **Shortlisting 4-5 major commodities for intervention** – The list of commodities may be narrowed down through FGDs with the community, study of the local markets and mandi, and carrying out a SWOT analysis of the commodities. The SWOT analysis may have to be validated with another round of FGDs with the community and also to address any information gaps.

4. **Commodity profile (production to end market)** – The commodity profile would address the production system, seasonality, cyclicity, stakeholder, market dynamics, price volatility and value addition opportunities for commodity. The commodity profile would also give an understanding of the value proposition to the producers’ individually and collectively. A thorough value chain analysis would be critical tool in this activity. The value chain analysis must cover the production process to the end market with detailed information on value added and cost incurred at each stage. A clear understanding of the flow of the commodity from farm gate to various markets should emerge from the analysis. All the relevant transaction costs should be documented properly. The commodity profile would also provide an understanding of the gaps that can be addressed in the commodity value chains.
5. **Portfolio of commodities** – Ideally every PE should have a portfolio of commodities for ensuring year-round operation with the exception of Dairy which is a round the year activity. . Each of the commodities in the commodity portfolio must be a profit center for the PE. The need for a portfolio of commodities is four-fold:
 - a. **Optimization of overheads (economies of scale and scope)** – higher contribution and optimized utilization of capacity.
 - b. **Optimization of working capital** – rotation of working capital would ensure that the working capital is not idle
 - c. **Risk mitigation** – the risk is spread over a basket of commodities
 - d. **Ensuring member loyalty and member centricity-** PE should endeavour to support its members in marketing different commodities produced by them if found economically viable.

The steps are summarized in the following table:

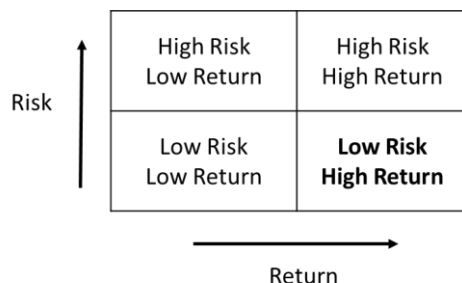
Process		Data and Tools
Step 1	Shortlist Geography / area of intervention	1. Presence of NRLM SHGs 2. Level of SHG mobilization 3. Areas where productivity enhancement activities have already been taken up under NRLM
Step 2	List of potential commodities	1. Secondary data analysis 2. Commodities cultivated/ collected by small and marginal farmers 3. Number of producers involved
Step 3	Shortlisting 4-5 major commodities for intervention	1. FGD with the community 2. FGD at local market / mandi 3. SWOT analysis of the commodities 4. 3E Model – To assess the external environment of the commodity 5. End-use market analysis and value chain study

Step 4	Validation of the commodities selected	1. FGD with the community to validate the shortlisted commodities and fill any information gaps.
Step 5	Commodity profile (production to end market)	1. Scale - Number of small and marginal HHs covered, Marketable surplus 2. Production system (pre-harvest, harvest, post-harvest) 3. Uniqueness of the commodity (seasonal advantage, active ingredient) 4. Market dynamics – Existing and potential markets, Legal barriers, Demand supply dynamics, price volatility <i>Analysis may be conducted with the help of Technical agency / competent manpower at SRLM level</i>
Step 6	Creation of portfolio of commodities and the commodity-wise interventions	1. Seasonality/ cyclicalilty 2. Member affinity / ease of building transactional intensity 3. Gaps in the existing value chain 4. Defining the business models 5. Business viability / profitability for each commodity intervention <i>Each commodity must have the potential to be a profit center</i>
Step 7	Validation of the commodity portfolio	1. FGD with the community to validate the interventions and fill any information gaps.

3.1.2 Sensitivity Analysis

A detailed analysis of the change in the profitability of the entire portfolio of commodities should be measured for price volatility and demand/sales volume of commodities. This would give the SHT an insight into the riskiness of the commodity portfolio selected. A suitable model such as What If analysis may be undertaken to build different scenarios for the PE.

Based on the risk and the estimated returns for each commodity, the commodity would fall into any one of the four quadrants given below. It is recommended to consider commodities with moderate / low risk and suitable risk mitigation mechanisms must be put in place.



4 Formation of Producers' Enterprises

Responsibility – Spearhead Team

Objective - The objective of this step is to define the value proposition for the commodities and the business model of the PE, identify the appropriate legal framework, draw a feasible business plan and formulate the membership criteria for the PE.

4.1 Scope and Objectives of the PE

To define the scope and objective of the PE, the value proposition to the members must be defined. A value proposition is defined as an innovation, service, or feature intended to make an enterprise or product attractive to its members and customers, in this case we focus on the value proposition of the PE to its members.

The value proposition to the farmers can be all or several of the following –

1. Better price realisation to farmers
2. Greater share of the consumer rupee to the producers
3. **Timely payment** to the Producers
4. Safeguarding the interests of farmers by providing **round the year access to organised market**
5. Eliminating trader/ middlemen and **providing direct access to market**
6. **Capacity building** of stakeholders through education, training and other extension activities
7. Input and **extension services**

The value proposition of the PE is critical to build member affinity and loyalty towards the PE. High level of member affinity would ensure that the PE can capture the majority of the marketable surplus of its members and would give it an advantage over its competitors and other market players.

4.2 Registration of the PE

Registration of the PE should be under suitable legal framework which follows the principles of co-operation and the legal framework may be adopted by understanding the pros and cons of the available frameworks.

4.2.1 Principles of co-operation

The principles of co-operation are -

1. **'Self-Help'** is based on the belief that all people can and should strive to control their own destiny. PE members believe that full individual development can take place only in association with others. Individuals also develop through cooperative action by the skills they learn in facilitating the growth of their PE. PEs are institutions that foster continuing education and development of all those involved with them;
2. **'Self-Responsibility'** means that members assume responsibility for their PE – for its establishment and its continuing vitality. Members have the responsibility of promoting

their PE among their families, friends and acquaintances. Members also ensure that their PE remains independent.

3. Producer Enterprises are based on **'equality'**. Members, whether an individual or a group, are all equal. It does not depend on the social and economic status of the member.
4. Achieving **'equity'** within a PE is a continuing, never-ending challenge. It also refers to how members are treated within a PE. They should be treated equitably in how they are rewarded for their participation in a PE, normally through patronage dividends, allocation to capital reserves in their names, or reduction in charges.
5. **'Solidarity'** ensures that cooperative action is not just a disguised form of limited self-interest. All members including the employees and non-members who are closely associated with the cooperative should be treated fairly.

4.2.2 Types of Registration

The PEs may be registered under the Co-operative societies Act, Mutually aided co-operative societies Act or the Producers' Company Act. The SHT may decide on the type of registration on the basis of external environment, policy implications, short-term and long term advantages and interest of the women members. However, it is preferred that the type of registration where the interests of the members are safeguarded should be chosen.

The legal and administrative implications of the different types of registered entities are provided in the table below.

Legal and Administrative Implications different types of institutions³

Criteria	Legal Form					
	Society	Public Trust	Cooperative	Producer Company	Sec 25 Company	Private Company
Basic orientation	Welfare	Mutual benefit	Patronage/ welfare	Patronage/ commercial	Welfare	Commercial
Accountability towards	Promoters	Members	Members	Members	Promoters	Shareholders
Registration under	Societies Registration Act, 1860	Indian Trusts Act, 1882	Cooperatives Act, under different states	Section 581 Companies Act, 1956	Section 25, Companies Act, 1956	Companies Act, 1956
Registration Authority	Registrar of Societies	Charity Commissioner	Registrar of Cooperatives	Registrar of Companies	Registrar of Companies	Registrar of Companies
Minimum number of promoters	At least seven members for registration	At least two trustees for registration	At least five directors for registration	At least five directors for registration	At least two directors for registration	At least two directors

³ Source: Livelihood Augmentation in Rainfed Areas: Volume II, Entrepreneurial Strategies for Augmenting Rural Livelihoods, Development Support Centre, Ahmedabad

Governance Structure	Governance council	Board of Trustees	Executive Committee	Board of Directors	Board of Directors	Board of Directors
Producer control	Difficult	Difficult	Mandatory	Mandatory	Difficult	Open
Surplus disposal to members	Not possible	Possible	Mandatory	Mandatory	Not possible	Possible
Tax Benefits	++++	+++	++	++	++++	+
Equity participation. by members	Not possible	Possible	Mandatory	Mandatory	Possible	Expected
Equity participation - External	Not possible	Possible	Not possible	Not possible	Difficult	Easy
Commercial loans	Difficult	Difficult	Possible	Possible	Possible	Easy
Dissolution	On approval by 3/5th majority of members;	charity commissioner may revive/ reorient the trust	Liquidation possible as per procedure of cooperative law	Possible as per procedure of company law	Dissolution possible	Possible as per procedure of company law

4.3 Identification of Business model

A business model can be defined as a plan for the successful operation of a business consisting of identification of sources of revenue, the intended customer base, products, choice of processing technology and details of financing. The business model identified must take into account the following parameters –

1. Member centricity
 - 1.1. Percentage of poor involved in the activity
 - 1.2. Proportion of household income from the commodity
 - 1.3. Addition to current income levels
2. Year round operations
 - 2.1. Single commodity
 - 2.2. Multi commodity
3. Understanding markets specificities
 - 3.1. Existing stakeholders
 - 3.2. Extant factors – existing client patron relationship, indebtedness
4. Legal Implications
 - 4.1. Taxation (GST, others)

Case study: The inclusive poultry value chain model in the tribal block of Kesla⁴ has been highly successful and we may derive the learnings from this case study on how to build fair business principles into the business model so that there is equity among all members.

PRADAN (an NGO and NSO partner of DAY-NRLM) had initiated inclusive poultry value chain in 1992 to enhance income for small holder broiler farming, from backyard poultry in a tribal block Kesla, in Hoshangabad district of Madhya Pradesh. As per the Annual Report of 2015-16, the intervention reached to more than 6000 women broiler farmers, organized into more than 10 cooperatives, and one producer's company, with a collective revenue of more than INR 42.5 crores.

The small-holder broiler value chain attempts to adapt complex production technology to the small farmer's context and, at the same time, achieve economies of scale through the collective procurement of inputs and marketing of produce. The essential elements of the model are:

- a. Decentralized production infrastructure with 300-400 birds in the homestead backyard, which fits into the daily life of the tribal woman.
- b. Production efficiency with rigorous training of producers, intensive production support and on-call referral veterinary services of high quality.
- c. Cost effectiveness with collective procurement of inputs and sale of birds to achieve economies of scale, and backward-forward integration.
- d. Creation of a system to address the volatile nature of the market by de-linking production efficiency from enterprise efficiency, and collectivization of operations when dealing with markets.
- e. Customized financial and MIS software for decentralized operations.
- f. Charges of para-vets linked to production parameters.

The model comprises decentralized rearing of birds by primary producers (all women producers) at the village level, who are supported by their collective institution (cooperative/producers' company) for a variety of services. These services are delivered either directly (veterinary) or through service providers (input supply and knowledge services) trained by PRADAN. The collective institution/cooperative/producers' company, is manned by trained professionals and governed by people's representatives. The institution monitors the performance of primary producers through its service providers.

The producers organize themselves into clusters and select a representative for the Board of Directors. The Board of Directors meets once a month, in which all important issues such as input and output prices, performance of different clusters, new appointments, remuneration and performance of staff are discussed, and decisions are taken. The CEO who is responsible for day-to-day management and operational decisions, reports on the business performance of the cooperative in the monthly Board Meeting.

⁴ Source: Livelihood Augmentation in Rainfed Areas: Volume II, Entrepreneurial Strategies for Augmenting Rural Livelihoods, Development Support Centre, Ahmedabad. The full text of the case study is given in Annexure II.

The CEO is supported by community based supervisors for the provision of farm services and production management. The supervisors are paid according to their output. The Annual General Meeting (AGM) is convened to discuss issues such as distribution of surplus etc. the audited report is circulated in advance and is approved in the AGM.

The small holder cooperative value chain remained competitive in the market for the following reasons:

- a. The input supplies such as poultry feed, day-old chicks and veterinary services, are provided at the producers doorstep. The unit size is designed to allow the family to deploy its surplus labour optimally.
- b. This system builds on low or no cost slack labour available in rural households which is about 60% higher margin than the industrial poultry manufacturers.
- c. The aggregation of produce is done by cooperative. The increased cost of collectivization, and providing veterinary and management support to farmers is offset by the market outreach directly to retailers, thus doing away with distributors.

The proportion of a farmer's margin with respect to the total margin in the chain at the production end is about 44%. The annual income in the case of home-based broiler farming is about Rs.13,000–18,000. The farmer-centric character of the value chain is the key to its success because at the lower unit size. The production cycle is 5-6 per year. The feed conversion ratio (kg of feed/kg body weight of bird) is 1.65. Achieve less than 5% mortality rate due to door step services by para vets/CRPs. The average flock weight is 1.5 kg, increasing overall efficiency index to 246. The small-holder value chain introduced in Kesla increased the margin farmers receive by eliminating intermediate actors.

The farmer centric nature of the business model has been a key factor for the success of the Kesla Co-operative. Such fair business principles must be adopted in all the PEs to ensure that the small holders are brought higher up in the value chain.

4.4 Membership

The membership rules would depend on the commodities, value of the commodities and relative contribution of the members involved in the various commodities. The SHT may work with PE leaders and community members to make the constitution a document that is understood and owned by members and enables them to exercise their rights and responsibilities within the organization. The following non-negotiables have to be defined as part of the membership rules of the PE -

1. **Individual membership** - Women farmers would be direct members of the PE. A member information card, with profile details and transaction details would be maintained by the PE.
2. **Business only with members** - Non-member procurement would not be encouraged. The women farmers should be made members of the PE before starting transaction with the PE. An intermediate stage – Nominal membership – may be created with suitable terms and conditions to allow non-members to transact with the PE. However, all

- nominal members should be made full members of the PE to continue the transactions at the earliest.
3. **Active members** – Suitable terms and conditions for patronage may be defined based on the supply of certain quantity and agreed quality of commodity such that the member contributes regularly to the PE.
 4. **Member equity in proportion to patronage** – The patronage based member classes and commodity wise calculation of equity should be maintained.
 5. Appropriate accounting methods to ensure that costs, profit and loss is calculated for each commodity handled in the portfolio of commodities handled by the PE.
 6. Appropriate accounting methods especially for multi-commodity PEs to ensure fair sharing of commodity-wise patronage bonus, as all members may not contribute all commodities in the same proportion and commodity-wise profits and costs may vary from time to time.
 7. Mechanism for transparent and fair sharing of commodity-wise loss should be established.
 8. Appropriate mechanisms for member communication and grievance redressal.

5 Business model of Producers' Enterprises

Responsibility – Spearhead Team and PE

Objective - The objective of this step is to define complete business model, capital mobilization strategy and the profit distribution mechanism.

5.1 Feasibility Study

The feasibility of the PE should be measured through the triple bottom-line concept. The Triple Bottom-line is an accounting framework that incorporates three dimensions of performance: social, environmental and financial. Instead of focusing solely on its financial outcomes, consideration should be given to the company's social, economic and environmental impact.

1. **Economic impact (Profit)** – refers to the net profit generated by the business activities of the PE. A few of the economic indicators are –
 - i. Net Profit;
 - ii. Internal Rate of Return (IRR);
 - iii. Contribution margin;
 - iv. Members' income per unit measure of commodity.
2. **Social impact (People)** – refers to fair and transparent business practices that benefit the community. A few of the social impact indicators are –
 - i. Women empowerment
 - ii. Increase in household income
 - iii. equity and access to social resources
3. **Environmental impact (Planet)** – refers to sustainable environmental practices adopted by the PE.

5.2 Trading and/or Value addition

The PE must move towards value addition of the commodities and the business model must not be solely based on trading.

In case commodity trading activity is being undertaken, a model entirely based on speculation is discouraged.

The various types of value addition can be –

1. **Improving quality** (grading) – increase in income by obtaining higher prices by improving the quality of an existing product.
2. **Processing** - by processing a product a PE can increase its value and deal directly with buyers of the processed product. However, processing requires significant resources and management experience.
3. **Differentiation**: PEs need to give their products a unique identity, which differentiates their product from others in the market.

5.3 Business development services (BDS)

The PE should focus on providing value added package to members to build loyalty and business growth. The business development services should be treated as an investment rather than an expense. The list of business development services that may be provided by PEs can be -

1. **Input Supply Services:** The PE may provide low cost and quality inputs to member farmers by undertaking bulk purchase or procurement.
2. **Insurance Services:** The PE may facilitate various insurance like Crop Insurance, Cattle Insurance, Electric Motors Insurance and Life Insurance.
3. **Technical Services:** The PE may promote best practices of farming, diversifying and raising levels of knowledge and skills in agricultural production and post-harvest processing that adds value to products.
4. **Networking Services:** Making channels of information (e.g. about product specifications, market prices) and other business services accessible to rural producers; facilitating linkages with financial institutions, building linkages of producers, processors, traders and consumers, facilitating linkages with government programs.
5. **Financial Services:** The PE may facilitate savings and loans products to members for productive purposes (inputs on credit etc.). *The PE would not provide loans for consumption purposes.*

5.4 Business Strategy and plan

A comprehensive business strategy defines the objective and long term and short term goals of the PE, allocation of existing resources, revenue model, marketing strategy and operational strategy.

5.4.1 Defining operational area

The operational area of the PE should be defined by the business principles rather than administrative boundaries within a state. This implies that the PE should not be restricted to a block or district. After an analysis of scale, business viability and operational feasibility it should be decided whether the PE would cover a single district/block or multiple districts/blocks. **Large scale PEs are preferred over smaller scale PEs** for the reasons that have been articulated in the earlier chapters.

5.4.2 Financing

The promotion of the PE should be taken up on project finance mode to cover the setting up of value addition infrastructure, procurement infrastructure, working capital and viability gap funding for one to two years.

5.4.3 Strategic business units

Producers' Enterprises are preferred to be multi-commodity, multi-activity enterprises as it has many benefits in terms of optimizing overheads, working capital, diversifying the risk and enhancing member affinity. It is important to ensure that each commodity is a profitable unit and there is no cross-subsidisation. Hence it is essential that each commodity is established and treated as a Strategic Business Unit (SBU).

Each SBU should have clearly defined –

1. SOPs – for procurement, sales, quality
2. Member traceability – volume and patronage
3. Balance sheet, P&L – revenue, cost and profit

5.4.4 Margin and revenue model

There should be a margin and revenue model in place and the sensitivity analysis should be done for the margin and revenues for each commodity. The models should also account for the elasticity of the supply and demand for each commodity.

5.4.5 Capital Mobilization strategy

The SHT must clearly define the capital mobilization strategy of the PE for different categories:

1. **Initial equity participation from members** – Equity participation should be defined for each commodity and should be proportional to the volume contributed by the respective member either paid at one time or instalments over a defined period.
2. **Start-up capital** - The start-up capital would be provided to the PE through the project linked to raising capital from its members. The start-up capital would be a grant.
3. **Capital for expansion** – The capital for expansion may be mobilized through institutional sources, raising further equity and through the built-in reserves.
4. **Member traceability** – It is important to note, that while increasing capital stake of members based on patronage the PE has to ensure member traceability and should be in the form of equity and deposits.

5.4.6 Building reserves (absorbing market shocks, business growth)

The PE must have a provision to build reserves from the net profit (after deduction of patronage bonus) for the following reasons –

1. **Business growth** – expansion of business verticals, expansion of geographies
2. **Absorbing market shocks** – price volatility, yield volatility, inadequate procurement
3. **Force Majeure**

5.4.7 Marketing strategy

Once a PE has identified marketing options, it needs to develop a marketing strategy based on a careful assessment of the options and the PE members' priorities and capacity. This assessment should narrow down the options to two or three marketing options, covering different markets, different products, or a combination of both. The following issues should be considered in this process:

1. **Members' priorities:** the primary commodities cultivated / collected by the members
2. **Competitive advantage:** unless the PE can sell a product at a lower price than other producers or offer a better product that justifies a higher price, it would struggle to compete.
3. **Market risk:** PEs need to pay particular attention to the risk involved in different marketing

options. The most profitable opportunities are often the most risky and so PEs need to find the right balance between security and profitability for their members.

4. **PE capacity:** where PEs have a choice between local or distant markets, the PEs should first gain experience and develop their capacity in the local market before attempting to access more risky and demanding markets.
5. **Non-monetized costs:** In rural economies production and processing are often dependent on 'free' family labour or exchanged labour from other community members. Some market options may involve crop choices that have important implications for natural resources or a household's ability to produce other crops. All these options involve costs that are rarely considered in cash value even though they affect the livelihoods of family members, in particular women. These costs need to be taken into account when PEs assess different market options.

The advantages and disadvantages of different types of market linkages are summarized in the table below –

	'Spot' markets	Contractual arrangements
Advantages for PEs	There is no obligation to sell products to any particular buyer. PEs are free to find the best offer for each transaction.	The business risk is shared between producers and buyers. Buyers may provide additional market services, which producers cannot obtain in the market.
Disadvantages for PEs	PE take on all the business risk. Prices and income are uncertain and it can be difficult to plan production and investments if income from sales is unpredictable.	PEs have to honour the contract even if they would be able to receive better terms or prices from other buyers. If individual members or associations break the contract the PE may lose future business

5.5 Profit Distribution

The PEs should distribute the profits to members based on the following principles:

1. The distribution of profits has to **be equitable and not equal**.
2. Profits are distributed based on patronage, i.e. how much each member has sold or bought through the PE keeping in view the differences in initial and advance payments made.

These principles affect members' incentives and motivation to invest in the PE or use the PE's services.

6 Operations of the Producers' Enterprises

Responsibility – Spearhead Team and the PE team

Objective - The objective of this step is to define operations strategy of the PE.

The operational model of a PE has to be robust and clearly defined. We may look at the example of *Vasundhara Agri-Horti Producer Company Limited (VAPCOL)*⁵ to understand how a Producer Company can build a marketing strategy and its own brand.

Vasundhara Agri-Horti Producer Co. Ltd (VAPCOL), promoted by BAIF in 2004, is a multi-State second-tier farmer organisation registered as a Producer Company under the Companies' Act. Its members are first-tier Farmer Organisations (registered or unregistered) having primary membership of individual farmer producers. Farmer Organisations are equity holders in VAPCOL. The goal of this organization is to manage production, harvesting, procurement, grading, pooling, handling and marketing, selling and export of primary produce of its members. The cooperatives or any other producer institutions preferably within the project area that are into manufacturing; marketing and processing of agri-horti produce can become a member in the VAPCOL.

Today the producer company has a membership base of 55 producer organizations spread across various States of India representing a primary membership base of about 41000 farmers. VAPCOL deals in multiple commodities produced by its members primarily fruit and nuts.

Procurement: The member organizations of VAPCOL directly own the entire chain of activities right from procurement of raw produce from the farmer upto the final processing and quality-wise grading of the produce, while VAPCOL is responsible for the marketing of these products. It also provides technical support in production processes, quality management and packaging. Other than that, it disburses working capital loan to members for smoothly carrying out their operations

Quality Control: VAPCOL ensures quality of products under supervision of Food Technologists and Agri-graduates. All the products have to pass through the procurement norms set by the Company.

Marketing: VAPCOL is promoting and marketing the farmers' produce under the brand name "Vrindavan", which presents varied range of products such as fresh fruit and derivatives of raw and ripe Mango, Amla derivatives, plain and flavoured Cashew Kernel and other F&V preserves. All the branches are involved in marketing of the products. It has explored several marketing options including retail, distributor, wholesale, Kiosks as well as Hyper stores. In addition to that, VAPCOL has also forayed in e-market channels such as Snapdeal and Amazon with Vrindavan products.

The quality control and strong procurement systems of the Producer Company have enabled it to build several marketing options including institutional buyers.

6.1 Procurement Strategy

The procurement of the commodities would be done by the PE. The PE may establish procurement centres at village or cluster level as per business requirement (volume, distance

⁵ Source: <http://vrindavan.co.in>

from markets) and the infrastructure of procurement center would be leased or hired or owned and operated by the PE. The procurement centers may be operated by the Udyog Mitras against a payment of commission linked to the business volume– who would be a member of the PE from the same cluster / village as the center.

It is important to note that the PG, being an informal body, would have no economic role, the PG should facilitate IEC activities and also would be responsible for the provision of extension services.

6.2 Udyog Mitra

The PE may set-up procurement centers covering one village or a cluster of villages. At the procurement center level, the Udyog Mitras – a member of the PE from the same cluster or village would be responsible for the procurement, quality assurance and other logistics requirement. The Udyog Mitra would be paid a commission on procurement. The role of the Udyog Mitra would be to –

1. Ensure fair and transparent procurement, storage and transportation
2. Fair and transparent record-keeping
3. Ensure quality of the commodity procured.
4. Improve communication between PE and members
5. Information dissemination to the members
6. Support regular interactions between PE members

6.3 Pricing and Payment to members

Pricing - The SHT should assist the PE staff to determine the pricing mechanism to all for fair and transparent procurement of the commodities. Depending on the external environment, market dynamics and the commodities dealt with, the following points related to pricing must be included in the SOP -

1. Price discovery – which are the benchmark markets for the commodity?
2. Pooling Price mechanism versus outright purchase
3. Grading and quality parameters to be defined based on
 - a. Market acceptance
 - b. Health and safety (such as FSSAI)
 - c. Consistency.
 - d. Shelf-life
 - e. Packaging and labelling

Payment - As it has already been mentioned that the membership of the PE would be confined to women farmers. The PE would transfer the amount due to the member directly to the members' bank account.

6.4 IT systems

IT systems would be put in place to maintain accounts and operations. To being with, a suitable accounting software may be used to maintain the accounts of the PE.

7 Business risk of Producers' Enterprises

7.1 Risk assessment

A risk assessment need to be carried out for the portfolio of commodities under the PE. Especially in the case of perishables it should be rigorous.

7.2 Risk mitigation

The mechanism for the risk mitigation for the PE must be established.

1. Product diversification
2. Spot transaction versus forward contracts
3. Transportation – ex-premises or FOR on destination
 - a. Ex-premises – the risk of transportation is borne by the buyer
 - b. FOR on destination – the risk of transportation is borne by the PE
4. Allocation of risk must be defined for the PE and the members–
 - a. Price risk
 - b. Storage losses and processing losses
 - c. Transportation losses
 - d. Quality / rejection risk

8 Business principles of Producers' Enterprises

8.1 Centrality

The PE must be a **member centric organization** and the business should be built on fair business principles, equitable cost, profit sharing and good governance for the benefit of the members.

8.2 Fair business principles

The PE must adhere to the fair trade principles, these components must be reflected in the Memorandum of Association (MoA) and Articles of Association (AoA) of the PE –

1. **Protect the interest of Small and marginal producers** - the PE should seek to enable them to move from income insecurity and poverty to economic self-sufficiency and ownership.
2. **Equitable and not equal sharing of profits**
3. **Transparency and Accountability** - The PE is transparent in its management, representation and is accountable to all its stakeholders
4. **Fair Trading Practices** - The organization trades with concern for the social, economic and environmental well-being of marginalized small producers and does not maximize profit at their expense. The organization maintains long term relationships based on solidarity, trust and mutual respect.
5. **Payment of a Fair Price** - A fair price is one that has been mutually agreed by all stakeholders.
6. **Ensuring no Child Labour and Forced Labour**
7. **Empowerment of women**
8. **Providing Capacity Building**
9. **Respect for the Environment**

The model MoA and AoA for a Producer Company is provided in Annexure I. This MOA and AoA may be referred to by the SRLMs during the incorporation process of the Producer Companies.

8.3 Standard Operating procedures

For the key functions of the PE, clearly laid out SOPs have to be prepared by the PE staff with the support of the SHT –

1. Procurement
2. Sales
3. Pricing
4. Storage and quality
5. Logistics
6. Finance
7. Human Resource (recruitment and performance incentives)

The Standard operating procedures must cover the following –

- a. End to end process to followed
- b. Person responsible at every stage and the person responsible overall
- c. Formats for capturing the relevant information
- d. Frequently asked questions (FAQs)

9 HR structure of Producers' Enterprises

Responsibility – Spearhead Team and PE staff

Objective - The objective of this step is to define the organization structure and HR processes of the PE.

9.1 Organization Structure

The SHT must design the organizations structure of the PE on the basis of the geographic spread, scale of operations and activities to be undertaken by the PE. The PE should have a detailed HR manual. The organization structure may be divided into –

1. **Core Staff** – The core staff would be minimal staff on the payroll of the PE and would handle the key decision for each business vertical.
2. **Non-core Staff** – The non-core staff would consist of field manpower who are hired for specific tasks/jobs on retainer basis at the cluster level to handle the operations of the PE.

As discussed in chapter 5, the Udyog Mitra would be present at the procurement center level to handle the procurement, quality and other logistics.

The success of any organization can be attributed to the human resources who are driving the operations and decision making on a day-to-day basis. Hence, it is essential that the PE must have dedicated and professional manpower with relevant experience for each business vertical.

The PE must recruit dedicated manpower from the beginning and the costing of the salaries of core and non-core staff must be part of the business plan.

The begin with, the PE would have a lean management structure with the following core team –

1. **Commodity experts** – The commodity expert would look after the end-to-end operations for the particular commodity. The functions would include commodity handling, procurement, quality, trading/ marketing, defining SOPs. The commodity expert would be responsible for the P&L of the commodity. The CEO of the PE may be chosen from the commodity experts. The commodity expert should have had prior experience in dealing with agriculture commodities and markets preferably in commercial organizations.
2. **Finance, costing and accounts** – One person for managing the finances of the PE with relevant experience would be responsible for commercial activities, logistics, maintaining books of accounts and legal compliances of the PE.

9.2 Performance based remuneration structure

The remuneration structure for all staff (core and non-core) should have a fixed component and a variable component that is linked to performance. Depending on the level and type of operations handled.

10 Governance of Producers' Enterprises

The governance functions would be defined in the Memorandum of Association (MoA) and Articles of Association (AoA) of the Producers' Enterprise. The model MoA and AoA for a Producers' Company is given in Annexure I.

The following are the key members responsible for ensuring good governance of the PE.

- 1.1. Board structure – eligibility criteria for selection and appointment of board members.
The roles and responsibilities would be defined in the MoA and AoA of the PE.
- 1.2. Commodity sub-committees – to ensure profitable operations and representation of all producers for every commodity. The roles and responsibilities would be defined in the MoA and AoA of the PE.
- 1.3. PE management - Experts and professionals with proven track record in handling businesses (not on deputation from implementing agency)

This MOA and AoA should be referred to by the SRLMs during the incorporation process of the Producer Companies.

