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**Government of India**  
Ministry of Rural Development  
Department of Rural Livelihoods  
DAY – National Rural Livelihoods Mission

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Jai Singh Marg, New Delhi, 1.  
Dated 23<sup>rd</sup> Feb., 2021.

To

The State Mission Director,  
SRLMs, All States/ UTs

**Subject: Advisory on promotion of Producers' Groups for providing marketing support to small & marginal women farmers under DAY-NRLM.**

Madam/ Sir,

I am directed to say that Under DAY-NRLM, as part of value chain development initiatives, producers' collectives are being promoted across the country which are being supported under different components of NRLM. Producers Groups as a small sized, un-registered entities support the small and marginal women farmers for aggregation & localised marketing activities. Based on the experiences of SRLMs, an advisory on "Promotion of Producers Groups for providing marketing support to small and marginal women farmers under DAY-NRLM" has been developed by the Ministry and is attached herewith. It has been approved by competent authority.

The advisory is intended to serve as framework for SRLMs for promotion of producers' groups for providing marketing support to small and marginal women farmers.

Yours faithfully,

Encl: As above



(H. R. Meena)

Deputy Secretary to Govt. of India

**Advisory on  
Promotion of Producers' Groups for providing marketing  
support to small & marginal women farmers  
under DAY-NRLM.**

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## **Introduction**

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 NTFPs for their livelihoods. As a part of the value chain development interventions, NRLM promotes Producers' group (PG) below CLF level. It envisages to provide benefit to its members through the act of aggregation, will play a major role in helping farmers accessing the local market for more price realisation through reduction in transaction cost. Producers' Groups are seen as a business centric institution that will continue to have organic links with the community institution architecture of SHGs and federations but will focus more on creating value for small farmers and producers by enabling direct market linkage through aggregation & primary value addition. The overall aim is to make the Producer Groups efficient to reduce transactions costs & be market ready.

SRLMs are having varied experience of promoting producers' groups. Till date, a total of around 94,000 Producers Groups have been promoted out of which 19,000 Producers Groups are into providing marketing support to small & marginal producers. In order to bring a common understanding across the SRLMs on the promotion of the Producers Groups for marketing support to small and marginal producers this advisory is being issued which covers three parts, i) Establishment of Producers Groups covering the pre-formation, scoping and formation activities, ii) Management of Producers Groups covering the business processes, finance/accounts management & governance of PG and iii) Monitoring of Producers Group. This advisory also covers the broad steps and activities to be undertaken to promote a producers group using a participatory approach.

## **Section I: Establishment of Producers Groups:**

### **A. Producers Group (PG) and its functions**

Producer Group (PG) under DAY-NRLM is an informal group of women producers that would work primarily towards reducing transaction costs of agriculture produce, both perishables & non-perishables by collective procurement and marketing of farm produce, and gradually move towards primary processing of commodities to create a unique selling proposition for itself. 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. Its envisaged as a business organisation owned and governed by the poor and marginal producers & small entrepreneurs for their mutual benefits, enhanced ability of accessing resource, services, market and other facilities, reducing the transaction cost to market their produce, improved livelihood capabilities & enhanced income.

The producer group (PG) may be formed with at least member size of 20 producers having common interest of producing similar products and services with the opportunity of collectivization, aggregation, value addition and marketing of produces. However, size of the producer groups will depend upon the scope for aggregation, price of the commodity, market access & management etc. Focus may be given to incorporate small and marginal women farmer households. Women, irrespective of whether they are SHG member or not, should be mobilised as members of the Producers Groups.

Key Functions of Producers' Group may cover selection of potential commodities, continuous market engagement and access to market information, continuous assessment of transaction costs and strive to reduce it with each transaction cycle, organize market led production planning, establish and run Village level Aggregation Centre (VLAC) for aggregation of agri-produce, primary processing in the form of cleaning, washing, grading, sorting, packing etc.,

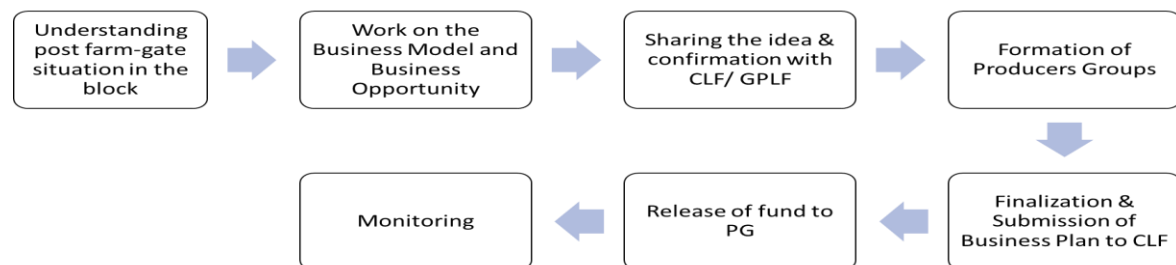
develop a relationship with market players and work towards the assured market for aggregated agri-produce, recording transactions and disbursement of proportional sale of receipt.

