FARMER PRODUCER ORGANIZATIONS

AN INNOVATIVE INSTITUTIONAL APPROACH FOR COLLECTIVE ACTION

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CHAPTER - 6
BUSINESS PLANNING FOR FARMER PRODUCER ORGANIZATION

CHAPTER 6: BUSINESS PLANNING FOR FARMER PRODUCER ORGANIZATION

6.1 Introduction:

Successful operation of the FPO is one of the important aspects for its sustainability. This mainly requires the preparation and finalization of a business plan in consultation with the members and experts. A detailed consultation on the proposed business plan of the FPO should be done during the first general meeting of FPO. While developing the business plan, the FPO has to understand the physical, social and cultural aspects of the proposed area of operation, its potential, requirement of the shareholders relating to farming (supply of quality inputs such as fertilizer, seeds, pesticides, tools, implements, machineries, credit, technical services etc), surrounding markets and the existing competitors. Demand and supply analysis of products to be sold and product to be required by shareholders would be helpful. A business plan of an FPO would not only convey the organizational structure, business goals and the strategies to meet them, but will allow the company to assess the potential problems and the ways to solve them. Business plan also help to assess the capital required for the proposed business, which, further be required to be submitted to any financial agency (nationalized/ cooperative banks etc) to apply for loans.

The most important and the fore most step in business planning is identification of business opportunities. The agriculture or horticulture based FPOs will basically focus on horti-business or agri-business for the farmers. Identification of specific business opportunity is largely a reactive process. The step by step approach can be adopted to discuss various tools of generating business ideas. Identification of creative business opportunity can be done in different ways.

Brainstorming is an important method used in the identification of new ideas. Brainstorming in small groups, is the technique that is generally used in generating ideas for new businesses. This process can be done in two phases. In the first phase, the emphasis should be on generating a large number of ideas, without commenting on the quality of the ideas. The group facilitator must ensure that ideas are not evaluated, but are only recorded in detail. In the next phase, ideas are evaluated and short-listed.

The business planning for a FPO is very important as the FPO has to operate on a value chain model. Value chain comprises all the activities at different yet interlinked stages that add value to a particular product through the different phases of production, including procurement of raw materials and other inputs. Usually, there are many actors along the value chain for producing, processing and bringing goods and services to end-consumers through a series of sequential activities. When the produce originates from agriculture then it is called as an agricultural value chain.

The FPO may choose to undertake any one or more than one activity of the value chain. Such activity will be a value chain intervention. The key is to choose the intervention where the value-addition is high, and which can be effectively managed by the FPO keeping in view competition in the market.

6.2 Benefits from Value chain concept:

The benefits may be in terms of pricing, both for input supply, output delivery and services. In Agricultural value chains, benefits may come from the following, which would result in cost reduction or revenue maximization

a. Business Processes: Aggregation, segregation and logistics
b. Productivity: Man, material, money, input and output
c. Warehousing: Space, costs and logistics
d. Processing : Own vs. out-sourced
e. Products: Whole foods to processed foods and to derivatives
f. Risk mitigation

6.3 Business plan for FPO:

Business plan is an important document that specifies the components of a strategy with regard to the business mission, external and internal environments and problems identified in earlier analysis. A business plan is not written each time a modification to a strategy is made. It should be written when a new venture is developed or a major new initiative is launched. Sincere contemplation is needed about the business concept, the business opportunity, the competitive landscape, the essential elements for success, and the people who will be involved. The exercise will often lead to more questions, and these new questions must be properly researched to gain deeper insight into the issues and challenges that lie ahead.

6.4 Business planning for FPO:

The business planning process in an FPOstarts with the generation of innovative but practically feasible business ideas. This process has to be followed by opportunities and threats analysis leading to Identification of suitable business opportunities. After identifying the business opportunity a strong marketing plan needs to be prepared. The final part of the process is finalization of the financial plan.

6.5 Generation of Business Ideas:

The generation of business ideas involves following steps.