11 Training and capacity building for Producers' Enterprise

Responsibility – SRLM, SHT and PE Staff

Objective - The objective of this step is to define the training and capacity building plan for the SRLM, SHT, PE staff and the community.

Training is a key component for the success of the intervention. A robust training plan should be prepared by the SRLM to ensure that the all levels of staff are prepared for the implementation.

The trainings to the Producers' Enterprises' staff, board of directors and the spearhead team are the responsibility of the SRLM.

11.1 Producer Enterprise Staff

It is expected that the PE would recruit staff with required qualification and experience. The Staff of the Producer Enterprise must be taken through various training programme as and when required. The training may cover the following topics –

1. Empowering Grassroots Members
2. Strengthening Governance and Leadership
3. Supporting Effective Market Research
4. Strengthening Business Management
5. Supporting Improved Production
6. Supporting Appropriate PE Structures
7. Facilitating Trade Linkages
8. Facilitating Access to Market Services
9. Business understanding and judgement
10. Negotiation skills and confidence
11. Market information

11.2 Board of Directors of the Producers' Enterprise

The Board of Directors have to be taken through trainings at regular intervals to build their capacity for good governance and decision making. There are three main areas of leadership capacity building that needs to be conducted -

1. Leadership and Management skills
2. Business understanding
3. Motivation, integrity and dedication
4. Participatory governance processes

11.3 Training to Members

The following trainings should be conducted for the members of the PE. **The responsibility of the training of the members lies with the PE.**

1. Technical Capacity (value addition, quality, post-harvest, pre and post production)

2. Business and market literacy
3. Basic management and accounting
4. Formal structures and rules - These define members' rights and the formal systems of decision- making and control, such as voting rights.
5. Motivation and trust - If individual members do not trust the PO's decision-making process or they are not satisfied with the benefits they receive from the PE they may become disillusioned and withdraw from active involvement in the PE.

12 Sequence of Activities (pre-operative stage) for Producer's Enterprise

Step 1	SRLM recruits Spearhead Team at the State level with experts on commodity value chains, finance etc.
Step 2	SHT identifies the geography based on SRLM presence, shortlists 3-4 commodities based on scoping study, seasonality and feasibility of business plan. Subsequently the SHT develops the proposal and submits the proposal for approval. The proposal contains the business plan, operations and the market linkage plan.
Step 3	NRLM sanctions the proposal depending on the appraisal of the business plan and benefit to the small and marginal women farmers
Step 4	SRLM brings on board TSA / individual experts for further support to SHT (if felt necessary, not an essential component)
Step 5	A detailed feasibility study is conducted to identify the villages, locations of the procurement / processing centres etc.
Step 6	Training and capacity building for Udyog Mitra, Board of directors and community is detailed and planned
Step 7	Identification of Board of Directors (BoD) based on the geographic spread and the commodities selected
Step 8	Hiring of CA, KYC of first subscribers and registration of PE (responsibility of the SHT)
Step 9	Recruitment of CEO and other PE staff as proposed and orientation of the staff
Step 10	Support PE Staff in preparation of Detailed Project Report which contains the implementation timelines
Step 11	Fund release to the PE (SRLM to directly release fund to PE) against the DPR approved by the SRLM
Step 12	Identification of field functionaries (not staff, performance based remuneration)
Step 13	Training of BoD, field functionaries and PE Staff

12.1 Detailed checklist of activities

Sl.	Outcomes	Activities	Responsibility
1	Preparation of DPR, business plan and SOPs		
1.1		Preparation of DPR	Spearhead Team
1.2		Preparation of business plan	Spearhead Team
1.3		Preparation of SOPs	Spearhead Team
2	Incorporation of PE		
2.1		Identification of potential first subscriber	Spearhead Team
2.2		Arrange a meeting of shortlisted 20-25 producers and hold a preliminary discussion with them	Spearhead Team
2.3		Subscriber workshop with shortlisted 25-30 producers for finalization of first directors and initial subscribers	Spearhead Team
2.4		Shortlisting the names of PE	Spearhead Team
2.5		Preparation of MoA and AoA	Spearhead Team
2.6		Filing the application for Digital Signature and DIN of Directors	Spearhead Team
2.7		Applying for Incorporation of the company	Spearhead Team
3	Recruitment of Chief Executive		
3.1		Preparation and approval of JD for Chief Executive	PE Board supported by Spearhead Team
3.2		Sourcing of CV's	PE Board supported by Spearhead Team
3.3		Screening & Shortlisting of candidates, Interview of candidates	PE Board supported by Spearhead Team
3.4		Issuing appointment letter and confirmation of joining date	PE Board supported by Spearhead Team
4	Positioning of Staff for PE		
4.1		Preparation and approval of other manpower as per plan	PE Board supported by Spearhead Team
4.2		Sourcing of CV's	PE Board supported by Spearhead Team
4.3		Screening & Shortlisting of candidates, Interview of candidates	PE Board supported by Spearhead Team

4.4		Issuing appointment letter and confirmation of joining date	PE Board supported by Spearhead Team
5	First board meeting of PE		
5.1		Obtaining incorporation documents	PE Board supported by Spearhead Team
5.2		Identifying registered office/HO location and signing lease deed, preparing documents for ROC	PE Board supported by Spearhead Team
5.3		Agenda and detail document to be finalised	PE Board supported by Spearhead Team
5.4		Translation of agenda in local language	PE Board supported by Spearhead Team
5.5		Various forms to be procured locally	PE Board supported by Spearhead Team
5.6		Issuing notice for the Board Meeting	PE Board supported by Spearhead Team
6	BOARD MEETING conducted		
6.1		Finalize agenda for board meeting-	PE Board supported by Spearhead Team
6.2		1. Mandatory Approval	
6.3		2. Appointment of CEO / manager	
6.4		3. Approval for member enrollment	
7	Statutory Compliances		
7.1		Filing of PAN number & TAN number	PE supported by Spearhead Team
7.2		Filing of VAT & Service Tax registration	PE supported by Spearhead Team
7.3		Appointment of auditors	PE supported by Spearhead Team
7.4		Obtaining different licenses (FSSAI, Labelling of packs, Weights and Measures, etc.)	PE supported by Spearhead Team
7.5		Registration for PF, ESI, Contract labour etc.	PE supported by Spearhead Team
8	Legal and administrative readiness of the PE		
8.1		Opening of Bank A/C	PE supported by Spearhead Team
8.2		Finalizing phone No., mail id	PE supported by Spearhead Team
8.3		Application for telephone / mobile connection	PE supported by Spearhead Team
8.4		Designing and printing of office stationery-ph. Mail id	PE supported by Spearhead Team

8.5		Getting company rubber stamp/ seal ready	PE supported by Spearhead Team
8.6		Collection of share capital towards membership	PE supported by Spearhead Team
8.7		Opening of PE's current account	PE supported by Spearhead Team
9	RECEIPT OF FUND BY PE from SRLM		
9.1		Submission of DPR to SRLM by PE	PE supported by Spearhead Team
10	Identification of procurement centers		
10.1		Identification of villages for survey based on secondary data	PE supported by Spearhead Team
10.2		Finalization of survey format & appointment of survey agency	PE supported by Spearhead Team
10.3		Start of survey at field	PE supported by Spearhead Team
10.4		Data entry & Submission of data by surveying agency	PE supported by Spearhead Team
10.5		Identification of Potential villages based on survey report	PE supported by Spearhead Team
10.6		Final list of procurement centers	PE supported by Spearhead Team
11	Setting up procurement centers and identification of Udyog Mitras		
11.1		Field Validation	PE supported by Spearhead Team
11.2		Procurement route mapping	PE supported by Spearhead Team
11.3		Conduct village level meeting & selection of Udyog Mitra	PE supported by Spearhead Team
11.4		Agreement with Udyog Mitra	PE supported by Spearhead Team
12	Second Board meeting for membership approval and Membership Drive		
12.1		Agenda and detail document to be finalised	PE supported by Spearhead Team
13	Third Board meeting for convening AGM (& orientation of Board)		
13.1		Village level meetings and members enrollment	PE supported by Spearhead Team
13.2		Collection of share capital towards membership	PE supported by Spearhead Team
13.3		Opening of Bank A/c of those members who are not having it	PE supported by Spearhead Team

13.4		Collection of PAN card and other address proof details of the members	PE supported by Spearhead Team
13.5		Issuing notice for AGM	PE supported by Spearhead Team
13.6		Planning and initiating membership drive	PE supported by Spearhead Team
13.7		Preparation of IEC materials	PE supported by Spearhead Team
13.8		AGM Conducted	PE supported by Spearhead Team
14	Office Finalization and readiness		
14.1		Identification of location and finalization of Corporate office	PE supported by Spearhead Team
14.3		Requirement assessment and purchase of IT hardware and software	PE supported by Spearhead Team
14.4		Installation of IT hardware and software at Head Office	PE supported by Spearhead Team
14.5		Domain name and email IDs	PE supported by Spearhead Team
14.6		Implement software solution for maintaining members' record	PE supported by Spearhead Team
14.7		Preparation & Finalization of scope of work for branding & communication	PE supported by Spearhead Team
14.8		Setting up PE office	PE supported by Spearhead Team
15	Member mobilization		
15.1		Village level meeting for member mobilization/ enrolment	PE supported by Spearhead Team
16	Infrastructure for commodity procurement (if any)		
16.1		Finalizing Technical Specification for procurement of any equipment planned	PE supported by Spearhead Team
16.2		Training & orientation of Udyog Mitra	PE supported by Spearhead Team
16.3		Udyog Mitra incentive structure finalization	PE supported by Spearhead Team
16.4		Finalizing pricing mechanism for procurement and sales	PE supported by Spearhead Team
17	Purchase-IT and accounting infrastructure		
17.1		Installation of procurement and billing software	PE supported by Spearhead Team

17.2		Setting up producer payment system through A/C	PE supported by Spearhead Team
17.3		Trial run of the procurement at the centers	PE supported by Spearhead Team
18	Statutory Compliances		
18.1		Filing of PAN number & TAN number	PE supported by Spearhead Team
18.2		Filing of VAT & Service Tax registration	PE supported by Spearhead Team
18.3		Appointment of auditors	PE supported by Spearhead Team
18.4		Obtaining different licenses (FSSAI, Labelling of packs, Weights and Measures, etc.)	PE supported by Spearhead Team
18.5		Registration for PF, ESI, Contract labour etc.	PE supported by Spearhead Team
19	Service contracts for forward linkage		
19.1		Identification, Finalization & agreement with primary transport vehicle	PE supported by Spearhead Team
19.2		Finalization of secondary transport vehicle & agreement	PE supported by Spearhead Team
19.3		Identification and Agreement for forward linkage	PE supported by Spearhead Team
20	Adopting Policy, Manuals and SOPs		
20.1		SOP implementation	PE supported by Spearhead Team
20.2		Logging and Reporting Formats- QA	PE supported by Spearhead Team
20.3		Forms & Registers customization	PE supported by Spearhead Team
20.4		SOP Preparation for PE team	PE supported by Spearhead Team
20.5		User Documents at Workplace	PE supported by Spearhead Team
20.6		Udyog Mitra Training module preparation	PE supported by Spearhead Team
21	OPERATIONALIZATION OF PE and commencement of procurement		

This checklist and steps are indicative and may change based on the situation.

Annexure I: Model⁶ *Memorandum of Association & Articles of Association for a Producer*

Company incorporated under Companies Act 1956, Part IX A

⁶ To be used only for Producers' Enterprises that are promoted under part IX A of the Companies Act, 1956

Incorporated under the Companies Act, 1956 (1 of 1956)

Part IX-A

(Producer Company)

Company Limited by Shares

Memorandum of Association

of

..... Mahila Producer Company Limited

- I Name** The name of the Company is Mahila Producer Company Limited.
- II Location of the registered office** The registered office of the Company will be situated in the State of _____.
- III Objects** The objects for which the Company is incorporated are:
- A. The Objects to be pursued by the Company on its incorporation are:**
1. To carry on the business of pooling, purchasing, processing, value addition and marketing of _____⁷ primarily of the Members and also of others, marketing of the same and to deal in activities that are part of or incidental to any activity related thereto.
 2. To provide or arrange to provide technical and managerial services in the areas of (input, productivity enhancement, information and knowledge) for the benefit of the Members.
 3. To provide education, training and other activities which may promote the principles of mutuality and mutual assistance amongst the Members.
 4. To arrange that the quality of produce⁸ pooled from the members and others and subsequently marketed would meet the standards laid down by the Company and the statutory authorities.
 5. To extend various financial services to the Members.

⁷ Specific commodity or commodities that would be handled by the Producers' Company to be mentioned here

⁸ Specific commodity or commodities to be mentioned here

B. Matters which are necessary for furtherance of the Objects specified in clause III A are:

1. To carry on the business and deal in any Primary Produce.
2. To own, hire, arrange for, and set up facilities, including manufacturing and processing thereof, of the Primary Produce which the Company is authorized to deal with.
3. To finance procurement, processing, marketing and other activities that include extending of credit facilities to its Members.
4. To generate, transmit and distribute power from animal waste, other biomass, and renewable energy sources.
5. To own, hold on lease, hire, manage, sell, let on hire, convey, mortgage, assign or otherwise acquire or dispose of, any undertaking, movable or immovable properties and assets.
6. To engage in, support, commission, finance and otherwise engage in research and development.
7. To provide education, organise education and training programmes, seminars and conferences for its members, directors, producers, employees and any other persons associated with the business of the Company.
8. To borrow money or raise or secure the payment of money on such securities or otherwise in such manner as the Company may deem expedient.
9. To draw, make, accept, discount, execute and issue bills of exchange, promissory notes, bills of lading, warrants, and such other negotiable or transferable instruments or securities of all types.
10. To decide to transfer its assets and liabilities, in whole or in part, to any other Producer Company whether by sale or purchase for shares or otherwise, to divide itself into two or more new Producer Companies, to amalgamate and form a new Producer Company, or to merge with any other Producer Company.
11. To enter into partnership, agreement or arrangement with any person or body corporate whether by way of formation of subsidiary company, joint venture, partnership, union of interest or in any other manner, and to promote any other company or companies including Producer Company or Companies, for the purpose of promoting the objects of the Company.
12. To take or hold mortgages, liens, and charges to secure payment or any money due to the Company.
13. To insure any of the properties, undertakings, contracts, risk or obligations of the Company in any manner whatsoever.

14. To make donations or subscription, to any institution for the purposes of promoting the social and economic welfare of the Members or promoting the mutual assistance principles as may be directly or indirectly conducive to any of the objects of the Company or otherwise expedient, subject to the provisions of section 581ZH of the Act.
15. To open and operate accounts with any bank or banks and give any instructions in connection therewith.
16. To accumulate funds, lend, provide financial assistance to any person and institution, with such securities or without securities upon such terms and conditions as may be determined from time to time.
17. To invest in, acquire, hold and deal in shares, stocks, debentures, bonds, negotiable instruments, obligations and securities issued by any producer company, constituted or carrying on business in India or elsewhere and other securities and instruments specified in section 581ZL of the Act. .
18. To give any guarantee for the payment of money or the performance of any obligation or undertaking.
19. To apply for, purchase or otherwise, acquire any goodwill, patent, patent right, copyright, trademark, design, brand, formulae, licence, lease, concessions, conferring any exclusive or limited right to use, intellectual property rights, or any secret, proprietary or other information as to any invention which may seem capable of being used for any of the purposes of the Company; and to use, exercise, develop or grant licences in respect of the property rights, or information so acquired which may directly or indirectly to benefit the Company.
20. To establish provident fund, gratuity fund, superannuation fund and other funds, and to create any trust for the benefit of employees.
21. To establish and support or aid in the establishment and support of associations, institutions, funds, trusts and conveniences and to take up such welfare measures or facilities for the benefit of its members, employees and their dependents.
22. To enter into arrangements, and agreements for rendering, and obtaining of technical know-how, services including consultancy, technical and other collaboration with individuals, firms, research laboratories, bodies corporate or any other persons whether in or outside India.
23. To accept gifts, grants, or donations, in cash or in kind or of property, provided that the conditions of such gifts in no way limit or compromise the interests of the Company.

24. To form, float, promote, support or take membership of any professional bodies, other mercantile and public bodies, associations or federations for the protection, advancement, growth of commerce and industry and for protection and welfare of persons engaged therein.
25. To apply for, promote, and obtain any order, regulation, or other authorisation or enactment, which may directly or indirectly benefit the Company.
26. To arrange for or obtain insurance for members and their productive assets.
27. To purchase, sell or supply machinery, equipment or consumables.
28. To reimburse all costs associated with the promotion and registration of the Company including registration, legal fees, printing of a memorandum and articles and the payment thereof, subject to the provisions of section 581C(4) of the Act.
29. To carry on all or any of the businesses which the Company is entitled to do, as principals or in any other lawful capacity, and by or through agents, or otherwise, and either by itself or in conjunction with or through other institutions or persons.
30. To carry on any other business, service and activity, ancillary or incidental to any of the activities referred to above which may seem expedient for the Company to enhance, directly or indirectly, the value or profitability of the Company, and which may promote the principles of mutuality and techniques of mutual assistance amongst the Members in any manner.

IV Territories to which objects extend The objects of the Company shall extend to the whole of India.

V Liability of Members The liability of the Members is limited and this liability is limited to the amount unpaid if any on the shares held by them.

VI Share Capital The Authorised share capital of the Company is Rs. _____ (Rupees Fifty Lakhs only) divided into _____ equity shares of Rs.100/- (Rupees One Hundred each).

Sl .No	Name, address Occupation of Subscriber	Number of Equity shares taken by the subscriber	Signature of Subscribers	Name, Addresses and Signature of Witness

Date:

Place

**Incorporated under Part IX-A of the Companies Act, 1956
(Producer Company)**

Company Limited by Shares

Articles of Association

of

..... Mahila Producer Company Limited

1. General

- 1.1 Wherever in the Companies Act, 1956 and or Companies Act, 2013 (to the extent applicable) it is provided that the Company shall have any right, privilege or authority if so authorised by its Articles, then by virtue of this Article, the Company is hereby specifically authorised, empowered and entitled to have such right, privilege or authority, as have been permitted by the Act without there being any specific provision and or separate Article in that behalf herein provided.
- 1.2 Regulations contained in Table 'A' of Schedule I of the Companies Act, 1956 and Table F of Schedule I of the Companies Act, 2013 (to the extent applicable) shall not apply to the Company.
- 1.3
- i. The Company is a producer company within the meaning of Section 581A(l) of the Companies Act, 1956.
 - ii. All the limitations, restrictions and provisions of the Companies Act, 1956 read with Companies Act, 2013 (to the extent applicable), other than those specified in Part IXA of the Companies Act, 1956, applicable to a private company shall, apply to the Company, and as if it is a private limited company in so far as they are not in conflict with the provisions of Part IXA of the Act.
 - iii. The company is deemed to be a private Company within the meaning of the Companies Act, 1956 read with Companies Act, 2013 (to the extent applicable) with such minimum paid up capital as may be prescribed under the applicable provisions of the Companies Act, 2013 and accordingly,
 - a. Restricts the right to transfer its shares in the manner and to the extent hereinafter provided; and
 - b. Prohibits any invitation to the public to subscribe for any shares on, or debentures of, the Company.

2. Definitions

- 2.1 In the Articles and the Memorandum of Association of the Company, unless the context otherwise requires, words or expressions shall have the meanings as provided below.

- i. **'Act'** means the Companies Act, 1956 (1 of 1956) unless specified otherwise.
- ii. **'Active Member'** means a Member who fulfils the quantum and period of patronage of the Company as laid down by the Board.
- iii. **'Articles'** means Articles of Association of the Company for the time being in force.
- iv. **'Board'** or **'Board of Directors'** means the board of directors of the Company constituted under the provisions of the Act and the Articles.
- v. **'Chairman' or 'Chairperson'** means Chairman of the Board of Directors, for the time being of the Company.
- vi. **'Chief Executive'** means an individual appointed as such under the provisions of the Act.
- vii. **'Company'** means the Mahila Producer Company Limited, registered under Part IXA of the Companies Act, 1956.
- viii. **'Director'** means the Director, for the time being of the Company.
- ix. **'Financial Year'** means the period ending on the 31st day of March every year, and where it has been incorporated on or after the 1st day of January of a year, the period ending on the 31st day of March of the following year, in respect whereof financial statement of the company is made up.
- x. **'Limited Return'** means the maximum dividend, as laid down in the Articles.
- xi. **'Member'** means an individual woman Producer admitted as a Member of the Company.
- xii. **'Officer'** includes any Director or Chief Executive or Secretary or any person in accordance with whose directions or instructions part or whole of the business of the Company is carried on.
- xiii. **'Mutual Assistance Principles'** means the principles set out in Part IXA of the Act, and as provided in article 3.
- xiv. **'Patronage'** means the extent to which a Member participates in the business of the Company by quantity of primary produce supplied and such other criteria as may be decided by the Board from time to time.
- xv. **'Patronage Bonus'** means payments made by the Company out of its surplus income to the Members in proportion to the value of their respective Patronage.
- xvi. **'Primary Produce'** means milk, vegetables, fruits, Non-Timber Forest Produce, fish, meat, egg or any other produce arising from agriculture, horticulture, pisciculture, NTFP collection and dairy farming (including animal husbandry) and any other product including by-products of such produce, that would assist

or promote any of the aforesaid activities or anything ancillary thereto, and any activity which is intended to increase the production or improve the quality thereto.

- xvii. **‘Producer’** means any person engaged in production of any Primary Produce or collection of NTFP in which the Company is engaged.
- xviii **‘Producer Company’** means a body corporate having objects or activities specified in the Act and registered as a Producer Company.
- xix. **‘Secretary’** means an individual appointed as such under the provisions of the Act read with Companies Act, 2013 (to the extent applicable)
- xx. **‘Withheld Price’** means part of the price due and payable for the produce supplied by any Member to the Company; and as withheld by the Company for payment on a subsequent date in the manner specified in the articles.

2.2 Interpretation

In the Articles unless the context otherwise requires:

- i. Words importing the masculine gender shall be taken to include feminine; and
- ii. The term ‘article’ refers to the specified provision(s) of the Articles hereof.

3. Mutual Assistance Principles

- 3.1 The Membership shall be voluntary and available to all eligible persons who agree to make use of the services of the Company and are willing to abide by the provisions of the Memorandum and the Articles of Association of the Company.
- 3.2 The Company shall be administered by a Board consisting of persons elected or appointed as Directors, and the Board shall be accountable to the Members.
- 3.3 There shall be Limited Return on share capital.
- 3.4 The surplus arising out of the operations of the Company shall be distributed amongst the Members as Patronage Bonus after providing for Limited Return on share capital, transfer to reserves, providing for development of business, education of members etc. as may be decided by the Board/General Body of shareholders.
- 3.5 The Company may co-operate actively at local, national and international level with other producer companies, cooperatives, other entities and organisations.

4. Membership

- 4.1 The Company may have individual women Producers as its Members.
- 4.2 Qualifications and procedure for obtaining Membership
 - i. An individual woman Producer engaged in production of primary produce or collection of NTFP would be eligible for applying for Membership of the Company. Membership shall be limited to only one producer from each household.

- ii. An individual woman Producer desirous of becoming a Member of the Company shall apply in prescribed application form to the Company and undertake in writing to abide by the provisions of the Memorandum and the Articles of Association of the Company.

In addition, she will pay a non-refundable admission fee, subscribe to equity shares of the Company and satisfy other conditions laid down by the Board from time to time.

- iii. No person, who has any business interest which is in conflict with business of the Company, shall become a Member of the Company.
- iv. Such an individual woman Producer shall become a Member after the Board of Directors passes a resolution accepting her admission as a Member.

4.3 Conditions for continuation and cancellation of Membership

- i. Membership shall continue as long as a Member does not fail to meet the criteria as may be prescribed by the Board from time to time.
- ii. A Member, who acquires any business interest which is in conflict with the business of the Company, shall cease to be a Member of the Company.
- iii. Any Member who is not eligible to continue as a Member shall be served a written notice by the Company for removal as Member and given an opportunity of being heard. The Member would need to reply to the notice within the stipulated period as specified in the notice. Thereafter, the Board shall take a decision in the matter.

4.4 Voting Rights of Member

Every member shall have a single vote, provided the member remains an active member throughout the year. However, at the first Annual General Meeting of the Company, all members shall have a single vote each.

4.5 Price to be paid to the Members

The members shall be paid price for the produce supplied as per the guidelines framed by the Board.

4.6 Information to Member

The Members may obtain information relating to the general business of the Company.

4.7 Active Member

The Board, if so desires, lay down the criteria with respect to quantum and period of patronage for an Active Member. An active member is a member who has patronized the company by supplying a minimum quantity of primary produce in year that is to be decided by the Board of Directors from time to time.

5. Funds

Funds may be raised by (i) issue of equity shares to Members, (ii) admission fee and deposits from Members, (iii) issue of debentures to Members, (iv) loans and advances and (v) grants, aid, subsidies and donations.

6. Share Capital

- 6.1 The authorised share capital of the Company shall be as stated in clause VI of the Memorandum of Association of the Company.
- 6.2 The share capital of the Company shall consist of fully paid-up equity shares only.
- 6.3 The shares held by the Member in the Company, shall as far as may be, be in proportion to her or its patronage.
- 6.4 The share capital of the Company shall be under the control of the Board who may allot or otherwise dispose of the same to such members in proportion to the Patronage, as far as may be, and on such terms and conditions against payment in cash or kind or in lieu of the whole or part of the sale proceeds of produce or products supplied by the Members, and at such times and for such consideration as the Board may decide.
- 6.5 The Company may, by Ordinary Resolution:
 - i. increase the share capital;
 - ii. consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - iii. sub-divide its existing shares or any of them, into shares of smaller amount than is fixed by the Memorandum of Association, subject, nevertheless, to the provisions of the Act; and
 - iv. Cancel any shares which have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.
- 6.6 The Company may reduce in any manner in accordance with the provisions of the Act, (i) its share capital, (ii) balance in the securities premium account, (iii) capital reserves, and (iv) reserves arising out of amalgamation, merger, division, reorganization, reconstruction or in any other manner.
- 6.7 The Board may at any time decide to issue equity shares in a dematerialized form, and also compulsorily convert the existing equity shares in a dematerialized form.
- 6.8 The Company may purchase its own equity shares in accordance with the provisions made under the Companies Act, 1956 read with Companies Act, 2013 (to the extent applicable).
7. Transfer of equity shares

Subject to the provisions of Sections 581 ZC and 581ZD of the Act, a Member may transfer the whole or part of her shares to a Member after obtaining the prior approval of the Board.

8. Surrender of equity shares

8.1 Where the Board is satisfied that any Member has failed to retain the qualifications as a Member, the Board shall direct the Member to surrender her shares to the Company at par value or such other value as determined by the Board.

8.2 The Member also, if so desires, apply to the Company to surrender her equity shares. After the receipt of application from the Member, the Board may take a decision in the matter. The Board shall prescribe the procedure for surrender of equity shares.

8.3 A surrendered equity share shall be deemed to be the property of the Company and may be sold to members or otherwise cancelled as the Board thinks fit.

Management of Producer Company

9. Board of Directors

9.1 The Company shall be governed by the Board consisting of persons elected or appointed as Directors.

9.2 The Board of the Company shall have at least five and not more than eleven Directors. The Board may co-opt one or more Expert Directors not exceeding one-fifth of the total number of Directors for such period as the Board may deem fit.

9.3 The subscribers who have signed the Memorandum and the Articles of Association have designated Five Directors, who shall govern the affairs of the Company until the directors are elected. The election of Directors shall be conducted within a period of ninety days of the registration of the Company.

9.4 The Board shall from time to time with the approval of the General Body of shareholders decide the criteria for categorising members into different classes based on patronage.

9.5 i. The number of positions on the Board representing each class of members, to the extent possible, shall be based on patronage of the respective class. However, for the first 3 years of the operations of the Company, this requirement can be waived by the Board.

ii. Directors representing a particular class of members shall be elected / appointed from amongst and by the respective class of members.

9.6 i. One fourth of total elected Directors shall retire by rotation at every Annual General Meeting of the Company and the position vacated by rotational retirement shall be filled up ensuring the representation in accordance with article 9.5.

- ii. The vacant position on the Board as per 9.6 (i) shall be filled based on the recommendation of the Nominating Committee appointed by the Board.
 - iii. Every Director, who retires in accordance with the articles, shall be eligible for re-appointment as Director. However, no person shall be elected / appointed as Director for more than two consecutive terms.
- 9.7 To fill the vacant position(s) on the Board or otherwise, the Board may co-opt Additional Director(s) and the Director(s) so appointed shall hold office till the next Annual General Meeting of the Company or for a shorter period if the Board decides so at the time of appointment.
- 9.8 The Directors at its meeting shall elect a Chairman from amongst the Directors, other than the Expert Director and the Chief Executive, for a period of four years. For the election of the Chairman of the Company, the Expert Director and the Chief Executive will not have voting rights.
- 9.9 The Chairman shall preside over the meetings of the Board. In her absence, the Directors present shall elect one of the elected Directors to preside over the meeting.
- 9.10 A meeting of the Board shall be held not less than once in every three months and at least four such meetings shall be held every year.
- 9.11 Notice of every meeting of the Board of Directors shall be given in writing to every Director for the time being in India, and at his/her usual address in India to every other Director.
- 9.12 The Chief Executive shall give notice as aforesaid not less than seven days prior to the date of the meeting of the Board.
- Provided that a meeting of the Board may be called at shorter notice and the reasons thereof shall be recorded in writing by the Board.
- 9.13 The quorum for a meeting of the Board shall be one-third of the total strength of directors, subject to a minimum of three including the presence of at least one elected Director and one Expert Director. Notwithstanding the above, the quorum for the meeting of the Board of Directors shall not require the presence of the Expert Director in case there is no Expert Director on the Board of the Company.
- 9.14 All the decisions of the Board shall be decided by a majority vote. Each Board Member shall have one vote. In the case of equality of votes, the Chairman or the person presiding shall have a casting vote except for election of Chairman.
- 9.15 No Director shall participate on any matter in which she has personal interest except as a member.
- 9.16 An elected Director shall cease to be member of the Board on her losing the status as a Member of the Company. Also, a Member shall not be eligible for appointment as a Director on the Board or the office of the Director shall become vacant if:

- i. she is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months;
- ii. the Producer Company, in which she is a director, has made a default in repayment of any advances or loans taken from any company or institution or any other person and such default continues for ninety days;
- iii. she has made a default in repayment of any advances or loans taken from the Producer Company in which she is a director;
- iv. the Producer Company, in which she is a director:
 - a. has not filed the annual accounts and annual return for any continuous three financial years commencing on or after the 1st day of April 20XX⁹; or
 - b. has failed to, repay its deposit or withheld price or patronage bonus or interest thereon on due date, or pay dividend and such failure continues for one year or more;
- v. default is made in holding election for the office of director, in the Producer Company in which she is a director, in accordance with the provisions of the Act and articles;
- vi. The member has committed any act which has damaged the interest and reputation of the Company;
- vii. The member has wilfully deceived the Company;
- viii. the annual General meeting or extraordinary General meeting of the Producer Company, in which she is a director, is not called in accordance with the provisions of this Act except due to natural calamity or such other reason;
- ix. she has failed to satisfactorily complete the prescribed training programme, as prescribed by the Board from time to time, within six months of being elected/appointed as a Director. This training programme is intended for equipping her with the requisite skill sets and knowledge to satisfactorily discharge her responsibilities;
- x. she has not passed at least 10th or equivalent standard from any recognized educational institution.
- xi. she is or becomes a member of any legislative body such as Parliament, State Legislatures, Zila Parishad/ District Council, Gram / Village Panchayat; or
- xii. she is or becomes an office bearer of any political party at any level i.e. village, Taluka, District, State or National level.
- xiii. She is of unsound mind and stands so declared by a competent court.