## B. Process for promotion of the Producers Groups.

A systematic process is to be adopted to set up a Producer Group. Prospective farmers in the villages are made aware of the concept of PG and facilitated to form a Producer Group (PG). PG based on their business plan requirements and increase in membership over a period of time based on their maturity and opportunity may need to be facilitated to be converted as a legal entity like Cooperative, Producer Company, Trust etc.

The process for promotion of Producers Group majorly covers *understanding the post-farm gate situation in the block, creation of the business idea, awareness creation & mobilisation of the producers' members towards formation of producers' collectives, formation of Producers Groups and lastly Establishment of system and processes*. Focus may be given for promotion of PGs visualising the scope for large size commodity clusters.

**Figure 1: Process for Setting of Producers Group.**



## C. Pre-formation activities:

Pre-formation activities are to be carried out at block level which will play an important role in promotion of Producers Groups in a block. Before promotion of Producers Groups, followings broad areas need to be looked into carefully and a report needs to be prepared. This will help the block staff in conceptualising the business model of PG in the block, set the target for promotion of Producers Group and Krishi Udyog Sakhi.

**C1. Understanding the Post Farm Gate situation in the block:** Before formation of the Producers Groups in a particular block, it is important to understand the post farm-gate situation in that block. Building the basic understanding about the post farm-gate situation of the selected block will be critical for promotion of Producers Groups. To under the situation, secondary research and primary research through Focused Group Discussion may be carried out. The focus may be given to build the understanding around following broad areas which will give a fair idea on the potential commodities, business opportunities and market information.

- a. **Value chain actors:** producers (farmers/cooperatives/farmers groups/ producers company etc.), buyers (agents/ traders/ processors/ representatives), processors (primary/secondary), selling agents like (traders/ wholesaler/ retailers/ consumers), service providers (Nursery/Planters/Spraying Providers/Rejuvenation).
- b. **Production Data:** area, production, average supplies and peak supplies, marketable surplus, productivity - Kgs/Acre.
- c. Seasonality of the commodities
- d. **Production constraints and challenges:** Nursery, input supplies, seasons, pest and disease management, profitability for production, cost of production, cash flows and expenditure timelines, technology interventions.

- e. **Flow of products, information and payments to end markets and value:** Critical Quality points (Grade, Moisture %), Holding capacity of the farmers and any interventions, buyers.
- f. **Marketing:** List of markets with their locations, cost of transportation, list of traders, timeline of sales and payment terms, buyer's perception and the quality, opportunities for improved marketing.

**C.2. Feasibility Assessment:** Feasibility assessment in a village may cover the area and Livelihood Profile of village, Crops under cultivation and other Details of Livelihoods. An indicative template is given at Annexure.1 & Annexure. 2 for reference.

**C.3. Business Opportunity Assessment:** The proposal to establish a PG in a village has to be assessed by looking at the strength of the village, agricultural production and marketing surplus, other livelihoods activities, market analysis and collective marketing opportunities that can be exercised to secure 'overall' better earnings to the prospective members including through savings in transaction costs and improvement in earnings by undertaking primary processing. Validation of the marketable surplus may be established through FGD with multiple stakeholders. A SWOT analysis for the produce from the villages may also help assess the situation. Unique selling proposition (USP) like Basmati rice, Alphanso mango etc. for the produce, if any may be identified which may differentiate the products from other products in the nearby market and help to fetch better price.

Assessment of the transaction cost at individual producer level is one of the critical elements to identify the business opportunity. Selling the produce in the market involves certain costs like Packing, Transportation – goods/products, Loading and unloading of produce, Travel expenses of the farmer/representative including on food/incidentals or other personal expenses etc., Commission, Deductions on weight and quality (towards moisture or such other feature as per generally accepted practices), Deduction towards payment like cash discount for immediate/early payment, Quantified "Time loss" to the farmers while keeping himself/herself away from village/other work and instead going to the market (also called as opportunity cost). Transaction cost analysis w.r.t. pre and post PG scenario may be calculated to assess the actual realisation of price per unit.

**C.4 Business Model and Revenue Model:** Business Model and the revenue model may be identified before promotion of PGs in a particular block which may cover the approach, size, products, markets, pricing, business promotion, development with reference to its business. In a way, it states what the entity should be doing and how so as to achieve business goals and build its revenue.

**C.5 Financials:** The financial health of any business or entity takes centre stage as the sustainability of the business and its ability to continue to work for the benefit of members relies on the financial and institutional health. Hence, the economics of the potential commodities may be prepared which may include cost benefit analysis, break even analysis etc. Every business aims at profitability and growth while meeting the expectations of the stakeholders. The profitability of a business is first assessed on business volume in terms of quantity or value at which the business is expected to meet all its costs, i.e., fixed and variable costs. A cost benefit matrix is at (Annexure-3) for reference.