- Short-listing Business Ideas

- Opportunities/Threats Analysis
- Identification of Business Opportunities and selection
- Finalizing of market plan
- Finalizing of financial plan

6.6 Need for preparing business plan by FPO:

Planning for any business attains an important plane in any successful intervention. Every business irrespective of size needs planning. Business planning is essential for growth and sustainability of FPO. It provides broad ideas to meet the expected and unexpected opportunities and obstacles the future holds. In case of a FPO, it is all the more essential since most of the members will be acting as businessmen for the first time. A business plan helps the FPO in the following ways:

a. It helps in examining viability of the venture in a particular market.

b. It provides guidance to the FPO for organising and planning activities.

c. It serves as an important tool in accessing finance/ funding. If the financier is comfortable with the business plan, the FPO will be asked to prepare a Detailed Project Report (DPR).

6.7 Elements of a business plan:

The business plan provides broad parameters for achieving the goals of the producer organization. A typical business plan will contain the following:

a. Executive summary
b. Business Description
c. Industry/Sector analysis
d. Marketing plan
e. Operations plan
f. Financial plan.

6.8 Composition of executive summary of business plan:

Any business plan is assessed based on the way it has been described in the executive summary. The executive summary is an abstract containing the important points of the business plan. Its purpose is to communicate the plan in a convincing way to the potential investors, so that they will read further. It may be the only chapter of the business plan a reader uses to make a quick decision on the proposal. As such, it should fulfill the financier's expectations. It is prepared after the total plan has been written.

The executive summary should describe the following:

a. The industry and market environment in which the opportunity will develop and flourish
b. The special and unique business opportunity-the problem the product or service will be solving
c. The strategies for success—what differentiates the product or service from the competitors' products
d. The financial potential—the anticipated risk and reward of the business
e. The management team—the people who will achieve the results
f. The resources or capital being requested—a clear statement to your readers about what you hope to gain from them, whether it is capital or other resources

Contents of Business Description:

The business description explains the business concept by giving a brief yet informative picture of the history, the basic nature, and the purpose of the business, including business objectives and why the business will be successful. The purposes of the business description are to:

a. Express clearly understanding of the business concept
b. Share enthusiasm for the venture
c. Meet the expectations of the reader by providing a realistic picture of the business venture

6.9 Industry Analysis:

Understanding the industry, the competition, and the market in which the business will operate is fundamental to the business plan. The analysis will help in identification of a real opportunity that solves a real problem of the members. The result of the analysis will:

a. Provide thorough understanding of the business environment
b. Guide in developing an effective marketing plan
c. Persuade the readers of business plan of the realistic potential of the venture
d. The special technology, innovation, new perspective, or unique concept that the proposed business will offer to the customer.

6.10 Marketing Plan:

The marketing plan describes how the product will be sold, how the business will motivate the customer to buy. The purpose of developing and including the marketing plan in the business plan is two-fold:

a. The process of designing a coherent marketing plan, that is an integral part of the overall business plan. This will help the business to test ideas, explore options, and determine effective strategies for success.

b. The result of a well-conceived and coherent marketing plan will convince the business plan reader about the competence of the business.

6.11 Marketing Strategy:

The marketing plan is the first step in developing any new strategy. It should be based on a realistic assessment of the external environment. Marketing strategy largely determine resource needs in other areas. For example, the strategy to seek a large share of a market will require a significant commitment of resources of various kinds. How the business chooses to promote and distribute the product will have huge implications on organizational, production, human resource and financial plans

6.12 Market analysis:

The market analysis should cover details about the market on the following aspects.

a. The overall market
b. Changes in the market
c. Market segments, their attractiveness, profitability
d. Target market and customers
e. Description of customers
f. Direct and indirect competitors in the market

6.13 Finalizing the marketing strategy:

After selecting the market segment that the FPO is hoping to target and after completing the detailed SWOT analysis, a suitable marketing strategy need to be chosen. The choice of the strategy depends on a variety of factors including the image that the FPO wants to project about the product and the organization, its sales objectives like whether it wants rapid penetration or is content with slow penetration of the market etc. The FPO may choose one or more combinations of strategy, but needs to strategically plan a right marketing mix consisting of 4 Ps (Product, Price, Place and Promotion)to develop an appropriate marketing strategy.