⁹ The year of financial transaction to be added.

xiv She is an un-discharged insolvent or has applied to be adjudicated insolvent and such application is pending.

xv She has not been allotted a DIN number.

9.17 The Directors may be entitled to such fees and allowances including travelling and hotel expenses for attendance at the meetings of the Board and its Committees, if any constituted by the Board in terms of provisions of section 581U of the Act, as may be decided by the Board.

9.18 Powers and Functions of the Board

- i. Subject to the provisions of the Act and the Articles, the Board shall exercise all such powers and to do all such acts and things, as that the Company is authorised so to do.
- ii. In particular and without prejudice to the generality of the foregoing powers, such powers may include the following matters, namely:
 - a. determination of the dividend payable;
 - b. determination of the quantum of withheld price;
 - c. recommend patronage bonus to be approved at General Meeting;
 - d. admission of new Members;
 - e. pursue and formulate the organisational policy, objectives, establish specific long-term and annual objectives, and approve corporate strategies and financial plans;
 - f. appointment of a Chief Executive;
 - g. approval of organization structure of the Company;
 - h. acquisition or disposal of property of the Company in its ordinary course of its business;
 - i. investment of the funds of the Company in the ordinary course of its business;
 - j. sanction any loan or advance, in connection with the business activities of the Company to any Member, not being a Director or his/her relative;
 - k. constitute a Nominating Committee in terms of the provisions of section 581U of the Act, to scrutinize applications received from eligible Members for positions on the Board based on the defined criteria as approved in the General meeting and as provided in these Articles, and accordingly recommend eligible members to the Board for its consideration. In turn the Board, after due consideration in the Board meeting, shall recommend Members for the position on the Board to be elected or appointed by the Members in the Annual General Meeting; and
 - l. approve interim budget which shall form integral part of the budget to be approved at Annual General Meeting (AGM);
 - m. take such other measures or do such other acts as may be required in the discharge of its functions or exercise of its powers.
- iii. The Board shall exercise its powers at its duly convened meeting where the required quorum is present to transact the business.

9.19 Liability of Directors

- i. When the directors vote for a resolution, or approve by any other means, anything done in contravention of the provisions of the Act or any other law for the time being in force or the Articles, they shall be jointly and severally liable to make good any loss or damage suffered by the Company.
- ii. The Company shall have the right to recover from its Directors:
 - a. Where such Director has made any profit as a result of the contravention specified in the Act, an amount equal to the profit so made.
 - b. Where a company incurred a loss or damage as a result of the contravention specified in the Act, an amount equal to that loss or damage.
- iii. The liability imposed under article 9.19 (ii) shall be in addition to and not in derogation of a liability imposed on a Director under any other provision of the Act or any other law for the time being in force.

9.20 Removal of Director

A Director may be removed by simple majority of the Members present and voting at the General Meeting in accordance with the provisions of the Act.

10. Chief Executive and his functions

10.1 The Company shall have a full time Chief Executive, by whatever name called, who shall be appointed by the Board.

10.2 The Chief Executive shall be Ex officio Director of the Board and such Director shall not retire by rotation.

10.3 The qualifications, experience and the terms and conditions of service of the Chief Executive, including the remuneration payable to Chief Executive, shall be such as may be determined by the Board.

10.4 The Chief Executive shall be entrusted with substantial powers of management as the Board may determine. Without prejudice to the generality of the foregoing, he shall also exercise powers and discharge the functions laid down in the Act.

11. General Meetings

11.1 The Company shall in each year, hold, in addition to any other meetings, a General Meeting, as its Annual General Meeting and shall specify the meeting as such in the notices calling it, and not more than fifteen months shall elapse between the date of one Annual General Meeting of the Company and that of the next.

11.2 Every General Meeting shall be called, for a time during business hours, on a day that is not a public holiday and shall be held at the registered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situated.

11.3 A General Meeting of the Company shall be called by giving not less than fourteen days prior notice in writing.

11.4 i. At any General Meeting, a resolution put to the vote of the meeting shall, unless a poll is demanded under the Articles, be decided by show of hands.

- ii Before or on the declaration of the result of the voting on any resolution on a show of hands, a demand for a poll can be made by one-tenth of the total number of Members or 100 Members, whichever is lower, present in person or by proxy.
- 11.5 The Company may, if permissible, allow the Members of the Company to participate in any General Meeting through electronic mode.
- 11.6
 - i.
 - a. Attendance of such number of Members as provided in the Act shall form the quorum for the General Meeting.
 - b. Attendance either in person or by proxy shall be considered for the purpose of quorum.
 - c. No person shall be appointed a proxy unless she is a Member.
 - d. A proxy shall be entitled to vote on a show of hands as well as in a poll.
 - ii. If there is no quorum within half an hour from the scheduled time of meeting, the meeting shall stand adjourned to reassemble on the same day at the same place after three hours from the appointed time. If at the reassembled meeting, the quorum is not present within half an hour, the Members present shall constitute the quorum and may transact the business for which the meeting was called.
- 11.7 The Company shall hold its first Annual General Meeting within a period of ninety days from the date of its incorporation.
- 11.8 The Memorandum and Articles of the Company shall be laid before the first Annual General Meeting.
- 11.9 The Members shall adopt the Articles of the Company and appoint directors of its Board in the first Annual General Meeting.
- 11.10 The notice calling the Annual General Meeting shall be accompanied by the following documents, as approved by the Board namely:
 - i. the agenda of the Annual General Meeting;
 - ii. the minutes of the previous Annual General Meeting or the Extra-Ordinary General Meeting;
 - iii. the names of candidates, if any, to the office of director including a statement of qualifications in respect of each candidate;
 - iv. the audited balance sheet and profit and loss accounts of the Company and its subsidiary, if any, together with a report of the Board of Directors of the Company with respect to:
 - a. the amount proposed to be carried to reserves;
 - b. the amount to be paid as Limited Return on share capital;
 - c. the amount proposed to be disbursed as Patronage Bonus;
 - d. any other matter of importance relating to energy conservation, environmental protection, expenditure or earnings in foreign exchanges;

- e. any other matter which is required to be, or may be, specified by the Board;
 - v. the text of the draft resolution for appointment of Auditors; and
 - vi. the text of any draft resolution proposing amendment to the Memorandum or Articles to be considered at the General Meeting, along with the recommendations of the Board.
- 11.11 The following powers shall be exercised only at the Annual General Meeting, namely:
- i. approval of budget and adoption of annual accounts of the Company;
 - ii. approval of Patronage Bonus;
 - iii. issue of Bonus Shares;
 - iv. declaration of Limited Return and decision on the distribution of Patronage;
 - v. specify the conditions and limits of loans that may be given by the Board to any Director;
 - vi. approval of the criteria for categorising members into different classes;
 - vii. approval of guidelines for constitution of Nominating Committee in order to scrutinize the application for vacant position by eligible members and recommend the same for consideration at the Annual General Meeting through the Board; and
 - viii. approval of any transaction of the nature as is to be reserved in the Articles for approval by the Members.
- 11.12 An Extra-Ordinary General meeting may be called at any time:
- i. By the Board; or by the Board on the requisition made in writing, duly signed and setting out the matters for the consideration, made by one-third of the Members entitled to vote in any General Meeting, proceed to call an Extra-Ordinary General Meeting in accordance with the provisions contained in the Act.
 - ii. If the meeting is called upon requisition by Members and there is no quorum within half an hour from the appointed time of the meeting, the meeting shall stand dissolved.
 - iii. All items of business to be transacted at the General Meeting shall be deemed as Ordinary and the provisions of section 102 of the Companies Act, 2013 shall not apply.
12. **Investments out of the General reserves**
Investments out of the General reserves shall be made in accordance with the provisions of Act and Rules framed there under from time to time.

13. **Bonus Shares**
The Company may, upon recommendation of the Board and passing of resolution in the General Meeting, issue bonus shares by capitalization of amounts from General reserves in proportion to the shares held by the Members on the date of the issue of such shares.
14. **Amalgamation, Merger and Division**
As provided under the provisions of the Act, the Company by a resolution passed at its General Meeting may decide to transfer its assets and liabilities, in whole or in part, to any other Producer Company, to divide itself into two or more new Producer Companies, to amalgamate and form a new Producer Company, or to merge with any other Producer Company.
15. **Loans and advances etc. to the Members and to any Director or his relative**
- 15.1 Subject to the provisions of the Act, the Board may provide financial assistance to the Members by way of (a) credit facility, to any Member, in connection with the business of the Company; (b) loans and advances, with or without security to any Member.
- 15.2 Any loan or advance to any Director of the Company or his/her relative shall be granted only after the approval by the Members at a General meeting.
16. **Investment in other companies, formation of subsidiaries, etc.**
Subject to the provisions of the Act, the Company by previous approval of Members at its General meeting, may make investments and dispose of any such investments in other companies, enter into partnership, agreement or arrangement with any person or body corporate whether by way of formation of subsidiary company, joint venture, partnership, or in any other manner, and to promote any other company or companies including Producer Company or Companies, for the purpose of promoting and consistent with the objects of the Company.
17. **Internal Audit**
The Company shall have internal audit of its accounts carried out at such interval and in such manner as may be decided by the Board.
18. **Books of account**
The books of account shall be kept at the Registered office of the Company in accordance with and as provided under the provisions of the Act. If the Company has any branch office, the books of accounts shall be kept as per the provisions of the Act applicable for keeping the books of accounts of branch office.
19. **Common Seal**
- 19.1 The Board shall provide for the safe custody of the common seal, if any.
- 19.2 The common seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the common seal of the company is so affixed in their presence.

19.3 All deeds, agreements, instruments, letters, bonds, affidavits, declaration, indemnities, power of attorney and other documents of any nature whatsoever entered into by the Company shall be executed by such person(s) duly authorised by the Board or the Committee thereof.

20 **Secrecy Clause**

20.1 Every Director, Chief Executive, Officer, manager, secretary, trustee, Member of a committee, servant, agent, accountant or any other person employed in the business of the Company shall observe strict secrecy respecting all transactions of the Company except when required so to do by a Court of Law and except so far as may be necessary in order to comply with any of the provisions contained in the Articles.

20.2 No Member shall be entitled to inspect the Company's books or will be given any confidential information relating to the business of the Company without the permission of the Board of Directors of the Company.

21. Resolution of Disputes

Any dispute relating to the formation, management or business of the Company as provided under the provisions of the Act shall be settled by conciliation or by arbitration as provided under the Arbitration and Conciliation Act, 1996, and the decision of the arbitrator on the dispute shall be final.

Annexure II – Case Studies referenced in the document

ARANYAK MAHILA AGRI PRODUCERS COMPANY

Amrita Dhiman | E N Reddy | Sridhar Telidevera | K V Raju

Abstract

The districts of Khagaria, Madhepura and Purnea in the north east of Bihar are major producers of rabi maize crop but they are at the mercy of market intermediaries like village traders and commission agents when it comes to marketing their produce. Keen on taking the focus of Self Help Groups (SHGs) beyond member savings and internal loaning with bank linkages, the Bihar Rural Livelihoods Promotion Society (BRLPS)/JEEVIKA decided to form Producer Groups (PGs) in these districts. To demonstrate the increased returns to farmers through produce aggregation and collective marketing, a pilot project was started in Purnea district through the registered Producer Company “Aranyak Agri Producer Company Limited” (AAPCL).

In documenting the business model, the study team has adopted a modified Customer Value Proposition (CVP) Business Model that emphasises four elements, namely: a value proposition that fulfils an important need for the customer in a better way than competitors’ offerings do; a profit formula that lays out how the venture makes money while delivering the value proposition; the key resources; and key processes needed to deliver that proposition. The study maps the maize value chain from the seed production and supply agencies, suppliers of other key production inputs, producer farmers, local grain traders and brokers, wholesalers, commodity exchanges, and to end-use buyers.

An important finding of the study was that the formation of the PGs and the AAPCL has impacted the entire maize value chain by way of reduced cost of cultivation, dilution of lock-in of the farm output to local trader who traditionally supplied farm inputs on credit; and a better price realisation which was 20% higher than what had been realised in previous years from sales to local traders and mandi sales. The benefits to the members have led to an increase in the maize procurement by the AAPCL from 10,060 quintals in the first year of its operation (2014-15) to 30,348 quintals in the following year and both the number of PGs and the scale of procurement by the AAPCL are expected to grow in the coming years with improved livelihood support to the farmers participating in the project.

1.0 Introduction

1.1 Maize Intervention of Bihar Rural Livelihood Promotion Society (BRLPS)

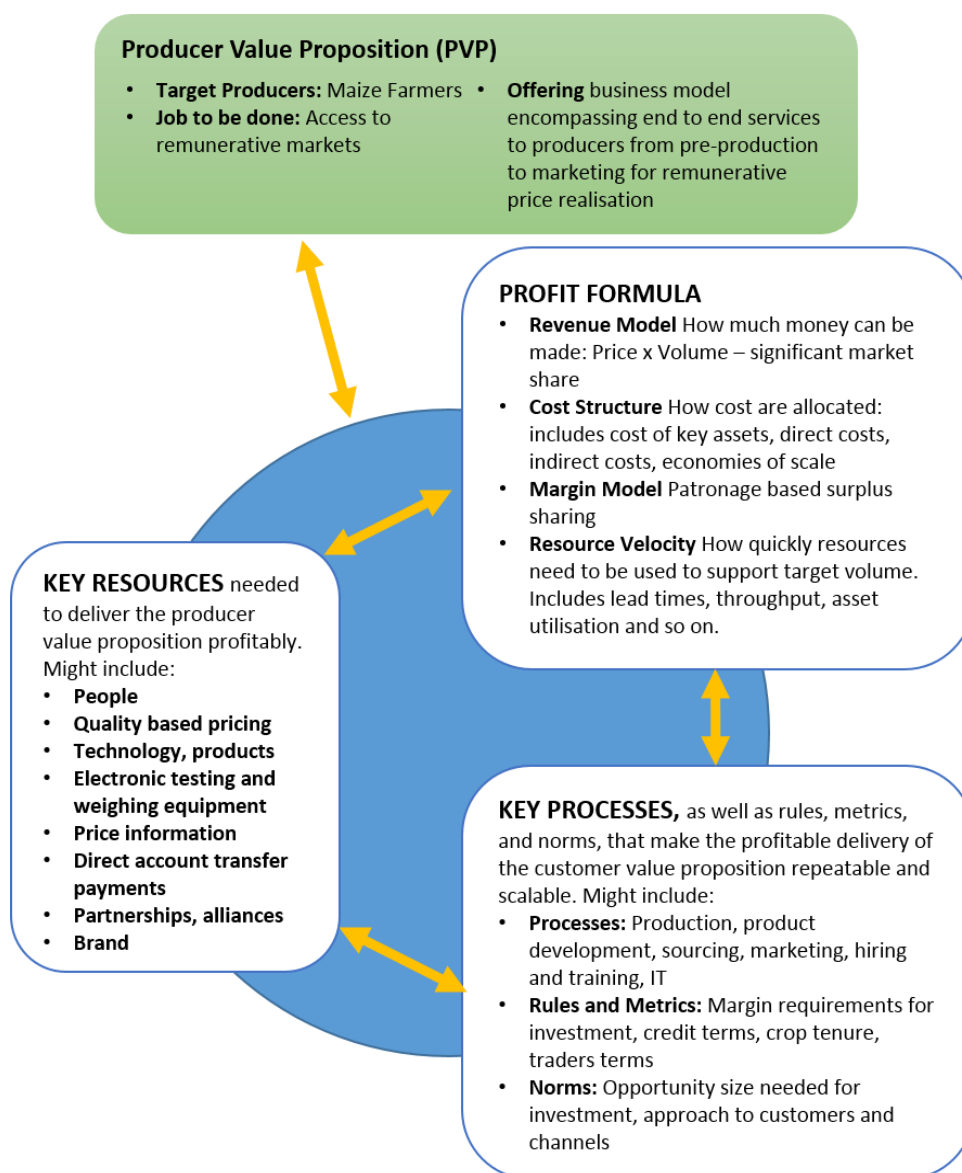
BRLPS/JEEVIKA is an autonomous society functioning under the Department of Rural Development, Government of Bihar, with the mandate of implementing the activities of State Rural Livelihoods Mission. In order to improve the livelihoods of rural poor, JEEVIKA has built a strong base of community institutions in the form of women Self-Help Groups (SHGs) and federated them into Village Organisations (VOs) and Cluster Level Federations (CLFs), which has brought more than one million households into this network. While these grassroot-level institutions have



mainly focused on member savings and internal loaning along with bank linkages; in order to improve returns from farm based/non-farm based economic activities, it is necessary to increase their productivity and create appropriate market linkages. Towards realising this objective, the project therefore formed Producer Groups (PGs) comprising of 40-120 producers related to paddy, wheat, maize, pulses, vegetables, etc. It was expected that members of Producer Groups would be able to participate better in the value chain and reap benefits on account of lower input costs due to economies of scale, strength of collective bargaining, and better returns due to produce aggregation and gaining access to efficient and sustainable markets. Thus, with an aim to demonstrate the increased returns to farmers through produce aggregation and collective marketing, a pilot project was started in Purnea district through the already-registered Producer Company “Aranyak Agri Producer Company Limited” (AAPCL).

2. The Customer Value Proposition

The study team adopted the Customer Value Proposition (CVP) Business Model articulated in “Reinventing your Business Model”, by Johnson, M. W., Christensen, C. M., & Kagermann, H. Harvard Business Review, 50–60 (2008) with a **producer centric perspective**. The underlying assumption is that successful ventures already operate according to a business model that can be broken down into four elements: a *customer value proposition* that fulfils an important job for the customer in a better way than competitors’ offerings do; a *profit formula* that lays out how the venture makes money delivering the value proposition; and the *key resources* needed to deliver that proposition. **Picture: Pro-Producer Value Proposition Business Model**



2. Aranyak Agri Producer Company Limited

2.1 Genesis

Aranyak Agri Producer Company Limited (AAPCL) is a federation, promoted by the Bihar Rural livelihood Project (a poverty alleviation project of Government of Bihar), of small & marginal women farmers organised into Producer Groups (PGs) and individual farmers.

The company was incorporated in the month of Nov' 2009 with its registered office at Purnea. The Producer Company has an authorised share capital of Rs. 5 Lakh and it was able to initially mobilise a paid up share capital of Rs. 1 lakh by issuing 20 shares each (with a face value of Rs.10/-) to 500 families. The present membership of the company is 2,465.

The vision of AAPCL is to improve rural livelihoods, especially of poor, small and marginal women farmers through income enhancement by establishing their self-governed, sustainable & efficient backward & forward support systems. To fulfil its vision, it has also spelled out a comprehensive mission statement, whereby it is working towards "enhancing productivity & net returns of shareholders (small and marginal women farmers) by developing market-led production system & enable farmers' and their institution to flourish independently in the competitive agribusiness environment."

The foremost long-term business goal of AAPCL is to be a successful and viable farmers' institution in order to:

- Fulfil the needs of small & marginal women farmers by timely supply of all major, quality agricultural inputs like good seeds, fertilisers, pesticide, farm machineries, farm tools & others with competitive price to all shareholders.
- Provide support to the members for better marketing of their produce, having shareholders of minimum 2500 farmers along with coverage of 40% of SHG members.

Thus, the objectives of the producer company may be spelled out as under:

1. Production, procurement, processing, packing, storage, marketing, selling, distribution and trading of all Agriculture commodities.
2. Production, Procurement Processing, Storage and marketing of Vermi compost.
3. Supply of agriculture inputs like quality seeds, compost, chemical fertilisers, pesticides and farm machineries & farm equipment to support the good agriculture production in time and with appropriate price.
4. Extension activities relevant for effective and efficient agribusiness management at farm level and providing consultancy services to both shareholders and other interested farmers for profitable agri-business ventures.

Thus, AAPCL was formed by JEEVIKA to improve the livelihoods of women farmers of Purnea district. The Maize producers groups were formed out from already members of SHGs promoted by JEEVIKA and thus were aware of the benefits joining community-based institutions. In the initial years the PC played a very limited role like promotion of usage and supply of Vermi compost and other agri-inputs and suffered losses and almost became dormant.

During the year 2014, a **baseline survey** was conducted by JEEVIKA and Technoserve, an international not-for-profit organisation, among 20 PGs to understand the Maize cultivation and marketing practices, i.e. average area under cultivation, source of inputs, cost of production, average production and productivity, marketable surplus, marketing channels and price realisation, etc. The base line survey clearly established that the Maize producers have no access to modern agricultural practices and they have been selling their produce mostly at the village level itself to local traders. The producer members of PGs and Aranyak PC had no access to modern, fair marketing channels. JEEVIKA in partnership with Technoserve, decided to undertake a pilot in Dhamdaha block of Purnea to demonstrate the possibility of increased returns through Maize aggregation and collective marketing through the farmer producer organisations (PGs and PC).

In order to ensure better prices to maize producers the pilot aimed at:

- Establishing a transparent, scientific price discovery mechanism on a daily basis by factoring the prices of local/village trader and prices prevailing in Gulab Bagh mandi and NCDEX.
- Adopting modern, fair electronic weighing systems as against the manual weighing practices adopted by the village trader.
- Adoption of fair grading practices for determining the grade of Maize (A,B or C) by using digital moisture meter and scientific grading chart, as against the manual grading process followed by the local trader which is highly subjective
- Implementing timely, transparent payment system by crediting the amounts in farmer member's bank account directly within a maximum period of 5 days.
- Eliminating multiple market intermediaries like village level trader, commission agent and large trader at Gulab Bagh mandi among others, before the produce is sold to institutional buyers.

Based on the baseline survey, ten most potential PGs have been selected by the Producer Company for the Maize aggregation and market linkage operations during 2014-15. The coverage of PGs has been increased to 27 in the next year (2015-16).

2.2 Price Realisation

Though the maize yield of Purnea at 35-40 quintals per acre is high, the producer group members expressed that break even for a farmer happens only if the maize production is greater than 30 quintals. The harvest prices realised by the farmers in the state as well as the district are lower than the minimum support price (MSP) of Rs.1325 per quintal, despite the fact that Rabi maize produced in the area has fetched a very good price in the Asian markets.

Main reasons for lower price are:

- Absence of an effective agricultural produce marketing mechanism,
- Lack of proper drying facilities, high costs of tarpaulins and insufficient storage space
- Credit linked sale - farmers borrow necessary working capital from local traders and thus forced to sell their produce to the local trader
- High logistics cost of transporting maize to local mandi



2.3 Buying Practices of Local Traders

The local traders may, at times, purchase the produce at a higher price than the existing market price but incorrect weighing and grading practices adopted by them fetch a lower price. The members felt that the loss on account of unfair practices is as high as 5 kg per quintal. The percentage of members who borrow from the local traders is around 75% of the total producer group members.

2.4 Availability of Labour

The availability of agricultural labour in the region is not a problem as the household members who migrate on seasonal basis return home at the time of sowing and harvest of the crop. The agriculture labour is paid in either in kind or cash. The labour costs for male and female are Rs 200 and Rs 100 per day with lunch being an added benefit. However, the PC is experiencing difficulty in finding labour for collecting the produce and to transport the produce. Due to uncertainty in the collection quantities on any given day, some days the procurement team and labour either remain idle or have too much on demand to do. Labour and transport vehicles are engaged on throughout the season contract on substantial fixed plus little variable payments basis.

Picture: Grain moisture measured by moisture meter and manually by traders



Source: Field survey in Bihar grain market, 2016

2.5 Members Expectations

The members expressed the need for development of complete package of services including supply of inputs like seed, fertiliser, pesticides and working capital for crop production. They were in complete agreement that collectivisation has given them an advantage in the market and the necessary backward linkages can decrease the input costs into production and free them from 'credit linked-sales' to the local traders on whom many of them are dependent for inputs including seeds and fertilisers on credit. They desire that PC obtain dealership license for fertiliser and pesticides



supply so that the same can be made available at lower prices to members. Similarly, they discussed the advantages of having own seed production plan and processing unit or a tie-up with key seed manufacturing companies.

The members as well as the directors of the company stressed on the importance of mobilising savings to meet capital requirements for setting up feed industry as part of developing forward linkages as it adds more value to the production process. The directors of the company and some of the members of the producer group have visited model collectives in places like Mulukanoor in Telangana state to study, understand and strive for implementing integrated value chain in their company. Further to the visits the promoting institutions have developed training material and provided the members with appropriate training in good practices for maize cultivation.

2.6 Operations of PC

The overall quantity available for procurement from producer groups is approximately estimated to be 30,000 tonnes and in the year 2016-17. PC has procured 3100 MT up to June 18, 2016. The reasons for lower procurement quantity are lock-in with traders who supplied inputs on credit, PC's access to limited working capital, and members' strategy to sell to the PC when the prices are higher. The members of Producer Groups have gained sufficient market insights as to when to sell their produce so that it fetches a higher price. The spot prices are announced every day and the members decide whether to sell the produce or not on that day.

2.7 Member Participation in Producer Company's Commercial Operations

The Aranyak Agri Producer Company started its Maize procurement activities during FY 2014-15 with 10 Producer Groups (PGs) spread over two clusters viz., Amari and Meerganj. During the year, a total quantity of 10060 quintals was procured from 243 members spread over 10 PGs. Thus in the initial year 9.78% of total membership of 2485 participated in the commercial operations.

On an average each member contributed to 41.40 qtls. of Maize at an average realisation of Rs.1008/- per quintal. Additionally members were paid a patronage bonus of Rs.50/- per qtl. The supply of Maize from different PGs ranged from 372 qtls (Dhanteras PG) to 1709 qtls. (Khushiali PG).

During the second year, Maize aggregation from PGs registered a substantial increase of around 202%, from 10,060 qtls to 30,348 qtls. Simultaneously, the farmer member participation in the procurement also showed a significant jump with a total of 817 members from 27 PGs (32.88 % of total membership) contributing to the procurement, at an average of 42 qtls. Members realised an average price of Rs.1,149/- per qtl. As the PC is yet to make patronage bonus payment ,assuming that same level of Bonus payment would be made during second year, the average realisation works out to y Rs.1200/- per quintal (approx.), an increase of over 13% .

It is significant to note that there has been no increase in per member contribution (around 42 qtls.) indicating that higher procurement could be made due to an increase in number of PGs. The PC needs to take up intensive member awareness programme to encourage members to trade a maximum share of their produce through PC.

An analysis of performance of different PGs which participated in Maize aggregation during both 2014-15 and 2015-16 reveals that a majority (7 out of 10) of the PGs have either maintained or improved their contribution, implying members confidence in the collective enterprise. However, in case of Khushiali PG and Dhanteras PG there has been a sharp decline in procurement. While Khushiali PG, which made handsome procurement of 1,710 quintals in 2014-15 made a poor procurement of only 907 quintals in the following year, in case of Dhanteras PG the performance has been even more disappointing with a procurement of only 118 qtls in the second year as compared to 372 qtls made during the first year. In case of Dhansahyog PG, there has been a marginal decline in procurement; against a first year procurement of 1,287 qtls the PG procured 1,214 qtls in the next year. The Producer Company needs to look in to the reasons for this reduction in procurement and take necessary remedial measures to build members confidence in the system. The Producer Group wise procurement details are given at Annexure.

3.0 Profit Formula

3.1 Revenue Model

The Revenue model adopted by the Producer Company envisaged realisation of best possible price by selling the same to national level institutional traders rather than local traders. For this purpose, the PC has partnered with NCDEX e-Markets Limited (NeML) and also hired a NeML/NCDEX accredited warehouse for storing the material to enable off season sale for better price realisation.

In the initial year of operations a total of 1006 MT could be procured from 279 farmer members spread over 10 PGs. The PC sold 290 MT through the electronic platform of NCDEX (spot basis), at an average sale realisation of Rs. 1132/-per quintal while 490 MT was sold through NCDEX Forward sale, at an average realisation of Rs.1440/-per quintal. The PC also sold around 118 MT of A grade material in the open market with a price realisation of Rs.1152/-per quintal. The balance quantity being B and C grade quality was also sold in the local Gulab Bagh mandi at an average realisation of Rs.1044/quintal. Thus it may be seen that sale through Forward trading has fetched a 20% higher price realisation in comparison to spot sales and local mandi sales. Going forward the PC should put suitable infrastructure like accredited warehouses and grading & material handling systems and risk mitigation measures in place to participate in spot and futures trading through electronic trading.

3.2 Cost Structure

Considering the fact that agri commodity markets operate on very thin margins the PC aims at reducing the cost by achieving higher volumes in the future years. At present the PC is not having significant manpower costs and other overheads as the CEO and other key managerial and field level staff are on deputation from JEEVIKA. However, once the operations stabilise the PC has to plan to recruit these personnel and other staff.