**C.6 Risk Assessment:** Any business is associated with risks. The risks associated with agriculture can be broadly related to production, post-harvest handling/management and marketing. The PG is engaged with post-farm-gate part of the value chain and hence risks to the PG's business can arise out of produce quality, market access, price, and its realisation. Risk

associated with the commodities and its possible mitigation measures need to be properly ascertained.

**C.7 Indicative Pricing & Actual Price:** Ascertain the prevailing price for various types and grades of the produce from as many markets and sources as possible and derive the indicative price that can be offered to the members against their sales through the PG. Indicative price may be ascertained through deducting the cost items like moisture loss, as per normal trade practices, Price buffer to cover risks due to price volatility, Expenses expected to be incurred in marketing the produce, payment to Krishi Udyog Sakhi, corpus fund at PG level etc. from the total prices ascertained. Prior to scoping and setting up Producers Group, it is important have a tentative business plan by the block level mission unit.

#### **D. Scoping to Establish Producers' Group:**

**Identification of Business Activities & Development of Business Plan:** Identification of the business activities and development of business plan may be done through participatory approach with the intended women farmers. With the understanding on the potential commodities, business opportunities, business models and markets developed prior to promotion of PGs, discussion may be held with the intended members to make them understand the profile of the village w.r.t. different commodities, resources etc. and various business opportunities around it. The intended PG members may be facilitated to generate idea of building the business framework for PG including business model, select financials, risk assessment and such other incidentals.

Based on the business idea finalised by the intended members, a tentative business plan may be discussed with them and support them preparing the business plan. During the scoping on promotion of Producers' Groups, following important aspects of Producers Groups need to be discussed and properly oriented to the intended members;

- a. Importance of development of business plan
- b. Cash / Fund management includes opening of Bank account, collection of initial membership fee and support through CLF, who & how it will be managed.
- c. **Action Plan for PGs** includes the series of activities the PGs need to do while doing business like developing of business plan & submission, scheduling of the products for the market, collection data on marketable surplus, identifying market/buyers, pre-supply arrangements, collection and aggregation of products, primary processing of produce and quality check, weighing/aggregation/dispatch management, logistics plan, transaction closure & payment to members, fund management, role of Udyog Mitra etc.
- d. Sharing of Profit & Loss among the PG members.
- e. Resource planning (*the resources may be Infrastructure, working capital, Institution Building, Internal & External sources, Assessment & Management etc.*).
- f. Financials (*sales, purchases, expenses, surplus/deficit, patronage bonus, member-wise/product-wise realisation.*)
- g. **Assumptions** form important section of the Business Plan. The success or otherwise of a Business Plan relies on "realistic assumptions". Some of the assumptions while developing Business Plans include, no. of villages to be members of the PG, No. of members expected to channelize their products through the PG, marketable surplus expected at village level, marketable surplus expected to be channelled through the PG, expected price at which products are likely to be sold in the market, whether any direct market linkages are possible? If yes for which products, how much quantity and at what price, costs on transportation,

hamali etc., incentive to the Udyog Mitra. An indicative business plan template is given at Annexure 5.

## **E. Setting up a Producers' Group:**

**E.1 Setting up Producers Group:** Adopting a systematic process to set up a Producer Group would be critical in promotion of a Producers Group with clear business idea and execution plan. It starts with awareness among the prospective farmers in the villages on the concept of PG and facilitation to form a Producer Group (PG). Setting up of a Producers Groups may include broad steps like awareness creation and mobilisation of producers, formation of Producers Groups and establishment of system and process.

To facilitate formation of Producers Groups in a block, SRLM may design a PG formation drive deputing its staff to work with Krishi Udyog Mitra to form PGs in potential locations. Conduct meetings (1-2 meetings may be required to form the PG) with the prospective PG members to form the Producers Groups. The activities may cover:

- a. Sharing business plans around the selected commodities, concurrence/endorsement of the PG on the shared Business Plan
- b. Orientation on the business processes to be followed,
- c. Facilitate PG members to decide on the name of the producers' group,
- d. Formation of Management committee (on rotation every season/quarter or as found suitable),
- e. Interaction with Banks to understand the formalities and documents needed to open an account,
- f. Decision on membership fees, (One-time cost); deciding timeline for collection
- g. Identification of location for setting up an aggregation centre,
- h. Share roles & responsibility of management committee, Udyog Mitra,
- i. Facilitate selection for leadership: Identify responsibility and define roles for leadership
- j. Set minimum agenda for subsequent meetings,
- k. Finalizing books of records that are to be maintained by Udyog Mitra
- l. Capacity Building Need Assessment of PG members.

## **E.2. Bank Account of Producers Groups**

Reserve Bank of India through its Master Circular dated 18<sup>th</sup> September 2020 has recognised Producers Groups being promoted under DAY-NRLM as a collective to facilitate collective production and marketing for the produce of the members. In the Master Circular dated 18<sup>th</sup> September 2020, Point no.7.1.3 Banks are advised to open current account for the Producers Groups promoted under DAY-NRLM. Accordingly, Banks may be approached to open accounts for the Producers Groups.