6.14 Operations Plan:

Operations mainly include various activities involved in the business. It is transforming of the raw materials into products to be sold to the customer. The operations plan gives an overview of the flow of the daily activities of the business

and the strategies that support them. The main purpose of the operations plan section is to show that the business is focused on the critical operating factors that will make it successful. It should contain the critical success factors affecting how the business creates value for the stakeholders of the business, and the breakeven point.

6.15 Break-even point:

It is that volume of operation of the business at which unit sales equals operating costs. The breakeven point determines how many units of the product must be sold to break even, to cover the cost of production. It is the point at which the business will have no profit and no loss.

6.16 Financial Plan:

The financial plan translates all the other parts of the business - the opportunity, the operating plan, the marketing plan, the management team-into anticipated financial results. It contains the current status and the future projections of financial performance of the business. The financial plan represents the best estimates of the risks involved, and the return on investment. Three financial areas are generally discussed in the financial plan include,

a. Capital requirement and financing pattern

b. Financial projections including cash flow statement

c. Financial returns (Return on Investment, Internal Rate of Return, Net Present Value)

6.17 Budget:

A budget is a forecast of all cash sources and deployments. Budgets help to determine how much money one has or can access, where to use it, and whether the financial targets will be achieved. It shows the flow of money into, through and out of the business. The three basic elements of a budget are,

(a)Revenue from sales (b) Costs and (c)Profits

6.18Generation of business ideas:

Identification of specific business opportunity is largely a reactive process. Some of the ways to hit upon a good business idea are given below:

a. The idea can be a solution to a problem experienced by primary producers in the FPO. For instance, collective purchase of agricultural inputs, collective sale of agricultural produce to the bigger market will reduce the role of middlemen and ensure better price to producers. Collective purchases of agricultural inputs like seeds, fertilizers, pesticides, etc., and selling them to the producers reduces per unit cost while ensuring quality of the inputs.

b. It can be for use of new technology or material to meet a widely felt need. An idea of creating an agro service center for hiring tractor, power-tiller, transplanter, harvester, thresher etc., on rental basis to the small farmers can reduce cost of production besides increasing productivity. Similarly, establishing a cold chain for storage of fruits and vegetables, establishment of a bulk milk chilling unit for milk can be a good business idea.

c. It can be for establishing an Agri-Clinic for providing fee-based extension services.

6.19 Identification of business opportunities and threats:

After generating few business ideas, each idea need to be critically evaluated with respect to the external business environment for identifying the business opportunity and threats. Every idea must be evaluated in terms of its technical feasibility and economic viability on a long term basis. The opportunities and threats of each idea are analysed in terms of the following attributes:

a. Size of the market

b. Market stability (the demand for the product whether long term or purely temporary)

c. The extent to which the market is dissatisfied with the existing solution
d. Level of competition, high, medium or low
e. Price and quality sensitivity of the market
f. Barriers to entry/exit
g. Changes in government's policies such as subsidy, availability of low cost funds.

6.20 Risk identification and planning safeguards:

Identification of risks and suggesting possible safeguards is an integral part of the opportunity-threat analysis. Elimination of complete risk is not possible and the goal is to identify the risks and assess them to find out whether they can be managed or minimized through operational resilience. If the identified risks are found unmanageable then it would lead to complete discarding of the business idea. Even after starting the business, both internal and external risks continue to exist in the business environment. Hence, it is important to develop risk assessment mechanism and risk mitigation strategies. Five steps are involved in the development of the strategy for risk mitigation.

Step-1:

The first step in designing a suitable strategy is to identify and map the important processes and factors that would have the biggest impact on earnings, if disrupted. For example, the farmers in the FPO are depending on the monsoon for crop production and if there is a long dry-spell or complete drought like situation that will severely affect crop production in rain-fed areas. This will reduce the overall productivity or some time it may lead to complete failure of the crop thus reducing returns from crop production to the members of the FPO.