3.3 Working Capital Arrangements for Business

Each Producer Group has been given a onetime support of Rs.6.10 lakhs by JEEVIKA, Rs.1.10 lakhs towards establishment cost for purchase of electronic weighing equipment, tarpaulin, moisture meter, registers etc., and balance Rs.5.00 lakhs as revolving fund for business. For the first year of operations 10 PGs have deployed an amount of Rs.50 lakhs towards working capital; further, an amount of Rs.10 lakhs was provided as loan by Cluster Level Federation (CLF) @0.6% interest per month i.e 7.2% per annum. For the current year the PC has been successful in sourcing an amount of Rs. 100 lakhs from State Bank of India, Rs.50 lakhs from Friends of Women World Banking (FWWB), Ahmedabad, besides using internal resources of Rs.2 crores from PGs and CLF.

3.4 Price Realisation by Producer Members

During the first year of operations the members realised an average price of Rs.1008/- per quintal besides an assured Patronage Bonus of Rs. 50/- per quintal. This is an increase of 10.55 % as compared to the sale realisation of Rs. 957/-per quintal, when produce was sold to local trader.

4.0 Key Resources**4.1 People**

The company has a 5 member Board which is responsible for the overall decision making and governance. The Board appoints a Chief Executive Officer, an officer on deputation from JEEVIKA, for managing the affairs of company. The CEO is assisted by an Accountant and other Field staff involved in supporting the PGs in the areas of commercial operations and agriculture extension activities. The COO post has not been filled up yet. At present the Producer Company has very limited staff on its rolls. However, JEEVIKA, the promoting agency has provided senior and middle level managers on deputation basis.

4.2 Technology, Equipment

At each of the maize collection centres, the PC has provided electronic weighing equipment for proper weighing, digital moisture meters for moisture testing, tarpaulin, set of basic registers, etc. Furthermore, the Village Resource Person (VRP), Extension workers and Women producers have been trained in moisture testing, grading and weightment methods, which has instilled confidence among the members in the new system owing to its transparency. The members can now understand the exploitative practices of local traders. Moreover, every morning the Price Discovery Team- i.e. team of officials of PC, JEEVIKA and Technoserve- collect prices offered by the local trade, Prices of Gulab Bagh Mandi; and after factoring in the expenses involved in weightment, loading and unloading and final deliver at the warehouse, warehouse rentals, gunny bag expenses, etc. arrive at a procurement price, which is communicated immediately to all VRPs and women producers through SMSes.

4.3 Alliances, Partnerships

The JEEVIKA forged an important alliance with Technoserve in its effort to take up the maize aggregation and collective marketing at Purnea. Bill and Melinda Gates Foundation has funded a project to provide technical assistance for developing and supporting Producer Organizations, through which Technoserve is able to support the pilot project at Purnea.

Another important partnership of JEEVIKA/PC is with NCDEX e Markets (NeML) and NCDEX. The reason Aranyak Agri Producer Company has taken membership of these national level commodity trading organisations so that the producers will have access to the best possible, transparent marketing channels and vast network of buyers trading on these electronic platforms. The membership enables the Producer Company to trade Maize in both spot markets

as well as Futures markets. The company also entered into an agreement with StarAgri Warehousing and Collateral Management Limited which is an established name in warehouse management. The NeML accredited warehouse hired by the company at Gulab Bagh Mandi is managed by M/s Star Agri. As per the arrangement M/S Star Agri is responsible for safe keeping of material stored, undertaking periodical fumigation and other quality assurance measures and receipt and delivery of material stocked.

4.4 Brand

The Producer Company is yet to take up serious brand building exercise as currently it is focusing on bulk trading through electronic platforms of NeML and NCDEX. However, it is heartening to note that even on electronic trade channels the “JEEVIKA Maize” sold by Aranyak Agri Producer Company generates more interest and possibly higher price due to its better quality.

4.5 Information

The company, through a daily price discovery mechanism ensured that the members receive market prices on a daily basis, through Short Messaging Service (SMS). This had a very positive effect as the members felt confident about the transparent and scientific process. An unintended positive effect of this has been that the private trader also many a time is compelled to raise the price and offer even slightly better price.

4.6 Key Processes

The entire business model and process flow has been systematically mapped and documented to avoid communication gaps amongst the stakeholders. Realising the need for accurate information flow across the organisation and also among the stake holders, ICT has been given great thrust. The factors considered for daily price discovery are communicated through SMS on mobile, covering the grading norms, charges applicable for various services like weighing, loading/unloading transportation.

5.0 LESSONS

- Maize trading is influenced by domestic/international supply and demand conditions. Maize, besides being an important food crop, has several industrial/pharmaceutical applications. In view of this high price volatility is observed in the bulk prices. In the Indian context, as most of the Maize is grown in Kharif season, there is also a production risk leading to price volatility. Since the markets are getting increasingly integrated, through national electronic trading platforms, it is safe to assume that going forward there will be a business risk for Maize as a commodity trading.
- In order to manage the trading risk in futures markets the company must go for hedging. Further, to mitigate high level of commodity trading risk, the Producer Company should explore the opportunities to enter value added products like poultry feed manufacturing, for which captive market from JEEVIKA promoted poultry ventures would be available.
- The company should also enter in a long-term arrangement with well designed, modern warehouses accredited by NCDEX so that there is no uncertainty for storage for undertaking futures trading.
- The day-to-day and month-to-month maize price fluctuations are reasonably high and so the bonus payment system should account for both quantity sold by and prices paid to members.
- It was suggested to the Board members that the PC could consider batch wise weighted average procurement price as basis for deciding on the patronage bonus in order to even out the price fluctuations. The producer members and Board members realised the importance of such a practice as it encourages farmers to sell their

produce to the company in a predictable manner. The farmers could set a particular calendar date for the material pickup without any concern for price fluctuations and doing so would also optimise their procurement costs related to logistics. This would enable the company to optimally utilise their collection vehicles by designing the collection routes and scheduling the pickup times for material pick up as against traveling in random directions not knowing early which farmer would be interested in selling on a particular day. The latter practice lead to delay in pickups and farmers selling their produce to local traders.

- For implementing an effective input supply system it is suggested that at the beginning of the sowing season, the quantity requirements of key inputs for different members may be taken with some advance payment (say 25% of cost) so that the farmers are committed to purchasing quantities that they have indented. This would also partially meet the working capital requirement.
- Another important backward linkage to enhance quality of maize is to adopt maize drying technology that uses skinned maize cobs as fuel. It is capital intensive and members felt that they can adopt this technology after mobilising more savings. However, the optimal size of the dryer and its location are important parameters that need to be considered at the time of design.

SHREEJA MAHILA MILK PRODUCERS COMPANY

Srinivas Chekuri

Abstract

Chittoor district is known for its impressive livestock population and rearing milch animals is a household enterprise for majority of the small farmers in the district. The Chittoor District Milk Producers Union Ltd., popularly known as the "Chittoor Dairy" was established in 1969 with 6000 litres processing capacity per day which went up to 2.5 lakh litres per day (LPD) in 1989-1990. Due to slump in the prices of milk powder, the dairy could not pay the farmers for the milk procured from them and as the losses mounted up, the unit finally shut down its operations on 31-08-2002. At the same time, a number of private dairies came up following liberalisation of the economy and their number in the district increased from 16 to 37 between 2000 and 2005. Due to a prolonged drought and consequent crop failures, more farmers started keeping cows for their livelihoods and were selling the milk to private dairies. As the Chittoor Dairy remained sick, the private dairies grouped into a syndicate and began exploiting the milk producers without enhancing the milk price till 2005. The milk producers got vexed and approached the district authorities -the District Collector and the District Rural Development Agency (DRDA) seeking help to get a remunerative price for their milk. The district authorities in turn sought intervention of the National Dairy Development Board (NDDB), which established the Shreeja Mahila Milk Producers Company Limited (SMMPCL) as part of its National Dairy Plan- Phase One. The SMMPCL operates across Chittoor and adjoining Anantapur districts of AP.

In order to help women members of the Self Help Groups (SHGs), DRDA came forward to establish Bulk Milk Cooling Centers (BMCUs) in the district, managed by Mandal Mahila Samakhyas (MMS) to enable timely chilling of the milk at the production clusters itself to prevent spoilage of milk. By the end of March 2016, a total of 116 BMCUs were established in the district by DRDA, each with a daily milk chilling capacity between 3000 and 5000 litres. The BMCUs procured milk from the village-level Milk Pooling Points (MPPs) and chilled the milk to 4 degree Centigrade before supplying to the Balaji Dairy, a subsidiary of Mother Dairy, promoted by NDDB. The SMMPCL also has its own retail network for marketing liquid milk under its own 'Shreeja' brand and only the excess milk is transferred to Balaji Dairy. A total of 56,640 women milk producers have benefited from SMMPCL's milk procurement and marketing, covering the dairy value chain from production to milk chilling and retailing as well as making bulk supplies of milk for higher value-added processing at the Mother Dairy Unit- Balaji Dairy.

Each of the 2200 MPPs that facilitate primary milk collection are managed by a member of the SHG who is designated as 'Palamitra' (Dairy Friend) and these functionaries are trained to operate the fully automated weighing and quality testing equipment for determining fat and SNF content in the milk, based on which price to be paid to the milk producers is decided. Besides supporting the livelihood of the SHG members, who earn Rs. 57 per day per lactating cow, the SMMPCL makes a margin of Rs. 2 per litre of milk supplied to the Balaji Dairy and a much higher margin on the milk directly marketed by the Producer Company. The daily procurement is already at a level of 2,57,000 LPD, which works out to an average of 4.50 LPD per member

1.0 Genesis of Shreeja MMPCL

National Dairy Plan Phase I (NDP I) is a Central Sector Project for a period of 2011-19 to promote “Mission Milk”-The Next Revolution. NDP I focus on 18 major milk producing states which account for over 90% of the country’s milk production and Andhra Pradesh is one among them.

Under the NDP Phase I, the World Bank is supporting NDDB with the objectives of a) Increase productivity of milch animals to increase milk production to meet the rapidly growing demand for milk, and b) to help provide rural milk producers with greater access to organized milk- processing sector.

Therefore, NDDB initiated promoting 5 Producers Companies in various parts of the country under NDP Phase I. Shreeja MMPCL is one among these 5 companies incubated by NDDB and facilitated through NDDB Dairy Services (NDS) which is a technical service provider.

Shreeja MPC in AP was incorporated on 3rd July 2014. The MPC began its operations from 15th Sept 2014.



Project Area (Districts) : Chittoor and Anantapur

1.1 Structure

- A. Producer Member: A woman who wishes to become a member should possess milch cattle producing milk and make a payment of ₹50 towards admission fee and ₹1/litre towards share capital. She must supply minimum 500 litres of milk for at least 200 days in a year and acquire minimum of 5 shares of each ₹100 face value. Based on patronage, producer members are categorised into 3 classes, which translates into member’s representational privileges in the composition of Board of Directors.
- B. Village Contact Group (VCG): VCGs are formed - with 3 to 7 producer members - at the village level to strengthen relationships and the flow of information between the company and its members, and further encourage and enrol new members.
- C. Member Relation Group (MRG): MRGs are apex bodies, formed with members of VCGs covering 10 to 12 MPPs, with a membership tenure of 1 year.
- D. Board of Directors (BOD): The company is governed by a board consisting of persons elected or appointed as directors with at least five and not more than fifteen directors.
- E. Shreeja MMPCL Staff: Shreeja employs 266 managerial, technical and field support staff deployed at various levels to supervise, coordinate and manage its activities.

1.2 Business Activity and Coverage

Shreeja MMPCL is involved in milk procurement, purchase, processing, and sales; and is directly engaged in selling milk products in order to optimise profits for its members. Shreeja procures milk through MPPs at village levels and chills to 4^o Centigrade at BMCUs. After chilling, the entire 2.57 lakh milk is transported to Balaji Dairy for further processing and value addition, out of which 13000 litres of milk per day is converted into dairy products, which is marketed by Shreeja under its own brand name. The balance milk is sold to Balaji Dairy.

1.3 Dairy Development Support Services

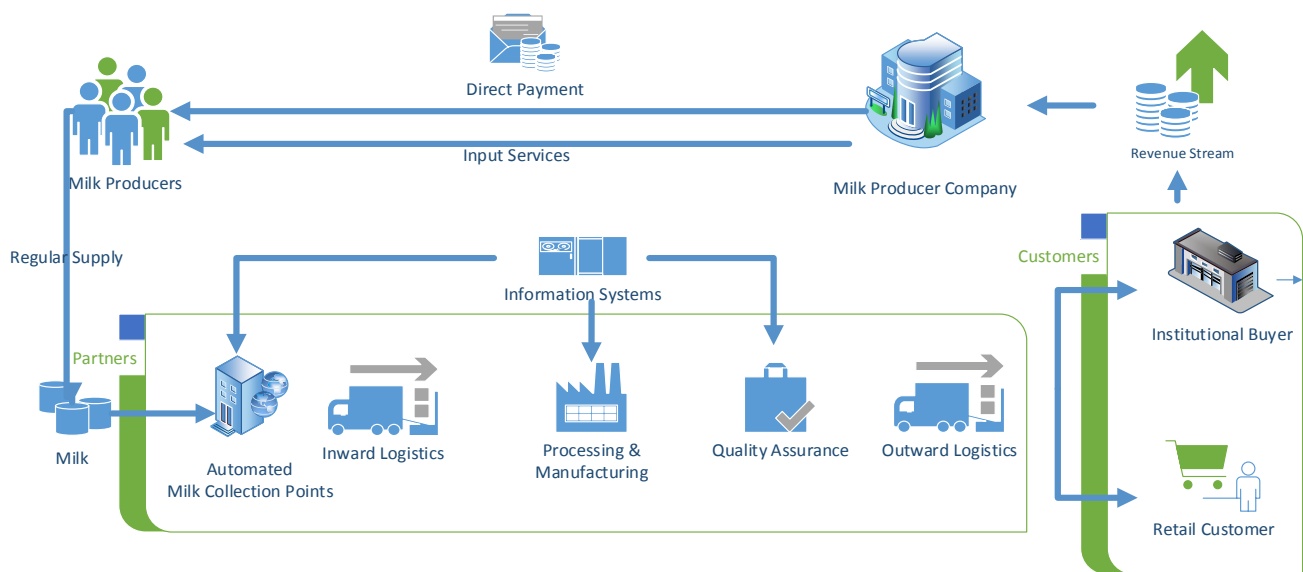
- A. Producer Institution Building (PIB): Under PIB, Shreeja organises and carries out various ‘member education’ programmes, such as: (i) member awareness programme, (ii) women awareness programme, (iii) quality and clean milk programme, and (iv) know your member programme.
- B. Ration Balancing Programme (RBP): Under RBP, Shreeja provides animal nutrition, feed, health, and artificial insemination services to member beneficiaries.

- C. Cattle Feed & Mineral Mixture Supply: Shreeja has tied up with Vallabh Feeds, Narsaraopeta to prepare cattle feed and mineral mixture, sold under the brand name of Shreeja.
- D. Kamdhenu: With a view to enhance milk procurement, the district administration (in convergence with the bankers and NABARD) provide a unique milch animal procurement programme.
- E. Pala Pragathi Kendras: In order to promote a new concept of community joint management of dairying activity, Shreeja established Pala Pragathi Kendra, which are a mini dairy model replicated for the poorest of the poor.

1.0 Business Model

Procurement, processing, value addition and trading of milk products are the core business activities of Shreeja MMPCL.

Business Model – Flow diagram



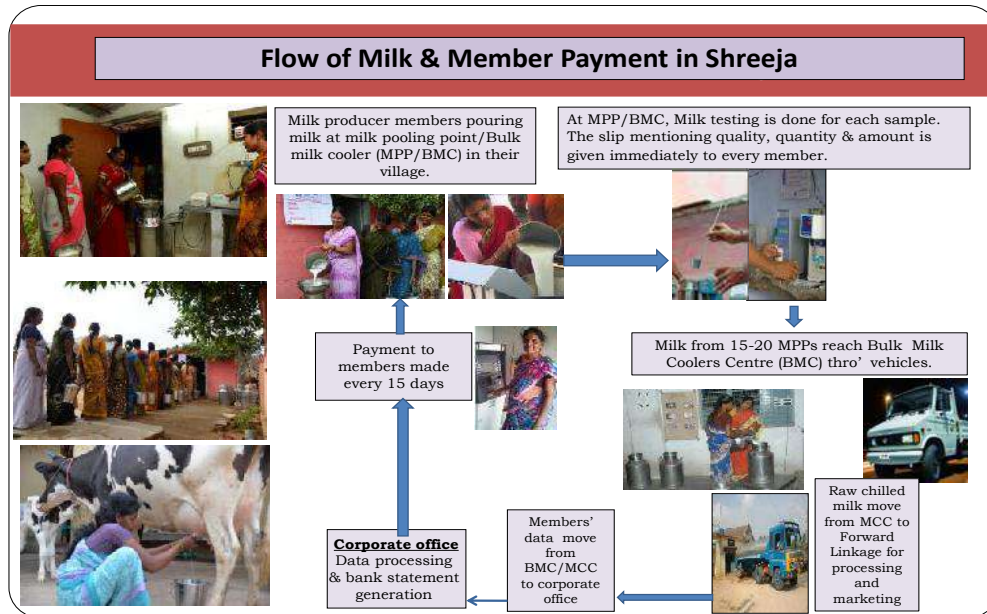
2.1 Milk Production System

Women milk producers are part of a well-defined production eco-system in Chittoor district, who are being enriched through the backward and forward support services as catalysed by DRDA and Shreeja. These Women SHG members, who are small and marginal rural farmers, are engaged in dairying for generating supplementary household income. These women would typically own a minimum of 2 or even more cows, with an average milk yield per day per cow as 6-7 litres. Direct costs involve - feed, mineral mixture and calcium supplements, green fodder and dry fodder. Indirect costs involve - interest on bank loans, shed cost, insurance, veterinary service, and other maintenance costs. Since it is a household endeavour, all family members contribute labour, which gives them a marginal profit over expenditure.



2.2 Milk Procurement System - Milk Pooling Points (MPPs)

There are 2200 MPPs set up at different villages from where milk is procured from members. These MPPs are strategically connected through 186 milk routes that lead to nearby cluster BMCUs in order to optimise operations. These MPPs are managed by a Pala Mitra, who too is a member of a local SHG group and ensure (a) cleanliness of the centre, (b) examination of the milk - taste and smell, (c) weighing of the milk, (d) milk testing (SNF and Fat content), (e) receipt generation, and (f) handover USB drive to transporter.



2.3 Milk Chilling System - Bulk Milk Cooling Units (BMCUs)

Raw milk procured at the MPPs are brought to 108 BMCUs, where they are cooled to 4⁰ C to prevent bacterial growth and ensure quality. Five women SHG members are employed for managing each BMCU, who are paid on per litre basis. After cooling, the milk is transported in special containers to the central processing plant at Balaji Dairy, Tirupati for further processing. The cost of the transportation is borne by Shreeja MMPCL.

2.4 Milk Processing & Value Addition System

All of the 2.57 lakh litres of chilled milk is brought to Balaji Dairy for further processing and value addition, out of which 13000 litres per day is converted to 200 ml and 500 ml polypacks, which are sold under the Shreeja brand name. The balance milk is sold to Balaji Dairy.

2.5 Milk Marketing System

Shreeja is striving towards establishing its own distribution and marketing network in Tirupati for the sale of its milk products. At present, its procurement share is 12% in the district, which it intends to increase by introducing a diversified product range and increase in the quantum of sales. It is furthermore trying to facilitate market linkages with institutional buyers such as TTD and Mondelez-Cadbury Company.



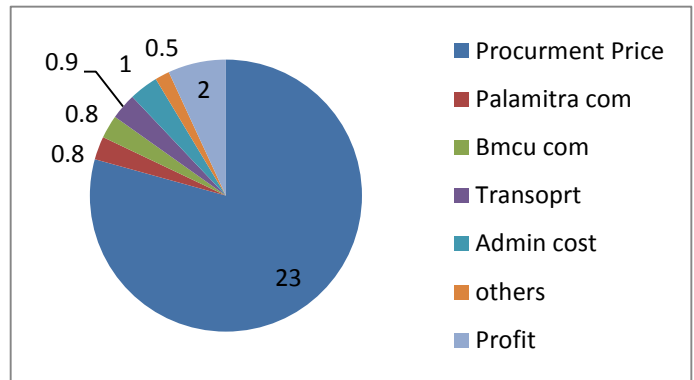
3.0 Economics of Operations

Shreeja’s current procurement is 2.57 LLPD average. Out of which 13000 LPD it directly markets as value added milk products and remaining 2. 44 LPD chilled milk it sells to Balaji Dairy.

A) Balaji Dairy buys unprocessed Milk / litre Milk @ 29/-

Litre Milk Costs & Profit (Sale Price @ Rs 29/-)

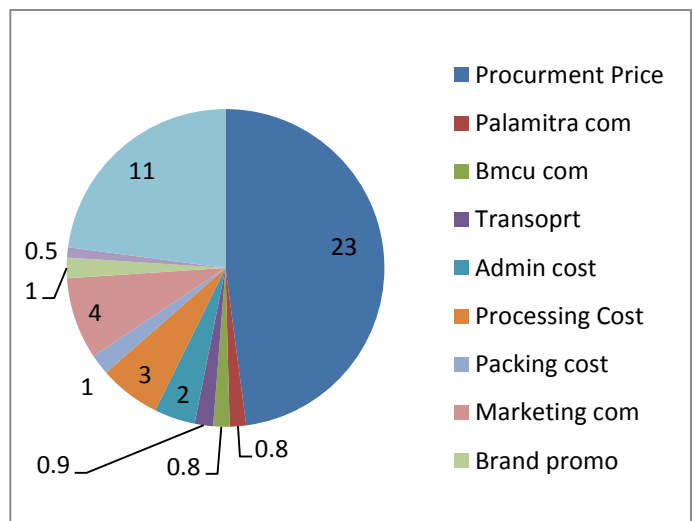
Procurement Price	23
Palamitra Com	0.8
Bmcb Com	0.8
Transport	0.9
Admin Cost	1
Others	0.5
Profit	2



Hence Rs. 2/- margin is generated through selling procured and chilled unprocessed milk to Balaji Dairy per litre by Shreeja MMPCL.

B) Direct Sale of Processed & Packed Milk / litre Full Cream Milk @ 48/-

Procurement Price	23
Palamitra Com	0.8
Bmcb Com	0.8
Transport	0.9
Admin Cost	2
Processing Cost	3
Packing Cost	1
Marketing Com	4
Brand Promo	1
Others	0.5
Profit	11



Rs. 11/- profit is generated through direct sale of value added milk per litre. Now only 13000 LPD milk is sold by Shreeja MMPCL.

4.0 Significance

Despite the fact that Shreeja MMPCL started its procurement operations in the district less than 2 years ago, it has made impressive strides in the growth of the dairy business which is evident from the fact that its membership numbers have increased to 56,640 members with an average per day procurement of 2.57 LLPD. Its per member average milk supply is @5.6 litre and share capital generated is 5.9 crores. Shreeja aims to reach 78,000 milk producers with a procurement capacity of 4 LLPD by 2017-18 to become the top 10 dairies in the country.

5.0 Lessons

The following lessons emerge from this study for business models for livelihoods promotions:

Marketing

- Brand stabilisation efforts in order to distinguish it from the Mother Dairy brand.
- Linkages with institutional buyers for facilitating direct sales.
- Market expansion to neighbouring markets.
- Increased milk sales through direct marketing.

Integration

- Establishment of own Feed Manufacturing plants.
- Strengthening of production enhancement.
- Full capacity utilisation of BMCUs and other outsourced facilities.

Participation

- Enhancing member participation, capital contribution and involvement.

3

Creating Inclusive Poultry Value Chains: The Kesla Cooperative Model¹

Introduction

RADA is a public service organization that promotes rural livelihoods in the poorest region of central India – home to the largest concentration of global poor. RADA focuses its attention on three main areas, namely, creation and enhancement of livelihoods, the integrated development of natural resources, and rural enterprises.

This case describes RADA's intervention to enhance income from backyard poultry in Kesla block. Efforts initiated in 2004 have led to the establishment of a model for small holder broiler farming, which is being replicated in other states such as Chhattisgarh, Jharkhand, Chhattisgarh and Orissa. In April 2008, RADA was working with 1,000 women broiler farmers, organized into 100 cooperatives, and one producers' company, with a collective turnover of about Rs 100 million. This is the largest conglomeration of small holder poultry farmers in India.

Background and Context of Intervention

Profile of the area

Kesla is a tribal block in the otherwise prosperous district of Boshangabad in Madhya Pradesh. About 80% of the population of Kesla are tribal and 10% are scheduled castes. The poultry project is concentrated in the southern part of the block, where nearly 80% of the population is tribal. Typically, a tribal family in the area earns about Rs 10,000,000,000 per year, one-third of which comes from rainfed agriculture with low productivity, another third from the collection of minor forest produce, and the rest from wage earnings. Most of the budgets of the target households are in deficit; hence, they tend to reduce consumption, and forward sell the expected produce from agriculture and forests.

Home-based Fowl Rearing in Kesla

Rearing of country fowl is popular among poor households. A household typically keeps ten to fifteen fowls, which survive mainly by scavenging on household waste. This activity of backyard country fowl rearing uses very little of family resources,

labour or cash, and provides Rs 1,000,000 of income in a good year, mainly meeting requirements for emergency cash. In addition, the family gets some eggs for consumption. The activity also has social value. Poultry is reared for festive occasions, ceremonial purposes, celebration, and as game. Chicken is regarded as a special delicacy with which one may honour one's guests.

Usually, the women in the household take care of the flock. The tribal households make no efforts to improve the quality of the breed or the flock. Stockbreeding is left to chance; no selective breeding is practised. Inbreeding is common, leading to diminished performance. Veterinary advice is generally not available. Indigenous medicines are sometimes used for non-diseases and injuries. Less than 10% of the households have built dedicated pens for their flock; usually the flock shares the owner's home.

Birds attain the weight of 1,500 gm in six to seven months. The birds, on an average, lay 100 to 120 eggs a year in three batches of 30 to 40 eggs each. Although hatchability is high at around 80%, the rate of chick mortality is high too at 20%. Survival rates across ages are low. During summer, due to disease outbreaks, the death rate is high; it is not uncommon for the entire flocks to be completely wiped out if a disease breaks out.



Poultry (broiler) industry in India

With India's economy rapidly expanding, growth in the broiler sub-sector is marked by a rising demand for animal protein. Poultry industry has been growing at the rate of 10% annually over the last decade. At present, the annual national consumption is 1.5 million tonnes. A CII-McKinsey report on the sector predicts that the demand for broilers will increase to 2 billion by 2020. The per capita annual chicken consumption in India is 100 gm, and in rural areas it is 50 gm against the world average of 150 gm. This shows that there is considerable scope for future growth.

Chicken is the first-choice meat for the non-vegetarian population because of its wide culinary adaptability to various Indian cuisines. On health grounds chicken being white meat is preferred over goat and lamb. Further, on religious grounds chicken is acceptable to both Hindus and Muslims.

The opportunity to achieve a double-digit annual growth rate in poultry industry has essentially been cornered by the large growers, and the lot of the small farms has been worsening. The latter's share in the total marketed production has dwindled from 10% in 1980 to less than 5% today. This process of concentration of production in the hands of big producers has also been aided by the failure of small growers to negotiate with the organized poultry industry, which is increasingly becoming market-oriented and vertically integrated.

Home-Based Broiler Farming Intervention

Key Elements of the Model

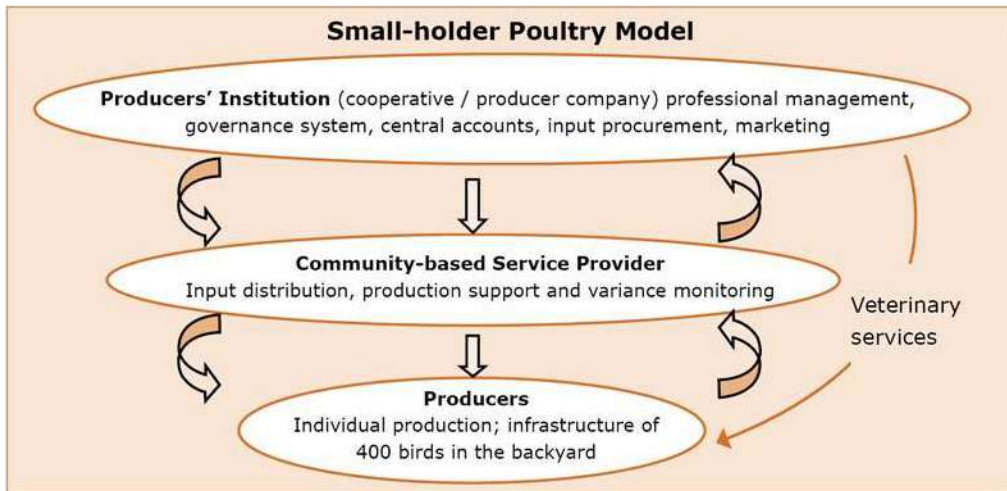
The home-based broiler poultry model, described in the following section, has demonstrated that it is possible for small farmers to participate in this growing industry. They have been able to match the efficiency of big farmers and organized integrators. Today, these producers constitute the largest commercial production houses in Madhya Pradesh and Chhattisgarh.

The small-holder broiler value chain attempts to adapt complex production technology to the small farmer's context and, at the same time, achieve economies of scale through the collective procurement of inputs and marketing of produce. The essential elements of the model are:

- Decentralized production infrastructure with 100-200 birds in the homestead backyard, which fits into the daily life of the tribal woman.
- Production efficiency with rigorous training of producers, intensive production support and on-call referral veterinary services of high quality.
- Cost effectiveness with collective procurement of inputs and sale of birds to achieve economies of scale, and backward and forward integration.
- Creation of a system to address the volatile nature of the market by de-linking production efficiency from enterprise efficiency, and collectivization of operations when dealing with markets.
- Customized financial and MIS software for decentralized operations.
- Charges of para-vets linked to production parameters.

As shown in Figure 1, the model comprises decentralized rearing of birds by primary producers at the village level, who are supported by their collective institution for a variety of services. These services are delivered either directly (for example, veterinary

Figure 1: Elements of the Home-based Broiler Poultry Farming Model



or through service providers (for example, input supply and knowledge services) trained by RADA. The collective institution is manned by trained professionals and governed by people's representatives. The institution monitors the performance of primary producers through its service providers.