## **E.3. Establishment of Village Level Aggregation Centre (VLAC)**

Based on the requirement in the business plan, it is important to establish a VLAC to keep the assets they have and to facilitate aggregation of produce at a common point. For establishment of VLAC, following are the critical points that need to be looked into carefully and addressed accordingly while establishing the VLAC:

- a. **Awareness on the selection parameters for VLAC establishment:** Already constructed space may be rented as per business requirements which are expected volume of the commodities to be handled, storing assets, e.g., crates, weighing scale, moisture meter, seasonality etc.



- b. No land should be purchased or taken on lease for setting VLAC, unless explicitly indicated in the business plan
- c. Cost of running the VLAC is to be borne by the PG, hence generating profit from operations is a must.
- d. Orient Management/Executive Committee supervising activities of VLAC.
- e. Udyog Mitra as the Manager for VLAC would be oriented on various aspects to build her/his capacity to run the VLAC.
- f. VLAC establishment & management plan may be developed as per the category of commodities to be handled like Food Grains & Cereals, Fruits and Vegetables, NTFPs and Medicinal Plants which have different requirements as per their characteristics.

#### **E.4. Training and Capacity Building**

In order to nurture and build the capacity of stakeholders involved in PG promotion like block staff, Krishi Udyog Sakhi and PG Committee members, prior training need to be imparted to all. After promotion of PG, repeat training on critical aspects like business plan, business management, financials, maintenance of books of records may be imparted. A proper training module need to be prepared and implemented which may cover aspects like Business Planning & management, Institutional Processes, Management of PG, Books and Records, Internal Control and Checks, Legal Compliance (when it becomes registered entity), Mitigation measures to safeguard environment, Outreach plan, Product knowledge etc.

#### **F. Support to Producers' Group under DAY-NRLM:**

Under DAY-NRLM, provisions have been made to provide infrastructure and working capital support to the producers' groups. Guidelines on "Financing Producers Collectives under DAY-NRLM", issued on 24th May 2020 from the Ministry may be referred for funding support to the Producers Groups. For area/villages where CLF/GPLF has not been formed but the area/villages have the prospect of promotion of PG, the promotion and financing of the Producers Groups in such area may be taken up at block mission unit where the mission must have placed dedicated staff for value chain development.

#### **G. Graduation of Producers Group as a formal entity:**

Producers Group based on their business plan requirements and increase in membership over a period of time may need to be registered into a legal entity say Cooperative, Producer Company, LLP etc. Producers Groups should endeavor for this after a 2 – 3 years of operation. This may be assessed based on its (i) business performance, (ii) member strength and (iii) articulated plan to move forward for registration as a Legal Entity (Cooperative, LLP etc.). Consultation with legal experts may be planned to get a comparison of various legal forms. The comparison may be shared with PGs to elicit their choice and take a well-informed decision to either go /not go for registration as a legal entity. If the PG have already done business for minimum of two years with significant volume of business & business processes are adopted then it may be considered to be promoted as FPO to get support under the scheme "Promotion of 10,000 FPOs" of the Ministry of Agriculture.

#### **H. Convergence Opportunities:**

Convergence with the schemes/programs of other Ministries / Departments to leverage support is key to support the producers' groups on various aspects. Looking at the prospect convergence opportunities may be explored and support may be leveraged from the scheme/program like Article 275 and Van Dhan Vikas Kendra of Ministry of Tribal Affairs, establishment of community assets from MGNREGA/RUBAN of the Ministry of Rural Development, training

support from RSETI/KVK/TRIFED, PM Formalisation of Micro Enterprise of MoFPI, Agri Infrastructure Fund of Ministry of Agriculture etc. Further, any State-run program/scheme compatible for the activities of the Producers Groups may also be leveraged.

## **Section II: Management of PG**

### **A. Management of Business Processes:**

The business processes for the Producers Group primarily encompass the activities such as Business Activities Mapping with Accountability, Differentiating Perishables/Non-Perishables wherever relevant, Market Assessment (By Management and Udyog Mitra), Preparation of Seasonal Calendar of Produce, Farmer level Processes (Quality product, Post-Harvest Management & Market ready product), Market Intelligence, Product Handling and Marketing & Market Access, Dispatches/Delivery Management/Transportation of Produce on time and Documentation of all activities of PG. A business plan responsibility matrix is at Annexure 4 for reference. Each Producers Group should have such responsibility matrix with proper orientation to its members as part of the training program.

In order to avoid any losses at PG level and make PG risk averse, PG need to close the business transaction within one to two days for the perishable commodities and in case of non-perishable commodities PG should not store the commodity(ies) for longer period.

### **B. Governance of Producers Group:**

Day to day activities is to be carried out by the Management Committee of the Producers Group. First, four (4) to six (6) PG members may be selected to form Management Committee. From the management committee, three persons may be selected as President, Secretary & Treasurer. Two of the Office Bearers which is to be declared by the PG would be responsible for carrying out Bank operations. Rotation of the management committee may be ensured in every two years. Followings are the key responsibilities of the Management Committee managing the group.