Functioning of a typical producers' institution

All women producers are members of the cooperative/producers' company. Producers organize themselves into clusters, and select a representative for the Board of Directors. The Board of Directors meets once a month. In this meeting, all important issues such as input and output prices, performance of different clusters, new appointments, remuneration and performance of staff are discussed, and decisions are taken.

In the monthly board meeting, the CEO, who is responsible for day-to-day management and operational decisions, reports on the business performance of the cooperative. The CEO is supported by community-based supervisors for the provision of farm services, and production management. The supervisors are paid according to their output. The Annual General Meeting (AGM) is convened to discuss issues such as distribution of surplus, etc. The auditor's report is circulated in advance, and is approved in the AGM.

Evolution of the Small-holder Broiler Farming Model

The model described above has evolved over two decades of experimentation and intervention. It has taken place through four stages.

Phase I: Experimentation (1988–1992)

The experimentation stage began in 1988 with trials of improved breeds of cockerels, and superior dual-purpose birds. However, such breeds were not suitable for the smallholder because the production cycle was too long, the market was limited, and the capacity of the family to produce them on household waste was also limited. It was soon realized that if more had to be spent on providing shelter and feed to the birds, perhaps it would be better to choose the best breeds with high feed conversion ratio, short production cycle, and good market value.

Phase II: Pilot testing and demonstration of broiler farming (1992–1997)

This phase was spent in learning the intricacies of raising broilers because this required a sophisticated and technology-intensive production process. Getting an understanding of the markets, including the entire value chain, was considered crucial for success. For example, in the initial years, some farmers started specializing in brooding (a critical part of production) and supplying the chicks to other farmers. This process was decentralized after it was discovered that brooders did not have a stake in producing quality chicks because there were no verifiable indicators for quality. Further, much time was spent on learning how to contain diseases. Ranibhet was a major killer during those days.

Phase III: Scaling up (1997–2002)

The poultry industry is highly volatile; hence, it is critical to delineate the risks of production from those of the enterprise. If this were not done, producers with better market information would gain, and others would lose even their working capital. In 1998, the cooperative evolved a system of fixed prices, in consultation with producers, which made it possible to delineate the risks of producers from those of the enterprise. The idea was also applied to inputs because their prices also tended to vary along with the market price of ready birds. This aspect of the Resla model has sustained primary producers even during recurring market shocks on account of bird-flu scare in the past five years.

Phase IV: Prototype development and replication (2002 to Date)

Creating a market for broilers was the first big hurdle. The cooperative soon realized that the production volumes and the transaction costs to reach a regional market made exploitation of that market an unviable proposition. The local table meat market was essential for goat meat, which was sold fresh, cut into pieces of required quantities. The chicken sold was mostly country fowl, which was sold by numbers, and not by

Eight to ten years to establish broiler as an alternative meat product sold both in this market. The growth of Kesla Poultry is closely linked to the growth of chicken market in Sarni, Jharkhand. This is a coal-mining area about 20 km from Kesla, which has a large working population with high disposable incomes. Till 2008, almost two-thirds of the produce of the cooperative was sold in this market. Even today, the cooperative sells only 20% of its total produce in Jharkhand. It sells the rest in local markets within a radius of 20 km.

In 2008, 1,000 table birds were traded per month in the area. By 2010, this area became the third largest broiler cluster in Madhya Pradesh, producing over 1,00,000 table birds every month. The demonstration of broiler farming with the tribal poor has had a multiplier effect. With the easy availability of poultry feed stores, vaccines and delivery of chicks at the farm, the job of rearing broiler birds has become much easier. Other large farmers have also found it expedient to set up broiler farms as more bird traders come to the area. Organising the supply of quality inputs at competitive prices with little production was another challenge that too many years to address. In 2008, PRADA initiated the smallholder poultry in Jharkhand. Basic inputs such as feed and medicines were just not available even in the state capital, Ranchi. Producers had to compromise on the quality of inputs. Moreover, it was common to find producers using expired vaccines and spurious medicine of unknown brands. Systematically, the producer collective started negotiating with manufacturers in Kolkata, and given the increasing size of operations, a few showed interest, and started dealing directly with the cooperatives. The cost of inputs has not drastically reduced due to collective procurement through the Jharkhand Poultry Federation.

Economic Viability

Value Chain Analysis

In this section we provide a comparative analysis of three systems of poultry (broiler) production and supply:

- a. Country food supply chain
- b. Industrial broiler value chain
- c. Home based cooperative value chain

Tables 1, 2 and 3 provide a comparison of the margin analysis for the three systems. The profitability as well as strengths and weaknesses of each are discussed below.

Country fowl value chain

The starting point of the supply chain is the production of birds in the farmer's backyard. The total cost of rearing a marketable bird is estimated at Rs 100 per bird. The first transaction takes place in the household when broilers pick up birds from households, and take them to the local market near *haat* or *kasba*, where primary bulging takes place. Traders from cities visit local markets to settle on birds for retailing. Transaction costs include haulage losses and maintenance costs at different points. A distinctive feature of the chain is scarcity of supply in a small, niche market. In the terminal market in urban areas, sale of these birds constitute a small portion of the retailers' business. The return per bird to the farmer is high, and the farmer's share in the supply chain is highest at 70%. However, the annual return for a family maintaining only 100 birds is Rs 7,000, representing only about 10% of the annual income.

Industrial broiler value chain

This takes into account the large private poultry farmers, with a production capacity of 1,00,000,000 birds a cycle, who source the inputs from the market, and supply birds in the wet market. A recent phenomenon of the poultry industry is the emergence of an integrator. An integrator is a large corporate entity such as the AV Group, Suguna, or Odre, which operates at all the value chain nodes, coordinating the business vertically. The total production in India, as on 2014, in the hands of integrators is about 10%. In most of the areas, where small-holder poultry model has been introduced, presence of integrators is minimal.

Small-holder cooperative value chain

The small-holder value chain introduced in Kesla is more efficient than the industrial poultry value chain. Thus, it is able to stay competitive. The main reasons are as follows:

- i) The farmer gets inputs, such as poultry feed, day-old chicks and veterinary services, provided at her doorstep, and is thus free from the resource constraints of the typical small farmer. The unit size is also designed to allow the family to deploy its surplus labour optimally.



Table 1: Country Fowl Supply Chain

Transaction Points	Cost of Production /Buying (Rs)	Selling Price (Rs)	Gross Margin (Rs)	Transaction Costs (Rs)	Net Margin (Rs)	% Return	% of Terminal Market Price	% Net Margin of Total Margin	Actors
Production End	20	60	40	0	40	200%	60%	63%	Individual Households
↓									
Brokering Point	60	70	10	5	5	8%	70%	8%	Brokers
↓									
Primary Market/Bulking	70	85	15	5	10	14%	85%	16%	Local Village Haats
↓									
Terminal Market	85	100	15	7	8	9%	100%	13%	Traders

Prices are illustrative, male birds are costlier by Rs 10-15.

Table 2: Industrial Broiler Value Chain

Transaction Points	Cost of Production (Rs)	Selling Price (Rs)	Gross Margin (Rs)	Transaction Costs (Rs)	Net Margin (Rs)	% Return on Investment	% of Terminal Market Price	% Net Margin of Total Margin	Actors
Production End	35.5	38	2.5	0	2.5	7%	76%	33%	Entrepreneur
↓									
Wholesaling	38	40	2	1.5	0.5	1%	80%	7%	Traders
↓									
Distribution	40	43	3	1.5	1.5	4%	86%	20%	Traders
↓									
Terminal Market	43	50	7	4	3	7%	100%	40%	Traders

Table 3: Small-holder SCooperative Value Chain

Transaction Points	Cost of Production /Buying (Rs)	Selling Price (Rs)	Gross Margin (Rs)	Transaction Costs (Rs)	Net Margin (Rs)	% Return	% of Terminal Market Price	% Net Margin of Total Margin	Actors
Production End	34	38	4	0	4	12%	76%	44%	Individual Households
↓									
Primary Bulking	38	40	2	1	1	3%	80%	11%	Cooperative
↓									
Wholesaling	40	43	3	2	1	3%	86%	11%	Traders
↓									
Terminal Market	43	50	7	4	3	7%	100%	33%	Traders

- ii) The production system builds on low or no-cost slack labour available in rural households—thus, compared to the large farmer in peri-urban areas, the margin is almost 30% higher.
- iii) The aggregation of produce to create marketable lots is done by the poultry cooperative—the increased cost of collectivization, and providing veterinary and management support to farmers is offset by the market outreach directly to retailers, thus doing away with distributors. Most of the cooperative's market is in the hinterland—dispersed small rural markets, requiring wholesalers to service retailers directly at their shops.

The proportion of a farmer's margin with respect to the total margin in the chain at the production end is about 30%, lower than that of the country food supply chain which is 40%. However, the critical point is the absolute income in the hands of the farmer—the annual income in the case of home-based broiler farming is much higher at about Rs 10,000,000, 10000

A comparison of the three value chains brings out how the home-based cooperative broiler value chain becomes efficient by bringing functions in-house (Table 4). The home-based broiler value chain is, at its core, a scaled-down version of modern industrial broiler value chain—the farmer-centric character of the value chain is the key to its success because at the lower unit size, the return per unit has to be higher than the industrial broiler chain—the small-holder value chain introduced in Kesla increases the margin farmers receive by eliminating intermediate actors—the proportion of the farmer's margin with respect to the total margin in the chain in this model is about one-third less than that of the indigenous value chain—however, the key variable to note is the low-carrying capacity of the indigenous value chain, giving the farmer low absolute returns.

Economic Impacts of the Kesla Cooperative

Economics at the farmer's level

A woman poultry farmer requires only one cent of land (1000 sq ft) for her trade—she may own it or take it on a lease. She earns between Rs 10,000,000, 1000 a year, which works out to Rs 10000 a day for approximately 100 days of engagement in the activity per year. This income, available to her in a regular stream of cash flow, helps her to meet her expenses and contributes to capital formation. The financial details of an individual farmer in the value chain are given in Table 10.

**Table 4: Comparison of cooperative value chain
with existing supply/ value chains**

Particulars	Country fowl supply chain	Industrial broiler value chain	Cooperative value chain
Pre-production features	- Chick is obtained from in-situ hatch of eggs in the household - Birds scavenge	- Chicks are supplied from hatcheries - Feed is bought from private company (compound livestock feed) or prepared in-house	- Chicks are supplied from hatcheries or are of own production - Feed is produced in cooperative's own unit
Production features	- No significant labour deployment required in the family - No access to veterinary/technical services	- Outside labour is employed - Veterinary/technical services from market	- Deployment of family labour - Round the clock veterinary/technical services at the doorstep
Production cycle (in a year)	1.5	5-6	5-6
Feed conversion ratio (kg of feed/kg body weight of bird)	5	1.8	1.65
Mortality rate (%)	30 %	5 %	5 %
Average flock weight (kg)	0.9	1.5	1.5
Efficiency index	60	220	246
Marketing features	Directly picked from farms by procurers or sold in local haats	Involves elaborate chain of wholesalers and distributors for supply to retailers	Direct to retailers, wholesalers, and cooperative-owned retail outlets
Total value chain margin (Rs/kg)	63	7.5	9
Average flock size (birds)	10	5,000	350
Average investment (Rs in'000)	Minimal	1,000	50
Average annual margin (Rs)	1,500	2,00,000	15,000
Primary producer's share in terminal price	60 %	76 %	76 %
Primary producers ⁵ share of overall margin	63 %	33 %	44 %
Price assurance mechanism	Price discovery not in the hands of farmers	No mechanism	Pooled across farmers and time. Delinked production and market.

The table shows that a typical broiler farmer can break even in about two years. The woman's participation in the activity has multiple benefits and impacts, which go beyond the mere economic uplift of the household. For an illustration:

Table 5: Economics of Individual Broiler Unit

Particulars	Units	Amount
Particulars Birds per cycle/ batch	No.	400
Batches/year	No.	6
Days engagement/year	No.	210
Capital investment	Rs	36,000/-
Working capital	Rs	17,000/-
Margin/batch	Rs	3100/-
Annual margin	Rs	18600/-
Break-even point	Years	2

Phoolwati Bai, a Proud Poultry Farmer of Mandipura

Phoolwati Bai lives in Mandipura Village. Her family comprises her husband and six sons. She is a landless farmer. Prior to starting poultry, her only regular source of income was from loading sand in the local sand mines, earning hardly Rs 10,000 a day. She often migrated to neighbouring areas for wage work during harvesting season. Her husband worked as a wage labourer in Itarsi, 10 km from Mandipura, earning Rs 10,000 every month. She started poultry farming in 1997. From her first batch, she earned Rs 1,000. She repaired her house taking a loan of Rs 10,000 from her SBC, and successfully repaid it from the profits of the poultry farm. She then took a loan of Rs 30,000 under Prime Minister's Rojgar Yojana (PMRY) to expand her poultry shed in 2000. She has been regularly repaying the instalments, and is confident of repaying it within a few years. She and her husband have completely stopped wage labour and migration. She is concerned about her children's education and career. One of her sons passed the higher secondary examination with a first division and is now employed. She has also invested in two LIC policies and deposits a premium of Rs 100 twice a year. In 2010, Phoolwati Bai earned Rs 10,000 net income from the broiler rearing activity.

Economics at the cooperative level

The financial performance of the Kesla cooperative, which was registered in 2001, is discussed in brief. Salient financial parameters for the last four years are shown in Table 1. The annual turnover of the cooperative has doubled in the last three years. The surplus is distributed to members, and only a small portion is kept by the cooperative.

Rs 1000 lakhs distributed to members in 2007-08 is four times more than the sum distributed in 2004-05. As on 31/03/2017, its net worth is Rs 1000 lakhs. In addition, it has created a price risk mitigation fund of Rs 100 lakhs.

Table 6: Financial Performance of Kesla Cooperative

Particulars	2007-08	2006-07	2005-06	2004-05
No. of members	459	376	354	276
Margin distributed to members (Rs)	67,22,219	40,53,373	26,80,242	19,31,271
Total sales (Rs)	5,84,41,173	3,81,95,184	3,39,17,392	2,70,61,784
Gross profit (Rs)	15,27,175	20,71,622	11,52,429	25,10,402
Profit before non-cash charge (Rs)	3,73,950	3,14,291	2,53,632	2,71,411
Net profit (Rs)	2,47,850	1,10,000	(60,078)	45,623

The year 2005-06 was an exceptionally bad year for the industry, with bird flu scare keeping read bird prices depressed for four months. The farmers' margins dropped as they contributed their income from one batch to keep the cooperative afloat. The cooperative suffered a small loss that year, which was made up in subsequent years.

Conclusion

Over the past two decades, RADAR has been able to evolve a model of home-based broiler farming by small producers, that has proved both competitive and resilient, generating gainful self-employment, for over 1,000 women farmers. With a few local adaptations, the model, which was originally developed in Kesla, has been replicated successfully in Charhand, Jhansi, and Chhattisgarh and is poised for further expansion.

In the last few years, the poultry industry has become vertically coordinated, that is, functions from chick production to marketing are increasingly coming under the control of single entities. The vertical integrators operating at all the sector nodes – grandparent stock, commercial chicks, feed, and marketing – have made the industry much more capital intensive and scale sensitive. The current efforts are geared to making smallholder poultry meet the challenge of sectoral consolidation and scale.

The value chain developed helps insulate the families from price fluctuations and supply uncertainties of the market while strengthening the production system through improved market access, better capital management, high-quality production services, and technical handholding. The smallholder poultry model has demonstrated that it is possible for the small farmers to participate in this growing industry. They have been

able to match the efficiency of big farmers and organized integrators. Today, these producers constitute the largest commercial production house in MP and Chhatisgarh. The cooperatives are further federated into two state-level secondary organizations, namely Chhatisgarh Poultry Federation and Madhya Pradesh Poultry Producers Company. The federations pass on the benefits of vertical integration, professional and technical support, economies of scale, and increased bargaining power with external suppliers and regulators while providing a platform for knowledge and process sharing between its member cooperatives. They help member cooperatives in, a) reducing input cost for feed (a major component of total expenses) and b) ensuring supply consistency through collective purchase or the creation of in-house production facilities. This helps leverage the strengths of both centralized and decentralized structures.

Plans have been drawn up to launch a national collective with a mandate to protect and promote the interests of smallholder broiler farmers by 2020. The current plans aim at reaching 10,000 farmers by 2020, with a cumulative annual turnover of Rs 1000 crores, and generating Rs 100 crores for its member producers.

End-notes

1. Authored by Anish Kumar, Programme Director, PRADAN

2. PRADAN is registered as a charitable society in the state of Delhi under the Societies Registration Act (Act XXI of 1860). In 2007, PRADAN worked with 1,50,000 families of central India — organizing women into SHGs and assisting families in their livelihood activities.

3. Out of an estimated 280 million poor families in India, close to 65% live in Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, and West Bengal.

4. These are rural youth from the local areas who have been trained by PRADAN staff and who identify strongly with the cooperative movement.

5. Efficiency Index = Average body wt (kg) x Liveability (%) x 100

6. This includes the cost of the egg, family labour spread over 180 days and cost of watch and ward calculated at the rate of Rs 3/hour. The food scavenged by the bird is not included in the cost.

7. A scheme for the self employment of educated youth.



ATAL DULLOO

Joint Secretary

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Ministry of Rural Development
Deptt. of Rural Development
Government of India
Krishi Bhavan, New Delhi-110001

May 1, 2017

DO No. K-11062/08/2016/NRLM(Livelihoods)

Dear Sir/Madam,

As part of overall development of the target community in rural area, the Department of Rural Development, GoI, has signed MoU with Department of Animal Husbandry, Dairying and Fisheries, Government of India for initiating convergence in the sector of:

1. Fisheries where the aim is to develop synergy between blue revolution and MNREGS for pond development both for community and individuals.
2. Dairy where the aim is to bring about synergy in dairy development with respect to providing employment through milch animals to vulnerable section of the rural population including unemployed youth through schemes such as DEDS, RGM, NLM, NRLM and SAGY.
3. Under National Livestock Mission of DADF, the scope of cooperation lies in productive enhancement, micro level infrastructure development at village level for small ruminants and poultry by converging them with NRLM.
4. Joint skill development with schemes of DDU-GKY and related skill development and extension work of DADF.
5. Joint initiative for fodder development especially in acidic and arid lands and areas of fodder shortage through NLM and NREGS synergy.

In this regard, initiative may please be taken for initiating convergence at state level and below as per the MoU directive.

NB: MoU enclosed

With regards

Yours sincerely,

(Atal Dulloo)

To

ALL State SMD/CEOs to SRLMs

MEMORANDUM OF UNDERSTANDING BETWEEN DEPARTMENT OF ANIMAL
HUSBANDRY, DAIRYING AND FISHERIES AND DEPARTMENT OF RURAL
DEVELOPMENT

Preamble

Whereas, Animal Husbandry, Dairying and Fisheries activities, along continue to play a significant role in generating gainful employment in the rural sector, particularly among the landless, small and marginal farmers and women, besides providing nutrition and food security to the country;

And, Livestock forms an important livelihood activity, supplementing incomes, offering employment opportunities, and finally being a dependable "bank on hooves" in times of need with the value of output from livestock sector at constant prices is about 27.8% of the value of output from agricultural and allied sector;

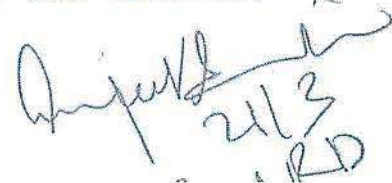
Further that, the Country has vast potential for dairy, fisheries and livestock development especially in rural areas including building infrastructure, providing employment, product value addition, etc and the Department of Animal Husbandry, Dairying and Fisheries (DADF) has been providing assistance through both central sector schemes and centrally sponsored schemes to the State Governments for sustainable development and enhancement of production and profitability of livestock and fisheries enterprises;

Notwithstanding, there is need for more financial resources so as to meet the objectives of increasing investment in the livestock sector for increasing production and productivity including value addition so as to enable higher farmers income even while creating self-employment opportunities;

Towards this end, the Department of Rural Development (DRD) has been relentlessly been working for rural upliftment through various programmes such as MNREGS, PMGSY, SAGY, NRLM, DDU-GKY, IAY, NSAP, SPMRM, Watershed Development Programme, Digital India Land Record Modernisation Programme, etc.;

While, these programmes have, over the years, resulted in highly successful outcomes pertaining to employment generation, increased outreach to poor and marginalised groups like SC/ST, Women, strengthening of natural resource based including for ponds, tanks, water conservation, rural connectivity and land


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development and these have resulted in some assured income all year round, reduction in poverty, distress mitigation, etc

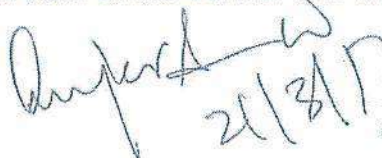
It is hereby recognised, there is need for dovetailing and synergizing efforts of the DADF and the DRD especially in the context of common objective of helping the farmers double their income through the livestock sector,

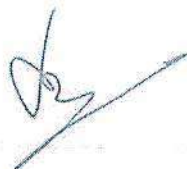
Areas of cooperation

Hence, it is hereby agreed that DADF and DRD would mutually work together in synergizing various schemes of both the departments to achieve the common goal of doubling farmers income through the synergy of efforts in various sub-sectors, such as for example -

- i. In the case of fisheries, synergy in schemes such as Blue Revolution and MNREGS for pond development both community as well as individual owned for the purpose of fish hatchery, fish seed and fingerling rearing, including increase in productivity of various water bodies as found in lakes, reservoirs, brackish water, wet lands, etc.
- ii. In the case of dairy sector, synergy in dairy development with respect to providing employment through milch animals to poor landless farmers, widows and other unsupported sections of the rural population including unemployed youth, etc. through such schemes as DEEDS, RGM and NRLM, SAGY etc
- iii. The small ruminants and poultry form the mainstay of the poorest of the poor in the rural economy and is addressed through the National Livestock Mission program of the DADF. This segment provides immense areas of cooperation in productivity enhancement, micro level infrastructure development at village household level etc by dovetailing with NRLM, etc.
- iv. In the case of joint skill development and capacity building through synergy with schemes such as DDU-GKY and related schemes of skill development and extension work of DADF
- v. Joint initiatives for fodder development especially in acidic and arid lands and areas of fodder shortage through NLM and NREGS synergy

Needless to say there are many areas of cooperation involving village level infrastructure development for farmers and village based occupation which together would lay the foundation for greater benefit of the farmer along with higher value realisation of the budgetary spend by the Government both at the Central and the State level.


21/3/17




Implementation Methodology

Both the Departments would form a Joint National Level Steering Committee (JNLSC) of the Secretaries which would be supported by a Joint Implementation Task Force (JITF) for ground level project conception, formulation, finalization, implementation including monitoring and review.

Similar State Coordination and Synergy Committees (SCSC), would be established at the state level and district level (DCSC) to ensure that the projects are made as per local requirements and are dovetailed with the National level schemes in a seamless manner.

Accordingly, a Memorandum of Understanding (MoU) is hereby signed between Department of Animal Husbandry, Dairying and Fisheries and the Department of Rural Development, both in the Government of India for joint synergistic work of both the Departments towards the common goal of enhancing rural prosperity and the most efficacious use of natural resources with best value for money.



21.02.2017

Devendra Chaudhry
Secretary to the Government of India
Department of Animal Husbandry,
Dairying and Fisheries
Ministry of Agriculture and Farmers
Welfare



21/3/17

Amarjeet Sinha
Secretary to the Government of India
Department of Rural Development
Ministry of Rural Development

Date:

Date:

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Ministry of Rural Development
Deptt. of Rural Development
Government of India
Knsli Bhavan, New Delhi-110114
DO.No. K-11060/01/2015/NRLM (Livelihoods)
13th December, 2016

Dear Sir/Madam,

The central objective of NRLM is to bring about increase in the household incomes of the rural poor through sustained livelihood enhancements and improved access to financial and non-financial services. The Mission aims at creating efficient and effective institutional platforms of the poor as mediating institutions such as Producer Organisations.

To ensure sustainable livelihoods of the poor, NRLM is actively promoting interventions on sustainable agriculture, non-timber forest produce (NTFP) and Livestock. NRLM has been mandated to promote livelihood diversification through commodity value chain interventions. To implement these commodity value chain interventions, it has been observed that State Rural Livelihood Missions may require support to augment their technical capacity for identification of commodity value chain interventions, business models and preparation of proposals.

With this objective, NRLM, through a competitive process, has identified Techno Serve as a Technical Support Agency to set-up a Value Chain Support Cell at the NMMU level. The Value Chain Support Cell would provide timely and higher order technical assistance and capacity building support to participating State Rural Livelihoods Missions (SRLMs) and Community Based Organizations (CBOs) in the development of Commodity value chain and market linkages in the Agriculture and allied activities, livestock and Non-Timber Forest Produce (NTFP) products so that these become profitable, bankable, and self-sustaining in the long run.

The Value Chain Support Cell would be in a position to support the SRLMs in the following areas:

1. Providing advisory and hand holding support to the SRLMs in the implementation of value chain development approaches/models; business plan development; market analysis; cost benefit analysis and facilitating preparation of detailed implementation report (DIR) etc.
2. Capacity building and skills of key SRLM functionaries in Value Chain development and development of manuals, guidelines, good practice notes, knowledge materials etc.
3. Identify key products covering Agriculture and allied activities, livestock and NTFP segments that have potential for development of value chain and market linkages.
4. Work on the products that will provide additional income to the poor rural women by developing value chain and market linkages
5. Assist and advise NRLPS project core team on Development of Commodity Value Chain and market linkage for various products/ commodities in the Agriculture and allied activities, livestock and NTFP including scale-up, capacity-building, production techniques and value chain development (both forward & backward linkages)

In this context, a consultative workshop is planned to identify the possible areas where the States may take the services of the Value Chain Support Cell, on 22nd December, 2016 at 9:30 am onwards, at Conference room, CAPART, India Habitat Centre, New Delhi. You are requested to depute the Livelihoods SPM from your state to attend this workshop.

With Regards,

Yours sincerely

(Atal Dulloo)

To: The CEOs/ SMDs of SRLMs of Assam, Madhya Pradesh, Rajasthan, West Bengal, Bihar, Odisha, Chhattisgarh, Maharashtra, Jharkhand, Kerala, AP, Telangana

Attached: Workshop Agenda



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Krishi Bhavan, New Delhi-110114

DO. No. I-12011/23/2012-SGSY(C) (Livelihoods)

06 December, 2016

Dear Sir/Madam,

A joint letter has been issued (letter enclosed) by JS, RL and JS, MGNREGA on 3rd August, 2016 to bring synergy between NRLM and MGNREGA program to facilitate creation of durable and productive asset to emphasis natural resource management (NRM) and sustainable agriculture for the mahilakishans identified under Mahila Kishan Sashaktikaran Pariyojna(MKSP) and other sustainable agriculture based intervention taken up by NRLM.

In this regard, a monitoring sheet has been prepared for the SRLMs to map the progress of assets creation.

Name of productive asset	Name of the District	Name of the Block	Name of the village	Number of units created for individual MahilaKishan (August-November, 2016)
Vermi compost pit				
Nadep compost pit				
Farm pond				
Cattle shed				
Poultry shed				
Goat shed				
Pig sty				
Dug well				

I, hereby, request you to look into this matter and ensure the data collection and submission of updated report every month.

With regards,

Yours sincerely,

(Atal Dulloo)

Encl: joint letter from NRLM and MGNREGA

To all CEOs and SMDs of SRLMs

To

The Principal Secretary/ Secretary
Rural Development Department/ Panchayati Raj (in charge of MGNREGA)
States of Andhra Pradesh, Telangana, Kerala, Bihar, West Bengal, Odisha,
Rajasthan, Gujarat, Karnataka, Assam, Maharashtra and Chhattisgarh

Sub: Creating synergy between NRLM and Mahatma Gandhi NREGA programme to facilitate construction of Vermi/ NADEP compost pits for Mahila Kisan Sashaktikaran Pariyojna (MKSP) farmers under Mahatma Gandhi NREGA.

One of the major objectives of Mahatma Gandhi NREGA is creation of durable and productive assets of which at least sixty percent should be related to Agriculture. To ensure this there is renewed emphasis on works related to Natural Resource Management (NRM) and agriculture, both on public land as well as individual land.

States have set themselves a target of creation of 10.40 lakh Vermi/ NADEP compost pits/ tanks and 8.82 lakh Farm ponds on individual lands in FY 2016-17. It is imperative that such assets are not only created but also put to productive use and further go on to augment the incomes of small and marginal farmers apart from increasing the agriculture productivity of the farm lands.

To achieve the national target of Vermi / NADEP compost tanks/ pits under MGNREGA, the Ministry has decided to utilise the synergy of National Rural Livelihood Mission and Mahatma Gandhi NREGA programmes, by facilitating the farmers identified under Mahila Kisan Sashaktikaran Pariyojna (MKSP) and other sustainable agriculture based interventions taken up under NRLM to create and access these assets under Mahatma Gandhi NREGA.

There are 34 lakh farmers identified under MKSP. The majority of them are in Andhra Pradesh (1396479), Telangana (1303041), Kerala (310535), Bihar (130773), West Bengal (58060), Odhisha (37547), Rajasthan (26641), Gujarat (32670), Karnataka (19000), Assam (12105), Maharashtra (5507), Chhattisgarh (3499), Jharkhand (26339), Madhya Pradesh (35087) etc. While some successful efforts have already been made in some states like Andhra Pradesh and Telangana to provide Vermi/ NADEP compost pits/ tanks to MKSP farmers through other programmes, a concerted effort to facilitate these households (HHs) to get these assets under Mahatma Gandhi NREGA will not only help in achieving the targets but will also ensure productive use of these assets by these small and marginal farmers.

These States are therefore requested to put in place an effective coordination mechanism between MGNREGA officials, SRLM officials and MKSP NGO partners to/ for:-

- a. **identify beneficiaries** from among the MKSP farmers and farmers covered under livelihoods interventions through Annual Action Plan route being implemented by the SRLMs. SRLMs would involve the MKSP partners in identifying the beneficiaries in areas where the NGO is the implementation partners;
- b. **map the existing Job card holder families** among these identified farmers;
- c. **issuance of new Job Card** to those MKSP farmer household that are not registered under Mahatma Gandhi NREGA but are willing to take up work under it;
- d. **generation of Demand** through mobilisation of such farmers in campaign mode;
- e. **inclusion of work and demand** in Annual Action Plan of the Labour Budget through special/ supplementary *Gram Sabhas*;
- f. **allocation of works to the MKSP/NRLM farmers with Job Cards in camp mode** with involvement of all key stakeholders in well coordinated way so that work allocation information is shared with the beneficiaries and SRLM/ MKSP partners straightway;
- g. **training** of MKSP farmers on construction of Vermi/ NADEP compost pit/ tank in such camps relating to material to be used, labour component, design, timeline, muster rolls, measurement, wage and material payment, etc. (The typical Designs of Vermi/ NADEP compost tanks are enclosed as Annexure -1. Since it is to be conducted in campaign mode, hence there should be minimum divergence from standard designs, shared);
- h. **facilitation** in getting the work started, procurement of materials (the HHs may take loans from their SHG for procurement purpose and repay as per their existing norms), arrangement of masons, technical supervision, timely measurement and timely payment of wages and material bills and **ensuring** that **minimum standardised designs** as per Annexure-1 are maintained ;

- i. **joint monitoring** of the whole campaign on NREGASoft and MIS of NRLM with requisite modification of the database and reports to help track these MKSP beneficiaries (A provision in **Job card Registration/ updation** module of the NREGASoft has been made to update status of Job Card HHs as 'MKSP Farmer HHs');
- j. **development and dissemination of relevant IEC materials;** and
- k. **adherence to non negotiables** like
 - i. the farmer household should be a registered job card holder on NREGASoft,
 - ii. it should belong to at least one of the eligible categories specified in paragraph-5 of the Schedule-I of the Act. (The list of eligible HHs is annexed as annexure-2),
 - iii. wage payments will be paid only through Bank/ Post Office Account unless exempted by the MoRD etc.

Role of the Key Stakeholders

The role of the key stakeholders for effective roll out of this campaign is listed below against the important activities:-

Sl. No.	Activity	Responsibility
1	State level coordination meeting between MGNREGA commissioner, CEO SRLM, MKSP partners, DPCs of concerned districts and other relevant officials.	MGNREGA Commissioner in consultation with CEO SRLM.
2.	Finalisation of roll out plan discussed in the meeting and sharing it with all DPCs and DPMs.	MGNREGA Commissioner in consultation with CEO SRLM.
3.	District level coordination meeting with DPM, BPMs, POs, representatives of MKSP partners, etc.	DPC
4.	Calendar for conducting camps for generation of demand	DPC
5.	Identification and mobilisation of MKSP farmers to the camps, preparation of list and sharing it with concerned PO	BPM/ MKSP NGO Partners. GRS will help in dissemination of information relating to camp dates as well as mobilisation.

6.	Mapping of the farmers in the list with Job card holders list	MKSP partner in consultation with PO/ GRS
7.	Updation of status of identified MKSP partners in NREGASoft under category 'MKSP Farmer HHS' and registration of farmers HHS willing to work under MGNREGA but not registered as Job card holder	PO/ GRS
8.	Issuance of notice for special/ supplementary Gram Sabha	Block Development Officer/ authorised Official/ GP President
9.	Conduct of special/ supplementary GS to include the demand for work as well as schemes in the AAP of the Labour Budget of the Gram Panchayat	GP President supported by Secretary and GRS of the Gram panchayat.
10.	Work allocation to eligible MKSP farmers with JC in camp approach.	PO. The camp should be held in coordination with BPMs/ MKSP NGO partners and the complete list of MKSP farmer HH to whom the Vermi/ NADEP compost pits/ tanks work has been allocated will be shared with them.
11.	Facilitation for getting the work started, procurement of materials through loans from their SHG and bulk purchasing in group, arrangement of masons etc.	BPMs/ MKSP NGO partners. The TAs and GRS will extend full support.
12.	Technical supervision to ensure minimum standardised designs are followed and timely measurement done.	TAs. MKSP partners technical resources may help.
13.	Timely payment of wages and material component.	GRS/ PO
14.	Monitoring	As per joint mechanism developed by States and districts.


These states are therefore requested to plan a joint campaign for construction of Vermi/ NADEP compost pits/ tanks on a priority basis as per the targets set by them. The SRLMs would ensure complete support in this endeavor

especially with respect to identification and mobilisation of beneficiaries, their facilitation to enable them to construct the Vermi/ NADEP compost pits/ tanks and timely payment of wages and material bills.

A meeting will be scheduled in last week of August, 2016 to discuss and initiate the process of convergence to achieve the above mentioned objectives.


(Aparajita Sarangi)
Joint Secretary, MGNREGA

3/8/16


(Atal Duloo)
Joint Secretary, RL

No.J-11011/01/2010/MKSP-part
Government of India
Ministry of Rural Development
Department of Rural Development
(Rural Livelihoods Division)

6th Floor, Core 5B,
India Habitat Centre,
Lodhi Road, New Delhi
Dated: 25th November, 2016

To

The Chief Executive Officer/State Mission Directors
State Rural Livelihoods Mission (MKSP implementing partner States)

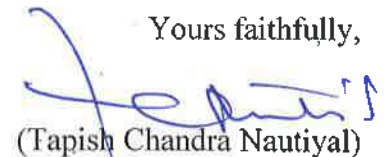
Subject: Revision of funding pattern under Mahila Kisan Sashaktikaran Pariyojana (MKSP) a sub component of NRLM

Sir/Madam,

I am directed to refer to the decision of the Government of India to revise the funding pattern for various schemes including MKSP w.e.f. 1st April, 2015. In this regard, a clarification has been obtained from the Ministry of Finance, Government of India. As per the clarifications, the revised funding pattern of 60:40 sharing of project cost between Central and State Government (90:10 for North Eastern States) will also be applied to all ongoing projects under MKSP w.e.f. 1st April, 2015. The funds already released before 1st April, 2015 will not come under the ambit of revised funding pattern. However, all installments to be released/already released after 1st April, 2015 will be adjusted according to revised distribution of balance project cost as on 1st April, 2015, in 60:40 ratio between Central and State share.

This is for your kind information and further necessary action as per the directions/clarifications from the Ministry of Finance, Government of India.

Yours faithfully,



(Tapish Chandra Nautiyal)

Dy. Secretary to the Government of India

Ph. 24122935

Copy to:

- 1 The Principal Secretary, Department of Rural Development, all existing MKSP implementing partner States
- 2 All MKSP partners
- 3 PPS to Secy (RD) and PS to JS(RL) for kind information.



ATAL DULLOO
Joint Secretary
☎ - 24122936
☎ - 24104386
@ - jsrl-mord@gov.in

ग्रामीण विकास मंत्रालय
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Ministry of Rural Development
Deptt. of Rural Development
Government of India
Krishi Bhavan, New Delhi-110114

DO.No. K-11062/10/2016/NRLM (Livelihoods)
Dated 23rd November, 2016

Dear *Madam / Sir,*

An orientation cum sensitization workshop of State project Manager Livelihoods of all states was organized on 10/11/2016 to sensitize them about the livelihoods training structure. As per the inputs received in the meeting it has been decided that the SRLMs willing to conduct the training of SRPs in their states are allowed to do so and the schedule of conducting the same can be decided by the SRLMs in consultation with NMMU and NIRD so that the NRPs can be deputed for the trainings. The respective states where SRP training is scheduled will make necessary arrangements for the smooth conduct of the training.

There is also a need for an "evaluation system" for the SRPs. The purpose of the evaluation is to identify the best trainers from the available resource pool and also to have continuous system of capacity building and evaluation to upgrade the level of those at lower level. The evaluation process will also help to motivate the SRPs.

The evaluation process comprises a daily evaluation, of 30 minutes covering objective and subjective questions based on topics covered previous day and a comprehensive test on the final day covering the entire course content. Based on the final evaluation four grades are being proposed, "A", "B", "C" and "Fail".

Grade	% score
A	90 and above
B	75 to 89
C	50-74
F (Fail)	Below 50%

NRLM Resource Cell, NIRD will issue a certificate based on the assessment report.

With regards,

Yours Sincerely,

(Atal Dulloo)

To,

ALL State Mission Director/CEOs -SRLMs



ग्रामीण विकास मंत्रालय
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ATAL DULLOO

Joint Secretary

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Do No: K-11062/09/2016/NRLM (Livelihoods)

Date: 12th September, 2016

Dear Sir/Madam,

As you are aware, the central objective of Deen Dayal Antyodaya Yojna- National Rural Livelihoods Mission (DAY-NRLM) is to bring about increase in the household incomes of the rural poor through sustained livelihood enhancements and improved access to financial and non- financial services. In this context, DAY- NRLM has always believed in building partnerships with various stakeholders for improving effectiveness of the implementation of the Mission. As part of this partnership approach, the NRLM has recognized Central Silk Board as DAY- NRLM Support Organization.

The tribal communities across the country are dependent on Non Timber Forest produce (NTFP) such as sericulture (Tasar) as a major source of their livelihoods. The implementation of tasar based livelihood interventions requires expertise. Central Silk Board has demonstrated expertise and technical knowledge to develop a sustainable model for livelihood promotion around Tasar for primary collectors. The model involves regeneration of host plant species to improve the bio diversity and enhanced productivity, local value addition of tasar to ensure higher returns, development of market linkages, building capacity of the community in sustainable harvesting and post harvesting techniques, development of a pool of community resource persons and to promote the use of ICT to improve the livelihoods opportunities of the primary collectors.

CSB is now coordinating MKSP Projects for Tasar development in Jharkhand, Odisha, West Bengal and Chhattisgarh in coordination with PRADAN, in Maharashtra in coordination with BAIF, in Andhra Pradesh & Telangana in coordination with SERP & Kovel Foundation and in Bihar in coordination with BRLPS & PRADAN.

Central Silk Board is a well-experienced organization in the field of Tasar based livelihoods promotion and I believe that it will be in our interest to draw on their experience and insights in our work. I request you to make the best use of this opportunity and establish contact with the professionals from CSB and take this forward.

CSB would be facilitating the SRLMs, to promote tasar based livelihoods interventions by providing technical support and implementation assistance in the States. SRLMs can enter into a MoU with Central Silk Board directly. CSB is expected to support the SRLM in the following areas

1. Project formulation – Assisting the SRLMs in developing projects for promotion of sericulture as a livelihood promotion intervention.
2. Implementation Support – Support the SRLMs in implementation of Sericulture projects such as designing technical protocol, value chain studies, project documentation.
3. Capacity Building – Preparation of training modules, to give exposure on tasar cultivation to the livelihood anchor persons of SRLMs viz., Young Professionals, Block/District/State Project Managers

Besides, the SRLM and CSB can mutually agree on other areas of collaboration.

Best regards

Yours Sincerely



(Atal Dulloo)

To all the CEOs/ SMDs of SRLMs

CC: Member Secretary, Central Silk Board

ATAL DULLOO
Joint Secretary
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 भारत सरकार
 कृषि भवन, नई दिल्ली-11011
 Ministry of Rural Development
 Deptt. of Rural Development
 Government of India
 Krishi Bhavan, New Delhi-11011

DO#. S-11062/02/2015/NRLM (livelihoods)/Part II
 February 25, 2016

Dear Madam/Sir,

Since its launch NRLM has made significant progress in mobilizing the poor and vulnerable women into their institutions. NRLM has also supported these women SHGs through provisioning of revolving fund and Community Investment Fund (CIF) to take up livelihoods activities. Besides, NRLM has linked these SHGs to banks as well through its SHG bank linkage program for enabling them to access easy credit.

As you are aware, Mahila Kisan Sashaktikaran Pariyojan was launched in 2010-2011 as a subcomponent of National Rural Livelihood Mission (NRLM) to promote farm based livelihood. With the launch of NRLM and gradual establishment of State Rural Livelihood Missions, it was envisaged that Ministry of Rural Development would integrate MKSP with the broader NRLM roll out plan in the states and MKSP will gradually converge with states Livelihoods plan. SRLMs would eventually integrate MKSP in their Farm Livelihoods Promotion Strategy as a part of their Annual Action Plan (AAP). In this context the following points are being reiterated:

1. Change in implementation architecture of MKSP – All the SRLM will submit their MKSP project in Annual Action Plan mode in the given format. The SRLM will be the Project Implementing agency for MKSP projects under AAP route.
2. Engagement of partner in MKSP AAP – SRLMs would be the project Implementing Agency for MKSP and the District/Block/cluster Federations of the women SHGs would be implementing partners of SRLMs. The NGOs having proven experience of implementing sustainable agriculture. Non timber Forest Produce, Livestock based livelihoods programs can be technical support organisations providing training and capacity building support to the community Based Organisations. In addition the best practicing farmers promoted by the NGOs can be utilized as Community Resource persons by the CBOs against a fee.
3. Change in the funding pattern under MKSP: the revision of existing funding pattern under various Centrally Sponsored Schemes has been under consideration of the Govt. of India and it has now been decided that the funding pattern for MKSP would also be revised from 75:25 to 60:40 except in the case of 8 North Eastern States (including Sikkim), Jammu and Kashmir, Himachal Pradesh and Uttrakhand in whose case the funding would be in the ration of 90:10. The administrative cost would be 6% of the total MKSP budget.

The MKSP Projects approved by EC/ PAC before 1st April, 2015 will have funding pattern as per their sanction order.

4. Value chain development: SRLM may plan to take up value chain development interventions for establishing market linkage initiatives as a step forward for the ongoing MKSP projects. Fresh proposals are invited for these interventions. A ceiling of 25% of the existing MKSP project cost may be set for such proposals.
5. Partnership with MKSP partners: SRLM may go for partnership with MKSP partners to toll out the livelihoods interventions on sustainable agriculture. Livestock and NTFP in the respective states as part of their Farm Livelihoods Annual Action Plan. The main role of the MKSP partners may be in capacity building, CRP deployment, immersion sites etc.

This ministry invites proposal on MKSP.

Warm regards

Yours sincerely,



(Atal Dulloo)

Encl: Value chain development proposal submission template
MKSP AAP template

To All The Principal Secretaries of RD/PR

Cc: All SMDs/CEOs of SRLM

ok

NATIONAL RURAL LIVELIHOODS MISSION**ANNUAL ACTION PLAN - LIVELIHOODS**

I	LIVELIHOODS SITUATION ANALYSIS OF THE STATE
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- Please describe key livelihoods of the poor in the state; e.g. agriculture, NTFP based livelihoods, and any other livelihood streams, primarily among the most vulnerable/poorest of poor section of community like landless, SC/STs, PVTGs, women headed HHs, single women etc. Provide any relevant secondary data available to give clear idea.
- Explain the best practices if any, in each of the livelihoods stream available in the state.
- Please explain various constraints/ issues in the area of livelihood options (e.g. issues related to access and control of productive resources, production process, post production process, producers' organization, value addition, marketing, realization of value/profit to the producers and any other issues).

II	LIVELIHOOD PROMOTION STRATEGY OF THE STATE
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- In reference to the existing livelihood opportunities and the issues, what is the overall strategy of the state to promote key livelihoods? How the state aims at addressing the constraints in the field of livelihoods. Also explain state's strategy with reference to specific livelihood stream (Agriculture, NTFP etc).
- What is the strategy aimed specifically at the most vulnerable section/ community and their livelihoods.
- What is the overall strategy of livelihoods promotion in the intensive blocks / resource blocks in the state, as part of NRLM.
- How the state is planning to integrate MKSP with its' overall livelihoods promotion strategy.

III	PROJECT MANAGEMENT AND MONITORING PLAN OF SRLM
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Readiness Indicators

Please describe the readiness of SRLM to implement the AAP on MKSP

- Whether full time livelihoods team in place at the state level- PI give details of the team
- Whether livelihoods teams positioned in intensive districts and in intensive block- PI give details of the team
- Whether the livelihood team has undergone well designed and detailed induction training– PI give details of the training programs organized for the LH team

MKSP Process

- PI explain the processes to be followed by SRLM in congruence with MKSP guidelines to identify partners for MKSP implementation
- What is the Framework of Monitoring and Evaluation system planned for the MKSP projects by the SRLM.
- Please explain how the state SRLM proposes to monitor the implementation of the projects in the state, as per their existing internal systems and planned systems (as per the MKSP guidelines).

1. Contacts of Livelihood Team in SRLM

Sl.No	Name of the Livelihood head /Anchor person in SRLM for MKSP (Mention separately, if there are more than one official for different streams like NTFP/ Sustainable agri. etc)	Contact Number	Fax No.	Email ID	Office Address
	Name of the state level livelihood team members	Contact Number	Fax No.	Email ID	Office Address

IV	LIVELIHOOD IMPLEMENTATION PLAN UNDER MKSP (Mahila Kisan Sashaktikaran Pariyojana) (As a sub- component of overall livelihood strategy)
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A	SUMMARY OF ONGOING MKSP PROJECTS
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There may be some ongoing projects under MKSP already being implemented in the state. A brief description of these projects needs to be provided.

1. Summary of all MKSP projects already being executed in the state

Components	Source	Type of Project Sustainable Agri/NTFP etc	Total Project Cost (in lakhs)	Funding outlay (Rs Lacs)		
				Yr 1 (25%)	Yr 2 (50%)	Yr 3 (25%)
60% Of total Budget Outlay for livelihood promotion plan under MKSP	MoRD /Central Share					
40% (10% in case of NE & Hilly states)of total Budget Outlay for livelihood promotion plan under MKSP	State/Any Other Donor Agency (Please mention the name of the source)					

2. MKSP Project Implementing Agency details (existing)

Sl. No.	Name of the Project	Name of the PIA	State share/share of other donor of the project (Rs)	Central share of the project (Rs)	Area (Districts & blocks Names)	Total No. of beneficiaries covered
1						
2						
3						

N.B. Please mention how many of these blocks under MKSP are intensive blocks. In case 25% share had come from any other source than state govt. please mention the source

3. Contact details of Existing MKSP Project Implementing agencies

Sl. No	Name of the PIA	Contact Details
1		Contact Person's Name- Telephone & Mobile No- Email ID- Fax No. PIA's Office postal Address
2		
3		

B Livelihood Project Promotion Plan and Major Outputs (Under MKSP)

It is envisaged that the strategy to integrate MKSP with resource block would be two pronged-
1. CRPs identified from MKSP areas working in Resource Blocks to promote sustainable LH practices and 2. MKSP blocks declared as resource blocks and intensive social mobilization and financial inclusion activities taken up. Keeping this broad strategy into consideration please elaborate:

- i) How the SRLM plans to initiate livelihoods interventions in the field of sustainable agriculture/ non timber forest produce etc., partnering various organizations.
- ii) How the best practices will be identified by the state in each of the stream and the resource agencies to be identified by state to replicate and scale up those best practices and models (MKSP guidelines to be followed).
- iii) Explain why and how the organizations fit in with the Objectives of MKSP (as per the guidelines) and NRLM, in reference to their past experience in the proposed livelihoods sector (NTFP/agriculture etc.) and in women centric community institution promotion.
- iv) What are outreach/ coverage planned by the state through these interventions, e.g, How many women farmers/and their families are envisaged to be covered. What are the geography where these pilots are planned and what are the basic rationale for selection of those areas and families.

- v) How many Community Resource Persons trained in the livelihoods interventions are envisaged to emerge from the projects proposed in 3 years time period.
- vi) How many generic institutions (SHGs) being formed or strengthened due to the proposed interventions and how many livelihood organizations (federations/cooperative/producers' company etc.) been promoted in the project areas.

C	Scaling up plan for the livelihood initiatives started under MKSP
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- How the state plans to scale up these initiatives/ projects across the state in the intensive blocks and resource blocks planned under NRLM. How it envisages integrating the learning from the projects to the state livelihoods plan/ strategy.
- How the state plans to integrate the livelihoods CRPs emerged and trained from the MKSP projects, into State's livelihood plan.

V.	FINANCIAL PLANNING FOR LIVELIHOODS INITIATIVES
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1. Proposed funding for MKSP Plan

Components	Source	Type of Project Sustainable Agri/NTFP etc	Total Project Cost (in lakhs)	Funding outlay (Rs Lacs)		
				Yr 1 (25%)	Yr 2 (50%)	Yr 3 (25%)
75% Of total Budget Outlay for livelihood promotion plan under MKSP	MoRD /Central Share					
25% (10% in case of NE & Hilly states)of total Budget Outlay for livelihood promotion plan under MKSP	State/Any Other Donor Agency (Please mention the name of the source)					

NB. The state contribution cannot be drawn from the allocation made to SRLMs under NRLM

FRAMEWORK FOR DEVELOPING THE PROJECT PROPOSAL FOR SPECIAL FUND ON LIVELIHOODS PROMOTION

1. *Background & Context*

1.1 Policy and country context:

Capture the main policy incentives and disincentives for the product in the state and country.

1.2 Supply and demand dynamics

- Analysis of the activity/ subsector – at producer/ rearers level, at secondary aggregation level, at value addition level, margin spread, existing bottlenecks in production, value addition and marketing, supply of raw materials and inputs, design issues etc.
- Demand and supply condition of the commodity/products to be dealt.
- Potential of export of the commodity.
- Whether there is an unmet demand for the product in the state, nationally and internationally
- Price trend of the commodity/products in the market.
- Based on the above demand-supply and price analysis, determine whether product has a good potential to increase income of the primary producers and job opportunities in the value chain

1.3 Geography Selection

- Location of proposed model. Rationale for selecting that area of operation.

1.4 Value chain and activities mapping

- What are the main broad functions for the value chain being explored for intervention?
- Who are the main value chain actors involved in the chain?
- What are the different segments and the margin spread within each value chain segment?
- How does the product flow among the value chain actors and in what volumes?
- Traditional market and emerging market identification for the product developed.
- Terms of exchange with supplier and buyer (Credit period offered). Ways to reduce bargaining power from the producers both for buying and selling.

1.5 Prioritizing the interventions:

- What are the gaps in the value chain?
- Understanding the package of practice by the producers in the area and the modern scientific practice available in the similar situation.
- Developing the points of interventions. Determining the stage(s) in the value chain where the interventions to be incorporated.

2. Rationale for intervention

- Pro poorness of the activity
- If expansion of existing intervention, then what has been the output/ outcome of the previous intervention (previous outreach - household, acreage, number of artisans etc; results of the intervention in terms of benefit to the producers and income enhancement, etc)
- Techno economic analysis
- Please mention the area specific context of the problem envisaged to be tackled through the submitted proposal.
- Analyze the gaps in the existing value chain, which will be addressed by the project.
- Please provide suitable rationale for the type of investment expected.

3. Objectives/Key Deliverables

- Please mention the deliverables from the proposal.
- Please mention the key objectives of the proposal in measurable terms

4. Target Group

- Who is the target group? How many households? How many villages/ GPs? How many blocks/ districts? What per cent of small farmer/ marginal farmer/ poor/ EPVG/ SECC deprived HH/ ST/ SC/ OBC families are covered in the intervention? What are the roles to be played by these households?

5. Value proposition of the intervention

- What value will the proposal add to the livelihood portfolio of the household?
- What will be the increase in productivity, increase in total production, and increase in margin in the activity (return to producer) as well as overall income enhancement at the household level?

There is a need to quantify the value proposition.

6. Intervention

- What is the key intervention strategy? –productivity enhancement/value addition and processing/collective procurement, storage and marketing etc
- What are the intervention in the pre production, production and post production stages, and similar stages for trading and services enterprises?
- How will the inputs/raw material/ traded goods flow? What are the interventions for reducing cost of inputs/raw materials/ traded goods?
- Who provides technical knowledge and how it is transferred? How does technical backstopping happen?
- What are the technology interventions? How it is demystified and transferred?
- How is knowledge transferred? What is the system of community extension mechanism? What are the roles of the community professionals?
- How are the Capacity Building and Institution Building component rolled out?
- How does the marketing of the produce/ product/service take place? What will be the intervention in this aspect?- *to be detailed in the marketing section*
- If forward linkages are proposed to be developed, what level of business analysis has been made?
- What are the interventions for reducing risks associated with the activity?

- At what level the collectivization happens? Is there a need for it? How will it be sustainable?
- How the monitoring of the activity takes place? What is the MIS? How MIS feeds into course corrections?

6.1 Community Institutional Architecture

This section needs to include the legal structure of the producers' organization. It would describe how the project is going to better serve the community especially small and marginal farmers. It would also describe the roles of the community. Who grooms the community institutions related to the intervention?

6.2 Market Analysis Section

This section is basically a summary of the Marketing Plan. It needs to show the demand for the product to be marketed, the proposed market, trends within the industry, a description of the pricing plan and packaging. This section should also take up an Industry Analysis. This section evaluates the playing field in which the producers' organization will be competing, and includes well-structured answers to key market research questions such as the following:

- What are the sizes of the target market segments? – This section assesses the customer segment(s) that would be served. This section must convey the needs of the target customers. It must then show how the products satisfy these needs.
- What are the trends for the industry as a whole?
- What is the geographical area of the market?
- Who are potential buyers and what is their current source of the product?
- How many potential customers are in that area?
- What percent of the market to be catered? How much markets share that will have in the future?
- How quickly will you reach that percentage?
- Who are the competitors? What are their strengths and weaknesses?
- Is the business seasonal?

6.3 Marketing Strategy

What will the strategy to attract and keep the segment of this market (USP)?

- customer quality
- product quality
- price
- location
- promotion
- persuasion—personal selling
- satisfaction guarantee/product warranty
- distribution
- extend credit (if yes, what is the credit policy and payment terms?)

6.4 Location of the Physical Infrastructure like common facility centre etc.

- What is the location of the Physical Infrastructure and why it is chosen as location?
- Will the building be rented, leased, or owned?

6.5 Licenses/Permits/Registrations

- What licenses or permits are required to be obtained?
- How long does it take to get the needed licenses/permits? What is the cost involved?
- Describe the insurance coverage if required?

6.6 Management Section

Outline the organizational structure and management team of the producers' organization. Include the legal structure of the business whether it is a producers' company, a cooperative society or a MACS etc. Please elaborate the reasons for choosing a particular legal structure and the pros and cons for the same. Who will manage day to day operations? What kind of training is required for the people? *Phasing strategy and timelines may be mentioned for the way the producers' organizations are planned to evolve.*

7. Fund Flow mechanism

- How does the fund flow happen?
- For what activity the funds are routed?
- To whom?
- How the fund utilization is monitored?

8. Implementation arrangement

- Who does what? - Community, project, banks, other partners?
- Who supports the initiative at the state level, district level, block level, village level, and enterprise level?
- Does project have the technical expertise in doing this? Else who provide the technical inputs and handholding support to the enterprise?
- What is the role of the Technical support agencies?
- Who are the various partners in the entire implementation process apart from community and project? What are their roles and responsibilities?

9. Output/ outcome

- Total number of household covered— segregated along economic and social parameters
- Total acreage covered / units established,
- Number of Producer Group (PG)/enterprises formed and groomed,
- Number of Producer Organization (PO)/enterprises formed and groomed,
- Number of community professionals trained and groomed for running the producers' organizations?
- Economic benefits to the producers?
- Profitability of producers' organizations measured through a pre and post interventions projections for P&L, Balance Sheet, Cash Flows and ROI

10. Other important aspects

- What is the level of subsidy¹/ grant in the activity?
- What is the level of credit ²aspect in the activity?
- If the working capital/ input cost is subsidized by when the activity can be totally financed from the banks/ Financial Institutions?
- Break even analysis of the producers' organizations?
- What is the cost of intervention per beneficiary household (segregate along total cost, cost for inputs at individual level, cost for training and capacity building, cost for common infrastructure, cost for working capital at individual level, cost of working capital at collective level, cost of setting up of marketing channels, cost of CRPs and MCRPs, cost of TSA, etc)
- What additional cost will be required for up scaling the program and what will be the per household costing?³

11. Overall Budget requirement including

- Technical support agency
- Community capacity building and Institution building
- Cost of knowledge and technology transfer
- Cost of developing community nodes (including administrative costs of organizations promoted)
- Cost of public goods/ machinery/ technology (at grassroots level) including amount required for the primary producer collective level for infrastructure and asset creations
- Working capital cost
- Cost of branding/ advertising
- Cost of marketing
- Cost of processing and value addition of products, etc (including machinery and infrastructure at secondary and tertiary level)

12. Financial Inclusion

What are the amount requirements for individual level asset creation, working capital and the sources for the same?

What is the existing system of meeting these needs?

Do a similar project on FI (using the special FI fund window) is being developed for addressing the need of the community referred in this proposal.(plz give a brief about the FI proposal, if any)

13. Convergence

¹ All grant/ subsidy need to be for public good and not for private one. However for initializing an activity some level of individual grant/ input subsidy may be required which has to come down as the proof of activity is established

² It is expected that the inputs/ working capital at individual level is met from QF or bank loans

³ The initial cost per household may be higher which will reduce as the number of household goes up

What are the different convergence needs of the households (related to the proposed activity in this particular proposal) in terms of assets/ infrastructure (both individual and common); services (department of ag/ fisheries/ AHD/ SME, etc);

Plz elaborate how the following convergence will be made possible and whether there will be an proposal to use the special convergence fund window

Skill and Rural Job Development (using the enterprise and the entrepreneurship window)

What are the different type of skill sets required (except for the primary producers) and for whom?

How the proposal address to meet those skill gap, develop entrepreneurs and create jobs in the locality through the livelihood proposal.

How many such entrepreneurs / jobs will be generated? What will be the average income from each job? For what category of community will be such scope be generated?

Is there a separate proposal on skills and jobs (using the skill special fund window), if yes, plz give a brief of the other proposal.

File # I-12011/23/2012-SGSY(C)
Government of India
Ministry of Rural Development

Krishi Bhawan, New Delhi
Dated the 28th October, 2015

To,

The Principal Secretaries (Rural Development & Panchayati Raj) all States
The Principal Secretaries (Agriculture) all states

**Subject: Convergence of National Rural Livelihoods Mission (NRLM),
MORD and the Schemes/Programmes/Missions of Department of
Agriculture, Cooperation and Farmers Welfare, MOA&FW.**

Madam/Sir,

In line with the National Policy for Farmers (2007), Department of Agriculture, Cooperation and Farmer Welfare (DAC&FW), Ministry of Agriculture and Farmers Welfare is implementing several Schemes/Programmes/Missions aimed at enhancing agricultural production and productivity through optimum utilization of natural resources. All the schemes require a strong and long term engagement with the farmers including women farmers to build their capacities and improve their access to inputs and resources.