- Ensure that the PG is aligned to its vision, mission and works to achieve its set goals
- Provide vibrant leadership to PG
- Engage in day-to-day management and functioning of PG.
- Supervision and monitoring of business transactions.
- Oversee the activities of the Udyog Mitra.
- Develop greater understanding of market in tandem with UMs.
- Overall responsibility to oversee the business operation of the Producers Group.
- Indicate capacity building requirements of PG members
- Ensure participation of members for the designated training and exposure visits,
- Facilitate squaring off the accounts with the CLF/GPLF after completion of agreed upon business cycle with the CLF/GPLF.

### **C. Krishi Udyog Sakhi and its role in the Producers Group:**

Seeding and scaling up value chain interventions in the specific location will be primary role of Krishi Udyog Sakhi. Key roles & responsibilities of the Udyog Mitra would cover identification of potential commodities for farm-gate value addition, promotion of producers collectives, aggregation and market linkages, identification of potential producers for formation of Producers Groups, set up aggregation mechanism and ensuring quality control, help in business

plan preparation, capacity building of producers on harvest and post-harvest management of relevant commodities being dealt by the producers group, dissemination of price information and quality specifications to the PG members, maintain procurement record of the members and maintaining stipulated books of records, act as a manager of a PG for all day to day business operations of the PG, support planning for the next cycle of transaction, periodically appraise the VO on status of PG through VO Livelihoods Sub-Committee, maintenance of the books of records of the Producers Collectives, may support Producers Enterprise in management of procurement centre in the village. A planning template for next cycle of transaction is at (Annexure 6). After initial support from SRLM for initial 2 to 3 years in tapered manner, as soon as the business of PG starts functioning in scale, the honorarium of Krishi Udyog Sakhi should come out of the profit generated from the business of the PG.

#### **D. Finance and Accounting Management:**

**D.1: Books of Accounts for the Producers Groups:** Maintenance of proper books of accounts is very important for any business organisation. It will help bring clarity, bring transparency, build trust among members and support smooth business operation. Followings are the list of books of accounts a Producers Group will maintain:

1. Cash Book
2. Daily business Register
  - a. Daily Procurement [*Member name, Commodity, Grade, Rate, Volume (Qntl/Ltr), Value (INR)*]. Receipt for each procurement. - *annex*
  - b. Daily Sales [*Commodity, market/buyer, Grade, Rate, Volume (Qntl/Ltr), Value (INR)*]
3. Member Ledger
4. Member pass book (transaction record book) – separate book for each member - *annex*
5. Assets register (*annex*)
6. Membership fees register (*annex*)
7. Vouchers (payment, receipt, sales, purchase) file

**D2: Operating Profit & Loss Statement:** In order to track the business growth & effectiveness of the PG, “**Operating Profit & Loss Statement**” will be prepared for every business cycle as proposed in the business plan proposal. A template for preparation of the Operating Profit & Loss statement is at *Annexure – 7* for reference.

Based on the operating profit and loss statement, profit may be distributed among members after every business cycle. Consequent upon calculation of operating profit / loss, 75% of the profit should be distributed among all active members based on their patronage (in term of value of commodities) and rest 25% of the profit may be kept as corpus fund with the PG which can be used to compensate any loss or meet any exigency expenses in future.

### Section III: Monitoring of Producers Groups

Monitoring will be very important to ensure desired business output by the producers' groups and timely squaring off of loan account with CLFs. Followings are the broad areas for monitoring of the promotion of Producers Groups at different level:

Level	Monitoring Indicators	Reporting requirement to next level
CLF Level	<p><b><u>PG wise monitoring indicators</u></b></p> <ol style="list-style-type: none"> <li>1. Number of Producers Groups promoted (<i>PG profile data collected in format</i>)</li> <li>2. Producers Groups developed and submitted the business plan to CLF</li> <li>3. Number of members covered (<i>including caste category wise</i>)</li> <li>4. Producers Groups received fund from CLF</li> <li>5. Infrastructure/equipment procured and shared with the producers' groups.</li> <li>6. Target volume and value of business for a FY.</li> <li>7. Volume and value of business for a FY</li> <li>8. PGs squared off the account with CLF</li> </ol>	<ol style="list-style-type: none"> <li>1. Information on the new PGs formed.</li> <li>2. Members information.</li> <li>3. PG wise business volume/value.</li> <li>4. PGs squared off the working account after the business season.</li> <li>5. No. of PG prepared Operating P&amp;L statement.</li> </ol>
Block level	<ol style="list-style-type: none"> <li>1. Number of Producers Groups promoted (<i>PG profile data collected and updated in online module</i>)</li> <li>2. Producers Groups developed and submitted the business plan to CLF (PG wise)</li> <li>3. Producers Groups received fund from CLF</li> <li>4. No. of CLF procured infrastructure/equipment and shared with the producers' groups.</li> <li>5. Target volume and value of business for a FY</li> <li>6. Volume and value of business for a FY</li> <li>7. Number of members covered (<i>including caste category wise</i>).</li> <li>8. Number of PGs squared off the working capital account with CLF.</li> </ol>	<ol style="list-style-type: none"> <li>1. Updation of PG profile data in the website within one month of promotion of PG.</li> <li>2. Monthly data update in PG /MPR module.</li> <li>3. Field visit by the block staff to minimum 50% of the PG every month.</li> </ol> <p>Visit to all PGs during preparation of business and squaring off account with CLF.</p>
State	<p><b>Monitoring of block wise data</b></p> <ol style="list-style-type: none"> <li>1. Number of PGs promoted</li> <li>2. Number of PGs developed the business plan and submitted to CLFs.</li> <li>3. Number of PGs received fund from the CLF</li> <li>4. Volume &amp; value of business in a FY (<i>as per the business plan</i>) – target &amp; achievement</li> <li>5. Volume and value of business by the PGs (MoM)</li> </ol>	<ol style="list-style-type: none"> <li>1. Check &amp; confirm updation of profiles of PGs formed</li> <li>2. Monthly business progress.</li> <li>3. PGs squared off account with CLFs</li> <li>4. Members coverage</li> </ol>

Level	Monitoring Indicators	Reporting requirement to next level
	6. Number of PGs squared off account with CLF 7. State level staff to visit at least 10% of the Producers Groups in a FY.	
National Level	<b>Monitoring of State/block wise data</b> 1. Number of Producers Groups promoted 2. Number of PGs developed the business plan and submitted to CLFs. 3. Volume of business (target & achievement) 4. Number of PGs squared off account with CLF	

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## ANNEXURES

### Annexure1: Area Profile (Village)

S No.	Particulars	Details
1	Name of the Village	
2	Name of the Gram Panchayat	
3	Name of the Block	
4	Name of the District	
5	Names of Nearest Towns/Cities with distance in Km	
6	How is the road connectivity to the Village	All Weather Road/Kutchha Road
7	<b>Transportation facilities:</b> Public Transport/Bus Public Transport/Train Private Transport/Bus Private Transport/Others	
8	<b>Communication facilities (functional):</b> Telephone/Landline: Telephone/Mobile: Internet services:	
9	Electricity supply	Uninterrupted/Intermittent
10	Total population of Village (Number)	
11	Number of Households	
12	Number landholding Farmers	
13	Number of landless/tenant Farmers	

### Annexure2: Land & commodity profile of the Village

S No.	Particulars	Details
1	Name of the Village	
2	Name of the Gram Panchayat	
3	Total land area of the Village	
4	Area under agriculture in Ha.	
5	Irrigated area in Ha.	
6	Area under forest cover in Ha.	
7	Other land area in Ha.	
8	Agri. Lands – Types of Soils	
9	Irrigation: (Source, Seasonality)	
10	Major commodities grown	
11	Varieties of the commodities	
12	Any specific USP of the commodities	

### Annexure3-: Cost Benefit Analysis

Particulars	Member – Own Sales	Member – Sales Through PG	PG – Only Channelling	PG - Trading	Udyog Mitra
<b>Income/ Benefit</b>	Value of goods sold in the Market or to others	Amount paid by PG as net realisation for the Products sold through PG	Any commission deducted as facilitation fee by the PG for the sales of produce through PG	Value of goods (aggregated from Members) sold in the Market	Monthly fixed amount received plus expected Commission on sale of produce through PG in the market.
<b>Cost</b>	Transaction costs	Costs on additional processes undertaken as per PG's requirement	Transaction Costs Payment to Udyog Mitra	Cost of Purchases plus Transaction Costs plus Payment to Udyog Mitra	Nil
<b>Net Benefit</b>	Net income after deducting costs	Net income after deducting costs	Net income after deducting costs	Net income after deducting costs	Net income after deducting costs
<b>Qualitative aspects</b>	Sales and realisation under own control; not depending on any others or PG	Assured market access; Transaction costs can be lesser Can save time required to sell the produce directly in market/others	No product handling risks. No price risks. Responsible to minimise the transaction costs	Will be subjected to Product handling risks and price risks. Will have to bear the transaction costs	Responsible for product quality, market access, price realisation and enhanced net earnings to the Members of the PG.
<b>Perceived overall net benefit</b>	Good or Not good	Good or Not good	Good or Not good	Good or Not good	Good or Not good

**Annexure4-: Business Plan Responsibility matrix**

<b>S No.</b>	<b>Business Process</b>	<b>Responsibility</b>
A	Collection of Data on Marketable Surplus from Members	Udyog Mitra with support from Members
B	Identifying at least three markets and three buyers for the products to be marketed	Udyog Mitra with support from Project Team
C	Primary Processing of Produce	Members
D	Quality check and aggregation of the product	Udyog Mitra and President or Secretary
E	Logistics arrangements	Udyog Mitra
F	Delivery of the produce in the market / to the buyer	Udyog Mitra and one of designated Members
G	Collection of Payment	Udyog Mitra and the designated Members
H	Settling payment to Members	President / Secretary
I	Compensation to Udyog Mitra	President / Secretary
J	Compiling transaction-wise Financials	Udyog Mitra