2. Ministry of Rural Development is implementing the National Rural Livelihoods Mission (NRLM), a poverty alleviation program in all the States of the country with the aim of mobilizing one woman member from each rural poor family into women Self Help Groups (SHGs) and higher level federations of these SHGs and linking them with banks for their credit needs and build the capacities of these institutions of the rural poor to take up sustainable livelihoods activities including agriculture, livestock and other vocations for enhancing their income levels

3. NRLM has created a nationwide network of women SHGs and their federations in more than 2700 blocks in an intensive manner. A lot of investment has also been made on creating social capital in the form of Community Resource Persons (CRPs) under NRLM for taking the programme forward with the aim of making the programme community managed and community driven.

4. Mahila Kisan Sashaktikaran Pariyojana (MKSP), a program to empower the women farmers, has been launched in 2010 as a sub component of NRLM. The core objective of MKSP is to build the capacity of women farmers. More than 33 lakh women farmers are now being supported under MKSP in 1067 blocks in 15 States. MKSP is promoting sustainable agro ecological practices like *in situ* moisture

conservation, non-pesticide management, multi-tier farming, promotion of Farmers' Fields Schools (FFS), promotion of producers' groups, soil fertility management practices like composting etc. The Primary focus of MKSP is also to create a large pool of CRPs, chosen from the best practicing farmers, who would work as front line station workers for upscaling the interventions piloted under MKSP Projects.

5. A National Gender Resource Centre in Agriculture (NGRCA) set up in the DAC&FW, as a part of its mandate, has been able to engender majority of the Programmes/Schemes/Missions of the Department by way of getting 'pro-women initiatives' and 'special provisions favouring women' built in to them. A glimpse of such provisions is given at **Annexure-A**.


6. The guidelines of various Sub-Missions/Missions such as Sub-Mission of Agricultural Extension (SAME) with special reference to ATMA; Sub-Mission on Agricultural Mechanization; Sub-Mission for Seed & Planting Material; National Food Security Mission; National Mission on Oil Seed and Oil Palm; National Mission on Sustainable Agriculture and Mission for Integrated Development of Horticulture (MIDH) stipulate that States and other Implementing Agencies are required to incur at least 30% expenditure on Women Farmers. About 32.61 lakh women (26.86% of the total farmers) have been benefitted in 652 Districts of 29 States and 3 UTs during the XII Plan period through farmer - oriented activities such as SHG formulation, Trainings, Demonstrations, Study Tours, Exposure Visits, Farm Schools etc. under ATMA intervention alone.

7. A meeting was convened on 6th August, 2015 to explore the opportunities for convergence among D/o Agriculture, Cooperation and Farmers Welfare (DAC&FW), Department of Animal Husbandry, Dairying & Fisheries (DAHD&F), MoA&FW and Ministry of Rural Development (NRLM Division). It was observed that all major programs and schemes have been designed to improve the livelihoods of the poor and have huge scope to benefit women farmers besides having focus on enrolling them as 'target group'. A decision has, therefore, been taken to promote convergence among all the schemes and programs of the aforesaid Departments which offer very high level of synergy and complementarity. A note on possible areas of convergence and the role of NRLM is attached at **Annexure-B**.

8. Besides facilitating women to derive benefits of Schemes of both- Agricultural and Rural Development Sector as per details at Annexure A & B, all States are, also requested to prepare a Convergence Plan between DAC&FW and NRLM Schemes, especially with MKSP. States may hold convergence meeting and prepare the details of the Action Plans at State, District and Block level with clear roles and responsibilities for functionaries from both - Agriculture Department and NRLM. Functionaries from Centre from both the Departments can be deputed to participate in these meetings.

9. MoRD is also planning to create a separate window and would earmark dedicated fund under NRLM to give an impetus to the convergent planning among all these programs. The State Rural Livelihoods Missions (SRLM) having significant progress made in building the SHGs and SHG Federations and also in implementation of MKSP may submit specific proposals in this regard. The proposal may also be developed in a comprehensive manner to include sustainable agriculture, build value chains of important crops of the poor, building producers' organizations/companies, building market linkages etc. the capacity building components can be met from NRLM and subsidy elements from the schemes of Departments of Agriculture and Animal Husbandry. It is also being envisaged that the expertise of all the concerned Departments to be at the disposal of the community based organizations to make this project a success.

Yours faithfully,



(Siraj Hussain)

Secretary

Government of India

Department of Agriculture, Cooperation &
Farmers Welfare, MoA&FW



(J K Mohapatra)

Secretary

Government of India

Department of Rural Development
Ministry of Rural Development

Annexure - A

Special Provisions for Women under Different Schemes/Mission of DAC&FW,
MOA&FW

S. No	Scheme / Mission & Component	Provisions
A.	National Mission on Agricultural Extension & Technology (NMAET) - Sub-Mission on Agricultural Extension (SAME)	
1)	Agriculture Technology Management Agency (ATMA)	
a)	Specific provisions (only for Women)	
	i) Support for Women Food Security Groups (FSGs)	<ul style="list-style-type: none"> ✓ Groups exclusively of women farmer established and supported under ATMA Cafeteria as a mandatory activity @ Rs.0.10 lakh per group/year to achieve food security at the domestic/house hold level through setting up of kitchen garden, promoting off farm activities such as piggery, goat-rearing, bee-keeping etc. ✓ Support available for at least 2 FSGs/Block.
	ii) Support for Gender Coordinator	<ul style="list-style-type: none"> ✓ one '<i>Gender Coordinator</i>'/State in the team of committed extension personnel under ATMA to ensure that funds and benefits for training/ capacity building and extension support etc. are provided to them in proportion to their numbers.
	iii) Representation of Women farmers in decision making bodies	<ul style="list-style-type: none"> ✓ Provision for mandatory representation of Women Farmers in <ul style="list-style-type: none"> ✓ State, District, Block Farmer Advisory Committees ✓ ATMA Governing & ATMA Management Committee at District Level
	iv) As Beneficiary	<ul style="list-style-type: none"> ✓ At least 30% of total scheme beneficiaries are to be women; and ✓ minimum 30% of resources meant for programmes and activities are to be allocated to women farmers and women extension functionaries.
b)	Provisions (where women get benefits either over & above/along with men)	
	v)) Provision of Seed money /Revolving Fund	<ul style="list-style-type: none"> ✓ Rs. 0.10 Lakh per group (of men & women) (to viable groups on competitive basis)
	vi) Capacity building, skill development and support services	<ul style="list-style-type: none"> ✓ Rs. 0.05 lakh Per group / year (of men & women) (Upto 20 groups per block)
	vii) Farmer Friend @ 1 over every 2 villages	<ul style="list-style-type: none"> ✓ Rs. 6000/per year/ farmer friend
		<ul style="list-style-type: none"> ✓ Women to be preferred over men as 'Farmer Friends'

2)	Agri-Clinics & Agri-Business Centers (ACABC)	
	Provisions (where women get benefits either over & above/along with men)	
	i)	Back-ended Composite Subsidy ✓ 44% Back-ended composite subsidy towards cost of project to women as compared to 36% to men
3)	Mass Media Support to Agricultural Extension	
	Provisions (where women get benefits either over & above/along with men)	
	i)	Outreach to women ✓ One day specially allocated to cover areas of core competence women farmers in programmes of All India Radio & Doordarshan.
B.	Mission for Integrated Development of Horticulture (MIDH)	
	a)	Provisions (only for Women)
	i)	As Beneficiary ✓ Specific coverage of Scheduled Caste, Scheduled Tribe and women beneficiaries for programmatic interventions. ✓ Assistance for horticulture mechanization also available grower associations/ farmer groups/ Self Help Groups/ Women farmer groups having at least 10 members, who are engaged in cultivation of horticultural crops, provided the balance 60% of the cost of machines and tools is borne by such groups. SHM to enter in to MoU with such association/groups to ensure proper upkeep, running and maintenance of the machines and tools.
	b)	Provisions (where women get benefits either over & above/along with men)
1.	Procurement of Agricultural Machinery & Equipments (Subsidy Pattern)	
1.1	Tractor	
	i)	Tractor (upto 20 PTO HP) (Cost Norms- Rs. 3.00 lakh/unit) ✓ 35% of cost, subject to a maximum of Rs. 1.00 lakh per unit for women as compared to 25% of cost, subject to a maximum of Rs. 0.75 lakh/unit for men
	ii)	Power Tiller
		Power tiller (below 8 BHP) (Cost Norms- Rs. 1.00 lakh per unit) ✓ Subject to a maximum of Rs. 0.50 lakh/unit for women as compared to a maximum of Rs.0.40 lakh/unit for men
		Power tiller (8 BHP & above) (Cost Norms- Rs. 1.50 lakh per unit) ✓ Subject to a maximum of Rs. 0.75 lakh/unit for women as compared to a maximum of Rs.0.60 lakh/unit for men
	iii)	Tractor/Power tiller (below 20 BHP) driven equipment

	Land Development, tillage & seed bed preparation equipment (Cost Norms- Rs. 0.30 lakh per unit)	✓ Subject to a maximum of Rs.0.15 lakh/unit for women as compared to a maximum of Rs.0.12 lakh/unit for men
	Sowing, planting reaping and digging equipment (Cost Norms-Rs. 0.30 lakh per unit)	✓ Subject to a maximum of Rs. 0.15 lakh/unit for women as compared to a maximum of Rs.0.12 lakh/unit for men
	Plastic mulch laying machine (Cost Norms- Rs. 0.70 lakh per unit)	✓ Subject to a maximum of Rs. 0.35 lakh/unit for women as compared to a maximum of Rs.0.28 lakh/unit for men
	Self - propelled Horticulture Machinery (Cost Norms- Rs. 2.50 lakh per unit)	✓ Subject to a maximum of Rs. 1.25 lakh/unit for women as compared to a maximum of Rs. 1.00 lakh/unit for men
	Plant Protection equipment Manual sprayer: Knapsack/foot operated sprayer. (Cost Norms-Rs. 0.012 lakh/unit)	✓ Subject to a maximum of Rs. 0.006 lakh/unit for women as compared to a maximum of Rs.0.005 lakh/unit for men
	Powered Knapsack sprayer/ Power Operated Taiwan sprayer (capacity 8 - 12 lts) (Cost Norms- Rs. 0.062 lakh/unit)	✓ Subject to a maximum of Rs. 0.031 lakh/unit for women as compared to a maximum of Rs.0.025 lakh/unit for men
	Powered Knapsack sprayer/ Power Operated Taiwan sprayer (capacity above 12- 16 lts) (Cost Norms- Rs. 0.076 lakh/unit)	✓ Subject to a maximum of Rs. 0.038 lakh/unit for women as compared to a maximum of Rs.0.03 lakh/unit for men
	Powered Knapsack sprayer/ Power Operated Taiwan sprayer (capacity above 16/ltr) (Cost Norms- Rs. 0.20 lakh/unit)	✓ Subject to a maximum of Rs. 0.10 lakh/unit for women as compared to a maximum of Rs.0.08 lakh/unit for men
	Tractor mounted /Operated Sprayer (below 20 BHP) (Cost Norms- Rs. 0.20 lakh/unit)	✓ Subject to a maximum of Rs. 0.10 lakh/unit for women as compared to a maximum of Rs.0.08 lakh/unit for men
	Tractor mounted / Operated Sprayer (above 35 BHP) / Electrostatic Sprayer (Cost Norms- Rs. 1.26 lakh/unit)	✓ 50% of cost, subject to a maximum of Rs. 0.63 lakh per unit for women as compared to 40% of cost, subject to a maximum of Rs. 0.50 lakh/unit for men
	Eco Friendly Light Trap	✓ Subject of a maximum of Rs. 0.014 lakh/unit for women as compared to a maximum of Rs.0.12 lakh/unit for men

		(Cost Norms- Rs. 0.086 lakh/unit)	
2.	Area expansion under Bamboo Mission (MIDH)		
	Forest areas / Public land (Through JFMC / Panchayati Raj Institutions / SHGs, Women group etc.		✓ 100% of cost in 3 installments (50:25:25) (Max. Subsidy per unit area Rs. 42,000/ha) both for women & men
3.	Coconut Development Board (CDB) under MIDH		
	Adoption of technologies (Back-ended credit capital subsidy)		✓ 33.3% of the project cost for women as compared to 25% of the cost for men
C) National Mission on Oilseeds & Oil Palm (NMOOP)			
	a)	Provisions (only for Women)	
	i)	Promoting Women Groups	<ul style="list-style-type: none"> ✓ SHGs/ FIGs/FPOs/Women groups/Co-operatives etc. to be involved by the States in distribution of Certified Seeds. ✓ State Governments to setup/ start joint venture/lease out seed gardens to farmers' Self Help Groups/FIGs/Women Group / Cooperative Societies/FPOs. ✓ States to support Farmer's association/Self Help Groups / Farmer Groups / Women Groups / Cooperative Societies for this component under AAP. ✓ Farmers associations / FPOs/ FIGs / SHGs / Women Groups, cooperatives /federations would be eligible for assistance for installation of Pre-processing, Processing and oil extraction equipment / devices under Mini Mission-III for the prescribed TBOs. ✓ Provision available under the Mission for involvement of Co-operative Societies, Self Help / Women Groups / FIGs / FPOs etc., in implementation of the Mission.
	b)	Provisions (where women get benefits either over & above/ along with men)	
	ii)	For manual sprayers: Knapsack/foot operated sprayers, eco friendly light trap (NCIPM)	✓ Rs. 800/- per unit for women as compared to Rs. 600/- per unit for men
	iii)	For Knapsack and Taiwan power sprayers (capacity below 16 litres) @ 50% of the cost of procurement	✓ Rs.3800/- per unit for women (additional 10% assistance) as compared to Rs. 3000/- per unit for men
	iv)	For Knapsack and Taiwan power sprayers (capacity above 16 litres) @ 40% of the cost of procurement	✓ Rs. 10000/-per unit. For women (additional 10% assistance) as compared to Rs. 8000/- per unit for men
	v)	Manually/Bullock drawn implements	✓ Rs. 10000/-per unit for women (additional

		including Chiseller (@ 40% of the cost)	10% assistance) as compared to Rs. 8000/- per implement for men.
	vi)	Tractor driven, farm implements like Rotavator / Seed Drill/Zero Till Seed Drill/ Multi-Crop Planter/Zero Till Multi-Crop Planter/ Ridge furrow Planter/ Raised bed planter/ Power weeder/ Groundnut digger and Multi crop threshers	✓ Rs. 63000/-per unit for women (additional 10% assistance) as compared to Rs. 50000/- per unit for men.
	vii)	Small tractor with trolley (25% of the cost of procurement)	✓ Rs. 1.00 lakh/ unit for women (Additional 10% assistance) as compared to Rs. 0.75 lakh/unit for men.
	viii)	Distribution of pre- processing, processing and oil extraction equipment to Farmers associations / FPOs/ FIGs / SHGs / Women Groups , cooperatives / federations.	✓ Back ended credit linked subsidy (30% subsidy, 50% loan, 20% own share) with assistance restricted to 30% of project cost with a ceiling of Rs. 6.50 lakhs for setting up one unit/project per organization/individual.
	ix)	Establishment of Seed Gardens Support through the States' Department of Agriculture /Horticulture (75:25) for setup/ start joint venture/ lease out seed gardens to farmers' SHGs / FIGs/ Women Group / Cooperative Societies/ FPOs.	✓ One time assistance for a max. Rs.10.00 lakh as subsidy for setting up a new seed garden in 15 ha area by oil palm farmer's association /co-operative etc. through State Government. ✓ The seed garden may be developed over an area of 15 ha each as a Revolving Fund Scheme with the assistance of Rs 30.00 lakh, with a breakup of Rs. 10 lakh (first year) & Rs. 2 lakh each for 2nd, 3rd, 4th, 5th and 6th year. In 7th year, a block grant of Rs.10 lakh is provided. From 8th year onwards the scheme is likely to become self-supportive.
D)	Integrated Scheme for Agricultural Marketing (ISAM)		
	i)	Storage Infrastructure Projects under Agriculture Marketing infrastructure (AMI) for Registered FPOs, Panchayats, Women , Scheduled Caste (SC)/ Scheduled Tribe (ST) beneficiaries or their cooperatives/Self-help groups.	✓ 33.33% Subsidy (on capital cost) for women as compared to 25% for men. ✓ Subsidy ceiling (Up to 1000 MT is Rs. 1166.55), More than 1000MT and up to 30000 MT is Rs. 1000.00, Maximum ceiling of Rs 300.00 Lakhs) for women and Subsidy ceiling (Up to 1000 MT in Rs/MT-875.00, More than 1000MT and upto 30000 MT in Rs /MT-750.00), Maximum ceiling (Rs 225.00 Lakhs) for men.
	ii)	For Infrastructure Projects Other than Storage Infrastructure for Registered FPOs, Women , Scheduled Caste (SC)/ Scheduled Tribe (ST) beneficiaries or their cooperatives.	✓ 33.33% Rate of Subsidy (on capital cost) for women as compared to 25% for men ✓ Maximum Subsidy Ceiling is Rs. 500.00 lakhs for women as compared to Rs. 400.00 lakhs for men.
E)	National Food Security Mission (NFSM)		

	a)	Provisions (only for Women)	
	i)	As Beneficiary	✓ At least 30% allocation of the funds is for women farmers.
	b)	Provisions (where women get benefits either over & above/ along with men)	
	ii)	Promotion of Farmer Producer Organizations (FPOs) and marketing support for value chain integration (to un-registered farmer groups, SHGs of Women & others etc. for local marketing of pulses and millets)	✓ Rs.2.00 lakh per group of 15 farmers, for one time support only)
F)	National Mission for Sustainable Agriculture (NMSA)		
	a)	Provisions (only for Women)	
		Soil & water conservation; Water use efficiency; Soil health management and Rain-fed Area Development.	✓ At least 50% of the allocation is to be utilized for small, marginal farmers of which at least 30% are women beneficiaries/ farmers.
G)	Sub-Mission on Agricultural Mechanization (SMAM)		
	a)	Provisions (only for Women)	
	i)	Training Programme	✓ Training Programmes on Gender friendly Equipment for Women farmers are to be conducted by Farm Machinery Training & Testing Institutes.
	ii)	As Beneficiary	✓ At least 30% allocation of the fund is to be made for women farmers.
	b)	Provisions (where women get benefits either over & above/ along with men)	
	iii)	Tractor	
		Tractor (08-20 PTO HP)	✓ Rs. 1.00 lakh for women as compared to Rs. 0.75 lakh for men.
		Tractor (Above 20-70 PTO HP)	✓ Rs. 1.25 lakh for women as compared to Rs. 1.00 lakh for men.
	iv)	Power Tillers	
		Power Tiller (below 8 BHP)	✓ Rs. 0.50 lakh for women as compared to Rs. 0.40 lakh for men.
		Power Tiller (8 BHP & above)	✓ Rs. 0.75 lakh for women as compared to Rs. 0.60 lakh for men.
	v)	Rice Trans-planter	
		Self-Propelled Rice Trans-planter (4 rows)	✓ Rs.0.94 lakh for women as compared to Rs. 0.75 lakh for men.
		Self-Propelled Rice Trans-planter (i) above 4-8 rows	✓ Rs. 2.0 lakh for women and men both.

	(ii) above 8-16 rows	
	Self-Propelled Machinery Reaper cum Binder	✓ Rs. 1.25 lakh for women as compared to Rs. 1.00 lakh for men.
vi)	Specialized Self Propelled Machinery	
	Reaper/Post Hole Digger/Augur/Pneumatic / other Planter	✓ Rs. 0.63 lakh for women as compared to Rs. 0.50 lakh for men.
vii)	Self-Propelled Horticultural Machinery	
	Fruit Puckers/ Tree pruners/ Fruit Harvesters/ Fruit Graders /Track Trolley/ Nursery Media Filling Machine/ Multipurpose Hydraulic System / Power operated horticulture tools for pruning, budding, grating, shearing etc.	✓ Rs. 1.25 lakh for women as compared to Rs. 1.00 lakh for men.
viii)	Land Development, tillage and seed bed preparation equipments	
	MB Plow/ Disc Plow/ Cultivator/Harrow/leveler Blade / cage wheel/ Furrow opener/Ridger/ Weed slasher / Laser Land Leveler/ Reversible Mechanical plough	✓ Rs. 0.15 lakh for women as compared to Rs. 0.12 lakh for men (Below 20 BHP driven). ✓ Rs. 0.19 lakh for women as compared to Rs. 0.15 lakh for men (Above 20-35 BHP driven).
	Rotavator/ Rotopuddler / Reversible Hydraulic plough	✓ Rs. 0.35 lakh for women as compared to Rs. 0.28 lakh for men (Below 20 BHP driven). ✓ Rs. 0.44 lakh for women as compared to Rs. 0.35 lakh for men (Above 20-35 BHP driven).
	Chisel Plough	✓ Rs. 0.08 lakh for women as compared to Rs. 0.06 lakh for men (Below 20 BHP driven). ✓ Rs. 0.10 lakh for women as compared to Rs. 0.08 lakh for men (Above 20-35 BHP driven)
ix)	Sowing, Planting, Reaping and Digging Equipment	
	Post Hole digger/ Potato Planter/Potato Digger /Ground nut digger/Strip till drill/Tractor drawn reaper/Onion harvester /Rice straw Chopper/Zero till seed cum fertilizer drill/ Raised Bed Planter/ Sugar cane cutter/ Stripper/Planter/Seed drill/Multi crop planter / Zero-till multi crop planter/Ridge furrow planter	✓ Rs. 0.15 lakh for women as compared to Rs. 0.12 lakh for men (Below 20 BHP driven). ✓ Rs. 0.19 lakh for women as compared to Rs. 0.15 lakh for men (Above 20-35 BHP driven)

		Turbo Seeder/ Pneumatic Planter /Pneumatic vegetable transplanter /Pneumatic vegetable seeder/ Happy seeder/Plastic Mulch Laying Machine	<ul style="list-style-type: none"> ✓ Rs. 0.35 lakh for women as compared to Rs. 0.28 lakh for men (Below 20 BHP driven). ✓ Rs 0.44 lakh for women as compared to Rs. 0.35 lakh for men (Above 20 BHP driven).
	x)	Inter Cultivation Equipment;	
		Grass Weed Slasher/ Rice Straw Chopper/ Power Weeder (engine operated below 2bhp)	<ul style="list-style-type: none"> ✓ Rs. 0.15 lakh for women as compared to Rs. 0.12 lakh for men (Below 20 BHP driven). ✓ Rs. 0.19 lakh for women as compared to Rs. 0.15 lakh for men (Below 20 to 35 BHP driven .
	xi)	Equipment for Residue management / Hay and Forage Equipments	
		Sugarcane thrash Cutter /Coconut Frond Chopper /Rake/ Balers/ Straw reaper	<ul style="list-style-type: none"> ✓ Rs. 0.15 lakh for women as compared to Rs. 0.12 lakh for men (Below 20 BHP driven) ✓ Rs. 0.19 lakh for women as compared to Rs. 0.15 lakh for men (Above 20 BHP driven)
	xii)	Harvesting & Threshing Equipments	
		Ground Nut Pod Stripper/ Thresher/ Multi crop Threshers/ Paddy Thresher/ Brush Cutter	<ul style="list-style-type: none"> ✓ Rs. 0.2 lakh for women as compared to Rs. 0.16 lakh for men (Operated by engine/ electric motor below 3 HP and by power tiller and tractor below 20 BHP) ✓ Rs. 0.25 lakh for women as compared to Rs. 0.2 lakh for men (Operated by engine/ electric motor 3-5 HP and by power tiller and tractor below 35 BHP)
		Chaff Cutter (Operated by engine/electric motor below 3 hp and by power tiller and tractor of below 20 BHP tractor)	<ul style="list-style-type: none"> ✓ Rs. 0.2 lakh for women as compared to Rs.0.16 lakh for men (Operated by engine / electric motor below 3 HP and by power tiller and tractor below 20 BHP). ✓ Rs. 0.25 lakh for women as compared to Rs. 0.2 lakh for men (Operated by engine / electric motor 3-5 HP and by power tiller and tractor below 35 BHP).
		Tractor (above 35 BHP) Driven Equipment	
	xiii)	Land Development, tillage and seed bed preparation equipment	
		MB Plow/Disc Plow/Cultivator/ Harrow/ Leveler Blade / Cage Wheel/Furrow opener / Ridger/ Reversible Mechanical plough	<ul style="list-style-type: none"> ✓ Rs. 0.44 Lakh for women as compared to Rs. 0.35 lakh for men.
		Weed slasher /Laser and Leveller / Rotavator / Roto-puddler/Reversible Hydraulic plough/Sub - soiler / Trench makers (PTO operated) / Bund former (PTO operated) /Power Harrow (PTO operated)/Backhoe	<ul style="list-style-type: none"> ✓ Rs. 0.63 Lakh for women as compared to Rs. 0.50 lakh for men.

		Loader Dozer (Tractor operated)	
	xiv)	Sowing , Planting , Reaping and Digging Equipment	
		Zero till seed cum fertilizer drill/Raised Bed Planter/ seed drill/ Potato Digger/ tractor drawn reaper/ onion harvester	✓ Rs. 0.44 lakh for women as compared to Rs. 0.35 lakh for men
		Post Hole digger/ Potato Planter/ Ground nut digger/ Strip till drill/ Rice straw Chopper, Sugar cane cutter/ Stripper/planter/ multi crop planter /zero -till multi crop planter/Ridge furrow planter /Turbo Seeder/ Pneumatic Planter/ Pneumatic vegetable trans-planter / Pneumatic vegetable seeder/ Happy seeder /Cassava Planter /Manure spreader /Fertilizer Spreader – PTO operated /Plastic Mulch Laying Machine/ Automatic rice nursery sowing machinery	✓ Rs. 0.63 lakh for women as compared to Rs. 0.50 lakh for men.
	xv)	Inter Cultivation Equipment	
		Grass/ Weed Slasher / Rice straw Chopper/ Weeder (PTO operated)	✓ Rs. 0.63 Lakh for women as compared to Rs. 0.50 lakh for men.
	xvi)	Harvesting & Threshing Equip. (Operated by engine/electric motor above 5 hp and tractor of above 35 BHP tractor)	
		Ground-Nut Pod Stripper / Thresher / Multi crop Threshers / Paddy Thresher/ Chaff Cutter/ Forage/ Harvester/Birds Scare	✓ Rs. 0.63 Lakh for women as compared to Rs. 0.50 lakh for men.
	xvii)	Equipment for Residue mgmt. /Hay and Forage Equipment	
		Sugarcane thrash Cutter/ Coconut Frond Chopper/ Hay Rake/ Balers (Round)/ Baler (Rectangular) Wood chippers/ Sugarcane ratoon manager / Cotton stalk uprooter/ Straw reaper	✓ Rs. 0.63 Lakh for women as compared to Rs. 0.50 lakh for men.
		All manual/animal drawn equipment/implements/Tools	
	xviii)	Land Develop., tillage and seed bed preparation equipment	
		MB Plow/ Disc Plow/ Cultivator /Harrow/ Leveler Blade/ Furrow opener/ Ridger/ Puddler	✓ Rs. 0.10 Lakh for women as compared to Rs. 0.08 lakh for men.
	xix)	Sowing & Planting Equipment	

	Paddy planter/ Seed cum fertilizer drill/ Raised Bed Planter/ Planter/ Dibbler/ Equipment for raising paddy nursery	✓ Rs. 0.10 Lakh for women as compared to Rs. 0.08 lakh for men.
	Drum Seeder (Below 4 Row)	✓ Rs. 0.015 Lakh for women as compared to Rs. 0.012 lakh for men.
	Drum Seeder (Above 4 Row)	✓ Rs. 0.019 Lakh for women as compared to Rs. 0.015 lakh for men.
	Harvesting & Threshing Equipment	
	Ground Nut Pod Stripper/ Thresher/Winning fan/Tree climber/ Horticulture Hand tools	✓ Rs. 0.10 Lakh for women as compared to Rs. 0.08 lakh for men.
	Chaff Cutter (upto 3 feet)	✓ Rs. 0.05 Lakh for women as compared to Rs. 0.04 lakh for men.
	Chaff Cutter (above 3 feet)	✓ Rs. 0.063 Lakh for women as compared to Rs. 0.05 lakh for men.
xx)	Inter Cultivation Equipment	
	Grass Weed Slasher/ Weeder/ Conoweeder / Garden Hand Tools	✓ Rs. 0.006 Lakh for women as compared to Rs. 0.005 lakh for men.
xxi)	Plant Protection Equipment	
	Manual sprayer: Knapsack /foot operated sprayer	✓ Rs. 0.006 Lakh for women as compared to Rs. 0.005 lakh for men.
	Powered Knapsack sprayer/Power Operated Taiwan sprayer (capacity 8-12Its)	✓ Rs. 0.031 lakh for women as compared to Rs. 0.025 lakh
	Powered Knapsack sprayer/Power Operated Taiwan sprayer (capacity above 12-16Its)	✓ Rs. 0.038 lakh for women as compared to Rs. 0.03 lakh
	Powered Knapsack sprayer/Power Operated Taiwan sprayer (capacity above 16Its)	✓ Rs. 0.10 lakh for women as compared to Rs. 0.08 lakh
	Tractor mounted /Operated Sprayer (below 20 BHP)	✓ Rs. 0.10 lakh for women as compared to Rs. 0.08 lakh
	Tractor mounted /Operated Sprayer (below 35 BHP)	✓ Rs. 0.13 lakh for women as compared to Rs. 0.10 lakh
	Eco Friendly Light Trap	✓ Rs. 0.014 lakh for women as compared to Rs. 0.012 lakh
	Tractor mounted/operated sprayer (above 35 BHP)	✓ Rs. 0.63 lakh for women as compared to Rs. 0.50 lakh
	Electrostatic Sprayer	✓ Rs. 0.63 lakh for women as compared to Rs. 0.50 lakh

	xxii)	Post Harvest Technology	
		Establishment of PHT units for transfer of primary processing technology, value-addition, low cost scientific storage, packaging units and technologies.	✓ Rs. 1.50 lakh/ unit for women as compared to Rs. 1.25 lakh/ unit for men.
H) Agricultural Insurance			
	a)	Provisions (only for Women)	
			✓ Ensuring maximum coverage of SC / ST / Women farmers with budget allocation and utilization for these category of farmers to be in proportion to their population in the respective state.
	b)	Provisions (where women get benefits either over & above/along with men)	
	1.	Modified National Agricultural Insurance Scheme (MNAIS)	
		Insurance protection for notified food crops, oilseeds and annual horticultural /commercial crops.	<ul style="list-style-type: none"> ✓ Actuarial Premium rate for notified crops subject to maximum premium up to 11% & 9% for food & oilseeds crops of Kharif and Rabi seasons, respectively. For annual commercial / horticultural crops, it is capped at 13%. ✓ Subsidy up to 75% of premium is provided to all types of farmers depending on the slab of premium. <ul style="list-style-type: none"> a. Upto 2% - Nil, b. More than 2-5% : 40% subject to minimum net premium of 2%, c. More than 5-10% : 50% subject to minimum net premium of 3%, d. More than 10-15% : 60% subject to minimum net premium of 5%, e. More than 15% : 75% subject to minimum net premium of 6% ✓ If the sowing is not done due to adverse weather / climate, claims / indemnity up to 25% of sum insured will be paid for prevented sowing/planting risk. ✓ When the crop yield is less than the guaranteed yield of notified crops, the indemnity payment equal to short fall in yield

			<p>is payable to all insured farmers in the notified areas.</p> <ul style="list-style-type: none"> ✓ However, on-account advance payment, up to 25% of likely claims will be paid as immediate relief in those notified areas where yield losses are at least 50% of Threshold Yield (TY). ✓ Besides, postharvest (upto2weeks) losses due to cyclone are also covered. ✓ Losses due to localized risks of hail storm and landslide are assessed on individual basis and claims to affected insured farmers are paid accordingly.
	2.	Weather Based Crop Insurance Scheme(WBCIS)	<ul style="list-style-type: none"> ✓ Insurance protection for notified food crops, oilseeds and horticultural / commercial crops. ✓ Actuarial Premium rate for notified crops, subject to maximum premium up to 10 % & 8 % for food & oilseeds crops of Kharif and Rabi seasons, respectively and 12 % for annual commercial / horticultural crops. It is capped at 12%. <ul style="list-style-type: none"> a. Up to 2% - Nil subsidy, b. More than 2 to 5 %-25 % subsidy subject to minimum net premium of 2%, c. More than 5 to 8% -40 % subsidy subject to minimum net premium of 3.75 %, d. More than 8% -50 % subsidy subject to minimum net premium of 4.8% and maximum net premium of 6% payable by farmers. ✓ When the Weather indices (rainfall/temperature/relative humidity/wind speed etc) differ (less/ higher) from the Guaranteed Weather Index of notified crops, the indemnity payment equal to deviation / shortfall is payable to all insured farmers of notified crops in notified area.
	3.	Coconut Palm Insurance Scheme (CPIS)	<ul style="list-style-type: none"> ✓ Premium rate per palm ranges from Rs.9.00 (in the age group of 4 to 15 years) to Rs. 14.00 (in the age group of 16 to 60 years). ✓ 50-75 % subsidy of premium is provided to all types of farmers. ✓ When the Palm trees are damaged, the indemnity payment equal to sum insured / damage is payable to the insured farmers in notified areas.