## Annexure 5 - Template for Business Plan

### Business Plan for <<Name of the Producers Group>>,

<i>auto generated code number of the PG</i> :					
<b>A. Basic Details</b>					
Location	Village		GP		Block
Members	<b>Total</b>	<b>SC</b>	<b>ST</b>	<b>OBC</b>	<b>Others</b>
Name of Krishi Udyog Sakhi					

<b>B. Commodities details</b>													
Name of commodities	1....., 2....., 3.....												
Seasonality (H – Harvest, P – Production), tick in appropriate place	Commodity	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
	1												
	2												
	3												

<b>C. Assumptions</b>
<i>May cover no. of members to be involved, calculation of surplus production, transaction cost, price, etc.</i>

<b>D. Business activities for the PG (aggregation, primary processing, transportation etc.) and plan. what, where, how, who?</b>
<i>commodity-month wise procurement plan, establishment &amp; management of VLAC Marketing plan (market, transport arrangement etc.)</i>

<b>E. Financial Projections</b>		
		<b>Amount (in Rupees)</b>
<b>E1. Total Revenue</b>		
a. Commodity 1		
b. Commodity 2		
....		
<b>E2. Total Procurement</b>		
a. Commodity 1		
b. Commodity 2		
....		
<b>E3. Operating Profit (E1 – E2)</b>		

<b>E4. Operating expenses</b>		
<b>E5. Net profit (E3 – E4)</b>		

<b>F. Fund Requirement</b>			
<b>Sr.</b>	<b>Head</b>	<b>Amount (Rs.)</b>	<b>Source</b>
1.	Working Capital <i>(may be calculated as per the requirement in E2 &amp; E4)</i>		
2.	Infrastructure		
	Total		
<b>Proposed duration of fund requirement (in months) from the CLF/GPLF:</b>			

***Disclaimer by the Producers Groups:***

It is to inform to the CLF/GPLF that the Producers Groups is agreed to the rate of interest fixed per annum for repayment of the working capital which will be refunded to the CLF/GPLF alongwith the capital as per the agreed terms and condition.

Signature of President

Signature of the Secretary

Signature of the Treasure.

## Annexure 6- Preparing for aggregation and Plan for next business cycle.

PREPARING FOR AGGREGATION		
STEP	TASKS	NOTES
MARKET REPORT	<ul style="list-style-type: none"> <li>Researching the prevailing market price and trend for the commodity over phone *</li> <li>Determination of price which can be offered to the PG Members</li> </ul>	<p>*This should be done either a day in advance or regular track must be maintained so that information is available at all times</p> <p>Based on the market price, the tentative gross and net price for the farmers need to be conveyed for them to take an informed decision.</p>
AGGREGATION DECISION	<ul style="list-style-type: none"> <li>Announcing the price to all farmer members</li> <li>Estimation of quantity available for aggregation</li> <li>Determining viability of transport vehicle and cost optimization *</li> <li>Doing a cost – benefit analysis based on volume and price **</li> <li>Collection announced as per norms/ timing of procurement and cut-off time#</li> </ul>	<p>*based on quantity available, ideal mode will be requisitioned. A local tractor/transport is always a much more viable medium as the same vehicle can be used for bringing back the unsold material/crates/gunny bags/farmers and also if they have bought something for their consumption from the market. The return cost can be apportioned accordingly.</p> <p>It is also important to see if the volume will be justifiable or an alternate can be found. This stage is critical to the success of the transaction and building up the confidence and profit of the farmers.</p> <p>**A cost benefit analysis will take care of issues like what is the likely revenue, the expenses which will be incurred, net realization of the PG, price realized by individual member, per kg. If this price is not higher than the existing market mechanism, the aggregation exercise itself may be rendered futile.</p> <p>#Farmers bringing their produce after the cut-off time will be denied to build in discipline.</p>
AGGREGATION – AT COLLECTION CENTRE		
COLLECTION	<ul style="list-style-type: none"> <li>Farm produce is kept ready by the farmers</li> <li>Queuing up for collection/ collection process.</li> <li>Collection, Weighing, testing and grading begins</li> </ul>	<p>Farmers must keep only those materials ready which are of acceptable grade</p> <p>Tokens can be issued to farmers to avoid waiting time. Alternately, produce can be picked up from farm gate</p> <p>Produce must be segregated at collection stage as per the marketable grades. This is important to avoid rejection at <i>mandi</i> or if leads to time loss in further segregation at the market itself</p>

		Depending on the number of grades, separate collection lots of heaps to avoid mixing or confusion
	<ul style="list-style-type: none"> <li>Recording of Quantity of Each Member</li> </ul>	The collection weight must be recorded in the farmers PG book, and materials register lying with the PG. Only produce grade and quantity must be recorded at this stage
	<ul style="list-style-type: none"> <li>Repacking, marking and proper stacking of the produce</li> </ul>	If the produce is loaded at a collection point, the PG committee/udyog mitra should ensure that all these formalities are completed before the delivery vehicle arrives
LOADING	<ul style="list-style-type: none"> <li>Arrival of the delivery vehicle and loading the produce</li> </ul>	
	<ul style="list-style-type: none"> <li>Calculating grade/produce wise quantity received and handing it over to Udyog Mitra/Committee members</li> </ul>	udyog Mitra signs the materials register as an acknowledgement of total quantity received
<b>SELLING – AT THE MANDI</b>		
FINAL NEGOTIATION AT BUYER POINT	<ul style="list-style-type: none"> <li>Arrival at the market and confirmation of best price available, re-negotiation</li> <li>Unloading of the produce at the buyers point and weighing. Matching the same with the quantity recorded in PG register</li> </ul>	This exercise is important to ensure that the best price is fetched for the produce  Norms and process to be followed in case of significant difference or any dispute. <i>Dharam Kanta</i> , if available can be one way of solving this issue
CASH COLLECTION	<ul style="list-style-type: none"> <li>Collection of payment as per the amount calculated, voucher preparation</li> </ul>	Voucher may be prepared to record calculations, keep track of shortage, rejection etc. This can be done on any plain paper too but signed by buyer and <i>udyog mitra</i>
<b>POST SALES OPERATIONS</b>		
AT THE MANDI	<ul style="list-style-type: none"> <li>Depositing the commission /margin amount in bank as per established rule</li> <li>Getting the bank pass book updated</li> <li>If the delivery vehicle is mandated to go back to village, to finish the market work</li> <li>Payment of <i>hamali</i>/loading/unloading</li> </ul>	The percentage might vary across products/ grades as determined by the PGs, but should not be too high.  The efficiency and viability of the transportation vehicle can be increased if it belongs to the PG village or neighborhood. It can be used for farmers to buy their stuff

	<p>expenses, if applicable, as per prevailing rates</p> <ul style="list-style-type: none"> <li>• Payment of delivery expenses to the delivery vehicle</li> </ul>	
AT THE PG	<ul style="list-style-type: none"> <li>• Calculation of net return and amount to be paid to each farmer</li> <li>• Recording transactions</li> </ul>	<p>Basis of calculation – price realized per kg/unit – grade wise. Total price realized – expenses on delivery, hamali, shortage, damage etc., minus amount to be deposited in bank. Per kg amount payable to each farmer member.</p> <p>The material register, cash book needs to be updated at this point for cash received, expenses incurred and amount deposited in bank</p>
DISBURSEMENT	<ul style="list-style-type: none"> <li>• Inviting the farmers to collect cash proceeds</li> <li>• Making payment as per calculations arrived at</li> <li>• Updating pass book of PG Members</li> </ul>	<p>The farmers must be invited by turn to avoid unnecessary queues. Pass books must be updated on the spot</p> <p>Farmers should also be explained the calculation for the purpose of transparency</p>
PLANNING FOR NEXT AGGREGATION	<ul style="list-style-type: none"> <li>• Planning /announcement of next cycle and delivery date/rate/time etc. for the same</li> <li>• Discussion regarding further improvement in the process</li> </ul>	<p>Based on the day's experience, a tentative plan for next aggregation can be discussed.</p> <p>PG committee, <i>Udyog Mitra</i> can discuss how aggregation can be made more robust based on experience so as to fetch a better price</p>

## Annexure – 7 : Template for Operating Profit and Loss Statement

<b>ABC Producers Group</b>		
<i>address (village, GP, Block, District)</i> <i>[Auto-generated PG code]</i>		
Operating Profit & Loss Statement for the aggregation & sales Activities		
Business Cycle No. & Time period .....to.....		
	<b>Amount (INR)</b>	<b>Amount (INR)</b>
<b>A. Total Revenue</b>		
i. Sales Revenue		
ii. Revenue from other source if any		
<b>B. Total value of procurement (B)</b>		
<b>C. Gross Profit (A-B)</b>		
<b>D. Operating Expenses</b>		
i. Labour Charges		
ii. Transportation cost		
iii. Ancillary expenses for marketing/trading		
iv. Interest on loan		
v. Packaging cost, if any		
vi. Rent ( <i>after grant support period</i> ) *		
vii. Honorarium/incentive to udhyog sakhi ( <i>after grant support period</i> ) *		
<b>E. Net Profit (C-D)</b>		

*\*cost of Rent/Honorarium of Krishi Udyog sakhi should consider as operating expenses after funding period.*



#### 4. Member Passbook

Date	Receipt No.	Commodity	Grade	Rate per unit	Volume (Qntl/Ltr.)	Value (Rupees)	Paid (Rupees)	Payable	Signature of Udyog Sakhi
1		2	3	4	5	6	7	8	9

#### 5. Asset Register

Sr.	Name of Asset	Date of purchase	Value of Asset (Rupees)	Remarks
1	2	3	4	5

\*\*\*\*\*