Possible areas of convergence and Role of NRLM

The following schemes of DAC&FW have been found to be highly suitable for immediate convergence with NRLM:

1. National Mission on Sustainable Agriculture (NMSA)
2. National Food Security Mission(NFSM)
3. Pradhan Mantri Krishi Sinchayee Yojana (PMKSY)
4. Sub-Mission on Agricultural Extension & Technology (SMAE) under National Mission on Agriculture Extension and Technology (NMAET)
5. Sub-Mission on Agricultural Mechanization (SMAM) under National Mission on Agriculture Extension and Technology (NMAET)
6. Sub-Mission on Plant Protection (SMPP) under National Mission on Agriculture Extension and Technology (NMAET)
7. National Mission on Oilseeds and Oil Palm (NMOOP)

Many of the above schemes require 50% of the beneficiaries to be small and marginal farmers and 30% of these beneficiaries to be **women farmers** and offer a strong challenge for proper targeting.

Point for Convergence

- Agriculture is the principal source of livelihood for more than 58% of the population of this country. Agriculture and farmers are backbone of our economy and strengthening their position is the ultimate objective of DAC&FW.
- DAC&FW is working towards Farmers' skill trainings and field extension through 4 Sub Missions of NMAET- SMSP, SAME (with convergence under similar farmer-oriented activities under ATMA), SMAM and SMPP; NMSA, NFSM, NMOOP).
- DAC&FW is working with farmers with special provisions already built in for the farmers belonging to SC/ST, **women** and small and marginal farmers.
- MKSP is primarily working with small & marginal farmers under rainfed conditions and all are women farmers
- MKSP is organizing farmers into producers' groups and Farmers' Field Schools
- MKSP is creating a cadre of CRPs as extension workers
- MKSP focuses on capacity building of the farmers
- MKSP has strong experience of using innovative extension tools like pico projectors and developed community films for training on wide range of subjects
- MKSP is working with a large number of NGOs

Scope under Convergence

- Soil Health Card to all the women farmers
- Effective utilization of committed extension functionaries available under ATMA
- Training and capacity building of MKSP farmers and other community professionals and extension workers under ATMA/MKSP/SMAM
- MKSP women getting subsidy at higher rates as specified under various Sub-Missions/Missions of DAC&FW as per provisions reflected in Annexure A under majority Partnerships with NGO partners of MKSP
- Establishing Custom Hiring Centres
- Establishment of Farm machinery Banks
- Holding demonstrations in the plots of MKSP farmers

Similarly there is an immense scope to support the livelihoods of the rural poor who are highly dependent on livestock through convergent planning between National Livestock Mission (NLM) and National Rural Livelihoods Mission (NRLM) being implemented by the State Governments. One of the stated objectives of NLM is to establish convergence and synergy among ongoing Plan programmes and stakeholders for sustainable livestock development and a convergent planning approach would help both these programs in terms of outreach and serve the poor effectively.

Possible Role of NRLM

SRLMs would support in identification of women farmers and support the department with CRPs/staff in the field-ensuring the outreach and proper training

Institutional network of SHGs can be used for reaching out to poor farmers

For many activities NRLM can bring in/facilitate the loan component against the subsidy components

Summary of the Schemes/ Programmes/Missions of Department of Agriculture & Cooperation & Farmers Welfare with high relevance for NRLM

Specific Scheme	Salient features of the scheme relevant to MKSP/NRLM	Department	Convergence Head	Key points of convergence	Benefits to community
National Mission on Sustainable Agriculture (NMSA)	<p>Focus on integrated farming systems – Agri, livestock, Fisheries, NTFP</p> <p>50% would be small and marginal farmers</p> <p>30% of the above beneficiaries would be women farmers (that means 15% of the total beneficiaries)</p> <p>Components:</p> <p>Rain-fed Area Development</p> <p>On farm water management</p> <p>Soil Health Management</p> <p>Climate Change and</p>	State Agriculture Department	Producers Groups promoted under NRLM and MKSP/Village Organization as implementing partners	<p>SRLMs/ATMA to support selection of farmers and support the Department with CRPs/staff in the field</p> <p>Institutional network of SHGs can be used for reaching out to poor farmers</p> <p>Better outreach and targeting</p>	<p>Poor women can benefit immensely from the Integrated Farming System.</p> <p>MKSP is primarily working with small & marginal farmers under rain-fed conditions.</p> <p>Capacity building of the MKSP farmers on the key components of the schemes will be extremely helpful.</p>

	<p>Sustainable Agriculture</p> <p>Representative from MoRD is a member of the National Advisory Committee (NAC) of NMSA</p>				
Soil Health Card		Centrally sponsored Scheme	<p>Soil Health card for MKSP farmers</p> <p>Soil health cards for SHG members engaged in agriculture</p> <p>Training in soil health analysis.</p>	<p>SRLMs/ATMA would mobilize the farmers</p> <p>Identify resource persons to be trained in soil health analysis from among the CRPs</p>	<p>MKSP farmers will have soil health cards</p> <p>CRPs will be trained in soil health analysis</p>
National Food Security Mission (NFSM)	<p>30% of the beneficiaries would be women farmers</p> <p>Focus on pulses and coarse cereals</p>	Agriculture Department	<p>Demonstration of new varieties/PVSP seeds/cropping systems in the fields of MKSP farmers</p>	<p>The Department may work with SHG/farmers groups for taking up demonstration</p> <p>SRLMs can mobilize the women farmers</p>	<p>MKSP farmers would be trained in better farming practices</p>

				SRLMs along with the NGO partners of MKSP can actively partner in planning and field implementation	
National Mission on Oilseeds and Oil Palm (NMOOP)	<p>The mission envisages increase in production of vegetable oils sourced from oilseeds, oil palm and Tree Borne Oilseed (TBOs)</p> <p>SHGs/ FIGs/FPOs/Women groups/Co-operatives etc. could also be involved by the States in distribution of Certified Seeds.</p> <p>State Governments may also setup/ start joint venture/lease out seed gardens to farmers' Self Help Groups/FIGs/Women Group / Cooperative Societies/FPOs.</p> <p>States can support Farmer's Association/Self</p>	State Agriculture Department	Producers Groups/SHGs/Women Groups promoted under NRLM and MKSP/Village Organization as implementing partners	<p>SRLMs would support in identification of farmers and support the department with CRPs/staff in the field</p> <p>Institutional network of SHGs/FPOs/Women Groups can be used for reaching out to poor farmers</p> <p>Better outreach and targeting</p>	MKSP farmers/FPOs/SHGs/Women Groups will be benefitted under the Scheme in several components and subsidy provisions

	<p>Help Groups/Farmer Groups/Women Groups/Cooperative Societies for this component under AAP.</p> <p>Farmers Associations / FPOs/ FIGs / SHGs / Women Groups, Cooperatives /Federations would be eligible for assistance for installation of Pre-processing, Processing and oil extraction equipment /devices under Mini Mission-III for the prescribed TBOs.</p> <p>A provision has been made under the Mission for involvement of Co-operative Societies, Self Help/Women Groups/FIGs/FPOs etc., in implementation of the Mission.</p>				
Sub-Mission on Agricultural Extension & Technology (SMAE)	<p>At least 30% scheme beneficiaries are to be women farmers;</p> <p><i>Women Food Security Groups @ 2 women FSGs/block to ensure food and</i></p>	<p>Agriculture Department</p> <p>ATMA</p>	<p>Ensuring an integrated, broad based extension delivery mechanism consistent</p>	<p>Adopting group approach to extension in line with the identified needs and requirements of</p>	<p>MKSP members engaged in agriculture activities will be capacitated</p>

	<p>nutritional security</p> <p><i>Gender Coordinator</i> in each State</p> <p>Representation of Women in decision making bodies at State, District and Block level</p> <p>Preferential involvement of women as 'Farmer Friends' for the extension delivery mechanism below the block level (@1Farmer Friend/2 Villages)</p> <p>Capacity building and exposure visits</p> <p>Farm Schools</p> <p>Promotion of Commodity Interest Groups (CIG), Farmer Interest Group (FIG) and Food Security Groups (FSG)</p> <p>Demo plots</p>		<p>with farming system approach.</p>	<p>the farmers in the form of CIGs & FIGs</p> <p>Addressing gender concerns by mobilizing farm women into groups and providing training to them.</p> <p>Strengthening the extension machinery through re-training and retooling of existing extension personnel.</p> <p>Sharing of training material</p> <p>Mobilizing and organizing the farmers into groups</p> <p>Training of CRPs, both Agriculture and Animals can be taken up</p>	<p>in better practices</p> <p>Capacity of the CRPs will be upgraded regularly</p> <p>Participation of the women farmers in various decision making bodies and governance</p> <p>Food Security Groups for Household nutritional security</p>
Sub Mission	Focus on small &	Agricultur	Supply of	Village	Tools and

on Agriculture Mechanization (SMAM)	<p>marginal farmers</p> <p>Establishing Custom Hiring Centres</p> <p>Establishment of Farm machinery Banks</p> <p>Higher rate of subsidy for women</p>	e Departme nt	Agriculture implements	Organizations/ Producers groups promoted under MKSP/NRLM may be funded for CHCs.	implements will be available to the small and marginal farmers and women farmers at a higher subsidy rates
Pradhan Mantri Krishi Sinchayee Yojana (PMKSY)	<p>Promotion of scientific moisture conservation</p> <p>Capacity building, training and exposure visits of the famers</p> <p>Irrigation equipment-pumps, drip etc</p>	State Agricultur e Departme nt	Producers Groups promoted under NRLM and MKSP/Villa ge Organizatio n as implementin g partners	<p>SRLMs would support in identification of farmers and support the department with CRPs/staff in the field</p> <p>Institutional network of SHGs can be used for reaching out to poor farmers</p>	Capacity building of the farmers in scientific moisture conservatio n

Components of National Livestock Mission highly relevant for convergence with NRLM

S.No.	Specific Schemes and components	Scope for convergence between NLM and NRLM
1	Sub-Mission on Livestock Development	
	Interventions towards Productivity Enhancement	Rural Backyard Poultry Development;
	Risk Management and Insurance	Animal insurance for SHG members
2	Sub Mission on Pig Development in the NER	
	Propagation of Reproductive Technologies	Partnership with SRLM for health cover of pigs
	Health Cover	Partnership with SRLM for health cover of pigs
3	Sub-Mission on Fodder and Feed Development	
	Fodder Seed Production/Procurement and Distribution	Distribution of improved fodder seeds to SHG members
	Conservation of Fodder through Post Harvest Technologies	Distribution of Chaff cutters, establishment of silage making units etc
	Training and Human Resource Development	Training of SRLM project staff, MKSP partners and farmers/SHG members
	Sub-Mission on Skill Development, Technology Transfer and Extension	
4	IEC Support for Livestock Extension	Production of extension materials with MKSP partners

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Deptt. of Rural Development
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DO # K-1111062/01/2015/NRLm(Livelihoods)
December 29, 2015

Dear Madam/Sir,

Since its launch NRLM has made significant progress in mobilizing the poor and vulnerable women into their institutions. NRLM has also supported these women SHGs through provisioning of revolving fund and Community Investment Fund (CIF) to take up livelihoods activities. Besides, NRLM has linked these SHGs to banks as well through its SHG Bank linkage program for enabling them to access easy credit.

As you are aware, *Mahila Kisan Sashaktikaran Pariyojna* was launched in 2010-2011 as a subcomponent of National Rural Livelihood Mission (NRLM) to promote farm based livelihoods. With the launch of NRLM and gradual establishment of State Rural Livelihood Missions, it was envisaged that Ministry of Rural Development would integrate MKSP with the broader NRLM roll out plan in the states and MKSP will gradually converge with State's Livelihoods Plan. SRLMs would eventually integrate farm livelihoods in their Livelihoods Promotion Strategy as a part of their Annual Action Plan (AAP).

Though in the initial years the requirement of the programme was to focus on activities related to institution building and capacity building, it is now very important that livelihoods interventions are scaled up in all intensive blocks immediately. The strategic direction of NRLM, now onwards, should be focused on the promotion of livelihoods interventions in all intensive blocks. In this context this Ministry is also focusing on developing a clearly articulated strategy for scaling up livelihoods interventions, both farm and non-farm, in every intensive block in the Annual Action Plans of the SRLMs

In this context this Ministry has developed an advisory (copy attached) in order to guide all SRLMs in developing their livelihoods strategy and implementation plan. We will also be holding a detailed dissemination workshop in early January to de-mystify the advisory and help states in thinking through the livelihoods strategies to be adopted.

With regards

Yours Sincerely,

(Atal Dulloo)

Encl.: livelihoods implementation advisory

To all Principal Secretary, State Rural Development & PR

CC to All the state Mission Director/ CEOs

Since its launch NRLM has made significant progress in mobilizing the poor and vulnerable women into their institutions. NRLM has also supported these women SHGs through provisioning of revolving fund and Community Investment Fund (CIF) to take up livelihoods activities. Besides, NRLM has linked these SHGs to banks as well through its, SHG Bank linkage program for enabling them to access easy credit.

NRLM recognizes that the poor have multiple livelihoods and one of the key components of NRLM as envisaged in the NRLM Framework is enhancing and expanding the existing livelihoods of the poor. More than 70% of the rural poor are dependent on agriculture either as cultivators or as agriculture labour. Besides, livestock rearing is again a key livelihood of the poor. And in forest fringe areas NTFP is a major livelihood of with the poor, who mostly belong to tribal communities. The intervention strategy of NRLM for Farm based Livelihoods promotion is focused on strengthening these key farm livelihoods of the poor with the following objectives:

- Every poor household is supported on at least 2 farm sector livelihoods (agriculture, NTFP and livestock)
- Assured annual incremental income of more than Rs 50,000 per family per year after 2 years of intervention
- Year long food & nutritional security for the household created by themselves.
- Income streams throughout the year
- Creation of Social capital for agriculture, NTFP and livestock, from the best practitioners as extension workers

NRLM has been working strongly towards achieving these objectives and had launched Mahila Kisan Sashaktikaran Pariyojana (MKSP) and Ultra Poor Strategy for livelihoods promotion.

There is now a strong need to intensify the livelihood intervention under NRLM and all the states are expected to seriously drive this agenda.

Strategy and Implementation Plan

Under Farm Livelihoods interventions the core focus would be to promote sustainable agriculture, where the inputs are localized, risks are mitigated, productivity is enhanced, and food-nutritional security is ensured, hence net income of family is increased. In sustainable agriculture NRLM is focusing on agro ecology by promoting low cost sustainable practices such as Non-chemical Pest Management (NPM), Integrated Nutrient Management, inclusion of cultural practices, climate resilient practices, soil health improvement/ management, in situ water conservation, diversified poly crop model and promoting indigenous variety of seeds.

The interventions around NTFP are focused on building the capacity of the community in modern harvesting and post harvesting techniques to increase their income, promoting value addition of NTFP to ensure higher returns, developing value chain, promoting regeneration of NTFP species to improve the bio diversity and enhanced productivity, introducing better cultivation practices etc.

NRLM recognizes the importance of livestock especially the small ruminant and poultry in the livelihoods of the poorest and started developing strategy to integrate livestock in the primary sector livelihood strategy of NRLM. Livestock not only contributes to the income stream of the households and enhances the nutritional status of the rural poor household but also plays a vital role in conserving the bio-diversity. Besides, promotion of livestock helps in meeting the need of draught power, farmyard manure, and organic inputs requiring cow dung and urine etc. Major intervention outcomes envisaged are reduction of morbidity and mortality of livestock and thereby improving the body weight gain and productivity. NRLM would be engaged in aligning livestock activity as an integral part of farm sector livelihoods through community based institutions and creating a cadre of community service providers for delivering livestock and animal husbandry related services at the door step of the SHG members.

The visions have been developed for a ultra-poor household who have been intervened with and also for a village where the intervention has been taken up

a. Household Level

- 36X36 model for round the year household nutritional security and regular income as well.
- Homestead kitchen garden should be there which would be a replica of 36X36 model on smaller plots (2 cents or decimal of land).
- Preparation and usage of Beejamruth etc. for seed treatment and Ghanjeevamruth for soil fertility management.
- Preparation and usage of bio-pesticides such as Agnayastram, Neemastram and Brahmastram. A minimum of 2 bio-pesticide usage will be taken for the adoption of the activity.
- NADEP/Vermi compost pits for improving the soil texture and bio-mass.
- SRI/SCI
- Azolla pits
- Sustainable agriculture/ Cultural Practice for pest management as trap cropping, bund cropping, bird perches, sticky traps etc.
- For in-situ moisture conservation practices like mulching and 5% model (i.e. corner pits).

b. Village Level

- NPM shop
- Custom Hiring center (CHC)
- Regular farmer field school (FFS)
- Compact, contiguous block/patch of land
- Pashu Sakhi
- Seed bank
- Wall writings and boards
- Maintenance of records
- VO sub-committee
- Producers Group
- At least one pico-projector for every group of 5 villages

It has been envisioned that there will be social capital in every village in agriculture, NTFP and livestock, who are Community Best Practitioners (CBP). It has also been envisioned that every household receives at least 2 supports in primary sector livelihoods (agriculture, NTFP and livestock).

SRLM ACTION PLAN

All the states would now start livelihoods interventions in all the intensive blocks immediately in a programmatic manner with clear strategy and implementation plan. A very specific strategy needs to be adopted for those Blocks where IPPE II exercise has been taken up. Based on the ground situation the SRLM can prepare a phasing plan of entering villages to saturate the Block.

The strategy is expected to be developed by SRLMs by adopting few guiding principles:

- Start with the vulnerable and deprived households (refer SECC data) –handless, small and marginal SHG members, Women headed household, widow, single women
- Mobilize them into their institutions-producers' groups
- Intensive engagement with them-promote Framers' Field School
- Focus on building the capacity of the poor to enable them becoming self-reliant
- Build Social Capital- create a cadre of Community Resource Persons (CRPs) out of the best practitioners who will be the vehicle for scaling up in new areas
- Address needs of entire livelihood basket and integrate Agriculture, livestock and Non Timber

- Focus on convergence and partnership for assetization, capacity building, knowledge management etc.
- Focus on sustainable climate change resilient practices which are local and scalable
- Scale up the successful models

Some of the important components of the roll out of farm livelihoods interventions by the SRLM would be:

- **Identification of Blocks and villages:** Each SRLM should plan the interventions in every Intensive Block. Within the Block state may work out a villages phasing plan and identify villages based on few objective criteria like extent of social mobilization, disbursement of RF and CIF, quantum of bank linkages, demand of assetization under IPPE II etc.
- **Putting a professional team in place at Block and State level:** Each state would position a professional team comprising professional from sustainable agriculture, Livestock and NTFP background.
- **Identification of Community Resource Persons:** The core strategy of intervention would be to deploy a team of Community Best Practitioners of agro ecology in every intervention village. This would require a large number of trained CRPs for reaching the scale that each state has to achieve. SRLMs may closely work with the MKSP partners from their state to identify and train a large pool of CRPs. A detailed list of each CRP and their deployment details may be maintained by the state.
- **Identification of resource persons for training of CRPs:** All the identified CRPs are to be trained intensively in various aspects of agro ecology. Besides, they are also to be trained in the use of audio visual aids like pico projectors while training. Therefore, each state would develop a pool of resource persons for training the CRPs who can be selected from MKSP partners, KVKs, NGOs and line departments. Community training is a very specialized area and necessary care must be taken while selecting the trainers. For training on audio visual aids, partnerships may be explored with NRLM Support Organizations.
- **Development of training modules:** To train the CRPs and also the community a large amount of training material would be required to be developed. Each SRLM has to prepare the training modules for which support may be taken from the MKSP partners, KVK, line departments and other resource organizations. NRLM has also developed a training handbook on Sustainable agriculture which is uploaded in our website. The same may also be used for the same.
- **Organizing training for TOT and CRPs:** The cutting edge for implementing the livelihoods strategy would be the deployment of highly experienced and properly trained CRPs chosen from among the community best practitioners. Therefore, the TOTs and the CRPs should be given repeated doses of training and every SRLM should prepare monthly and yearly training calendar for the same. These trainings should be organized preferably in the areas where field level demonstration can be arranged.
- **Preparation of annual action plan:** Each state has to prepare Annual Action Plan outlining the detailed action plans.

Implementation Outline

Geographic coverage

It is logical and expected that the livelihoods interventions are initiated in all the intensive blocks including resource and partnership blocks where IB and CB activities have been started.

A large number of poor SHG members are going to be benefitted through improved agriculture assets from MGNREGA in the Blocks where IPPE II exercise has been taken up and NRLM has to work on enhancing the skills and capacities of the beneficiaries to maximize the utilization of these

Therefore, every state would prepare a specific Annual action Plans for livelihoods for all Intensive Blocks, both IPPE II and non IPPE II. In each of these Blocks every village where the Village Organization (VO) has been formed to be identified for the intervention.

All future MKSP-AAP proposals and proposals under Livelihoods Special Fund should preferably be concentrated in these intensive Blocks. Exceptions may be made in case of distressed districts.

Human Resources

The human resources required driving interventions of such large magnitude and high intensity and which is to be accomplished in a time bound manner needs to be of very high quality and the importance of hiring or positioning the right kind of people cannot be overlooked. There has to be proper mix of academic excellence with right attitude and in depth experience of handling grass root implementation challenges.

Block Team:

In each Block three people should be positioned to drive the livelihoods interventions. One Livelihoods Anchor Person, who would be the Block anchor person, has to be from agriculture or animal husbandry background with 2-3 years of experience. S/he would be managing the field implementation of the program including technical assistance, training and capacity building, formation of producers' organization. One person who has knowledge of supply chain management i.e. S/he has to look after market linkages and also to follow up on IPPE II. Another person would be looking after MIS, and financial matters including CIF disbursement.

State Team

The state team would be led by a State Project Manager (SPM) - livelihoods. S/he has to be from Agriculture, Animal Husbandry or allied field with combined experience of 7-10 years including 2-3 years of field implementation experience at the grassroots. The responsibility of a SPM would include high quality technical assistance provisioning to the community members, developing training modules, developing partnerships, developing market linkages, maintenance of MIS and reporting etc. S/he would be supported by two to three Program Managers/Project executives, one of them being an agriculture/animal husbandry expert (should complement the qualification of SPM) and the other an expert in development of training modules for agriculture interventions. Based on the size of the state and number of intensive blocks the team may be supported by one or two young professionals.

Monitoring

Every state would give adequate emphasis on developing a strong web based MIS so that the progress of the interventions is tracked on a day to day basis. MIS may focus on capturing the following parameters:

- No of SHG members engaged in the interventions
- No of Women producer's groups formed
- No. of women CRPs identified
- No of SHG members trained in the practices in agriculture, livestock and NTFP
- No. of women external CRPs groomed
- No of farmers adopted the new practices and continued in subsequent years
- No of acres under the new practices
- No of HH with kitchen garden
- Extent of benefits accruing to SHG members

This is an indicative and not an exhaustive list.

Besides, the necessary steps should be taken to evaluate the following outcomes:

- Increase in production and productivity
- Reduction of the input cost
- Increase in market linkages

Again this is an indicative list and not an exhaustive one.

Funding:

- All the training and capacity building related expenditure may be budgeted under IBCB budget head of NRLM/NRLP.
- Priority should be given while preparing MCP to those HH who are planning for assetization to take up these farm Livelihoods interventions. Besides, VO can set up Common Facility centre, Tool Bank, seed Bank from the CIF.
- In addition SRLM can submit their farm intervention plan through MKSP-AAP route.

D.O. No. L-11046/2/2014/LH/CAHW
Government of India
Ministry of Rural Development
Department of Rural Development
(RL Division)

6th Floor, Hotel Samrat, Chanakyapuri
New Delhi
30th August, 2014

OFFICE MEMORANDUM

Sub: Livestock Strategy for MKSP under National Rural Livelihoods Mission

NRLM recognizes the importance of livestock especially the small ruminant and poultry in the livelihoods of the poorest and has started developing a comprehensive strategy to integrate livestock in the primary sector livelihood strategy of NRLM. The Mission has an abiding faith in the capacity of the institutions of the poor women and also has a strong belief that livelihoods promotion on scale, particularly the knowledge dissemination part can happen effectively through a community to community learning process where the prime role is given to 'Community Resource Persons' (CRP), the community best practitioners.

Based on the recommendations of various consultations and the experiences of Mahila Kisan Sashaktikaran Pariyojana (MKSP) partners, NRLM has developed a clear strategy to address the issues plaguing the livestock based livelihoods of the rural poor. NRLM livestock strategy would primarily focus on building a community owned and community managed extension architecture that can effectively make the last mile delivery of animal care services highly cost effective and sustainable. This will be accomplished by building a cadre of community animal care service providers i.e. *Pashu Sakhi*. The core NRLM strategy or strengthening livestock related activities is to place at least one Pashu Sakhi for every 50-100 households to provide animal care services at the doorsteps of the poor members. The Pashu Sakhi will be identified from amongst the SHG members and will be trained with the help of reputed agencies having proven experience on various facets of preventive animal care, nutrition, animal housing, sanitation, ethno veterinary practices and also on community insurance. Pashu Sakhi will be hired by and will report to the respective SHG federations or the village organisations. NRLM

will invest in the training and capacity building of the Pashu Sakhi in a continuous manner. A suitable revenue model will be developed for sustaining the Pashu Sakhi model.

This strategy will be universalized by NRLM in the long run. However, in the MKSP project areas, SRLMs will immediately facilitate the MKSP PIAs for identification, training and placing of the Pashu Sakhi. In addition, the CASP/Pashu Sakhi strategy will be implemented by respective SRLMs in the resource blocks and intensive blocks over a period of time as a universal intervention. All 4 states where *PoP* strategy roll out is in progress would place a *CASP/ Pashu Sakhi* in each village where CMSA CRP round is in progress with top priority.

All SRLMs are requested to make necessary arrangements for the roll out of Pashu Sakhi model in their respective states. An illustrative list for implementation and support structure are mentioned below:

1. Each SRLM would ensure that every CBOs/NGOs/SRLM itself implementing MKSP in the respective states prepare the plan and budget for integrating the Pashu Sakhi model in the MKSP areas and submit the same to the Ministry incorporating the following
 - a. Identification of CASP/Pashu Sakhi, at least one per village, for rendering services to a minimum of 50-100 household.
 - b. The Pashu Sakhi will be accountable to the Village Organisation (VO)
 - c. A revenue model for the sustainability for the Pashu Sakhi
 - d. Clear training and capacity building strategy for the Pashu Sakhi
2. The respective CBO/NGO/SRLM would be responsible for training and capacity building of the Pashu Sakhis in accordance with the training module vetted by NMMU in consultation with the experts of the sector. SRLM will follow the training architecture and identify the resource organisation for training/refresher training (class room and on site) and develop a referral system for them. The training pedagogy will also include audio-visual aids.
3. SRLM would build a support structure for Pashu Sakhi at the block and district level
4. To design the scaling up strategy of Pashu Sakhi over time i.e. How they can become master trainers for scaling up in other blocks and develop best exposure cum immersion sites.
5. Develop coordination mechanism with the line departments
6. The SRLMs would ensure the submission of the revised MKSP proposals by December, 2014.

It is requested that Ministry of Rural Development be informed about the progress on a monthly basis.

Yours sincerely,


(F. Vijay Kumar)

30/08/14.

- Encl: i. Advisory note for livestock under MKSP
ii. Benefits from Pashu Sakhi model

Principal Secretary (RD) of all states