Step-2:

The second step is to identify critical infrastructure required by the FPO this may include processes, relationships, people, regulations, plant, and equipment—that supports the FPO's ability to generate earnings. For example, if there is break-down in the cold storage unit the whole vegetable lot harvested by the farmers will get spoiled and the whole lot of harvested vegetable may go waste. This will not only affect the farmers but will also affect the supply chain.

Step-3:

The third step is vulnerability analysis. This involves the identification of important or main vulnerabilities. Vulnerability is nothing but the inability to cope with the adverse effects of an event or risk. For example, storage, processing and trading of commodities can come under new regulation, imposing conditions, which the FPO may find difficult to comply with, at short notice.

Step-4:

The fourth step involves the process of identification of the weakest links, the elements on which all the others depend. For example, if there is a single buyer for various farm produce produced by the members of the FPO this would emerge as a weakest link.

Step-5:

The fifth step is to develop planned response to mitigate the risks. For example, the enterprise may build redundancies in some critical infrastructure like a spare refrigerated van for the transport of vegetables and fruits.

6.21 Support for market linkages:

Support from government departments:

State governments have different schemes for preferential procurement of produce from FPOs. For example, procurement of certified seeds through FPOs has been implemented by the Government of Chhattisgarh. This is also being done by the FPOs promoted by Horticulture Department in Karnataka. The Department of Horticulture is linking all FPOs with various actors in supply and market chain through a PPP-IHD program in Karnataka.

6.22 Support from corporate:

Various corporate in the market are ready to extend support to FPOs in different forms as they need continuous supply of desired quality produce for processing and value addition. Therefore, they prefer to enter into some form of contract agreement with FPOs who will meet their requirement. Usually the following mechanisms are adopted:

a. Retail chains tie up with FPOs for procurement.
b. Corporate extend dealership for farm machinery and inputs to FPOs.
c. Corporates provide primary processing machinery to FPOs
d. Corporates will have buy-back arrangement for the produce of FPOs

6.23 Food Safety and Standards Authority of India (FSSAI)and its functions:

The Government of India has established the Food Safety and Standards Authority of India (FSSAI)under the provisions of Food Safety and Standards Act, 2006 which consolidates various acts and orders that have hitherto handled food related issues in various Ministries and Departments. FSSAI has been created for laying down science based standards for articles of food and to regulate their manufacture, storage, distribution, sale and import to ensure availability of safe and wholesome food for human consumption. The various functions of FSSAI are.

- Framing of Regulations to lay down the Standards and guidelines in relation to articles of food and specifying appropriate system of enforcing various standards thus notified.
- Laying down mechanisms and guidelines for accreditation of certification bodies engaged in certification of food safety management system for food businesses.
- Laying down procedure and guidelines for accreditation of laboratories and notification of the accredited laboratories.
- To provide scientific advice and technical support to Central Government and State Governments in the matters of framing the policy and rules in areas which have a direct or indirect bearing of food safety and nutrition.
- Collect and collate data regarding food consumption, incidence and prevalence of biological risk, contaminants in food, and residue of various contaminants in foods products, identification of emerging risks and introduction of rapid alert system.
- Creating an information network across the country so that the public, consumers, Panchayats, etc., receive rapid, reliable and objective information about food safety and issues of concern.
- Provide training programmes for persons who are involved or intend to get involved in food businesses.
- Contribute to the development of international technical standards for food, sanitary and phytosanitary standards.
- Promote general awareness among the public about food safety and food standards.

6.24 Complying with regulations for food processing and marketing:

The FSSAI has enacted regulations in 2011 covering licensing, food product standards, packaging, and labeling and food additives. The details of these regulations may be accessed from their website www.fssai.govin. Some of these regulations are listed below:

a. FSS (Licensing and Registration of Food Business) Regulation, 2011
b. FSS (Packaging and Labelling) Regulation, 2011
c. FSS (Food Product Standards and Food Additives) Regulation, 2011
d. FSS (Contaminants, Toxins and Residues) Regulation, 2011
e. FSS (Prohibition and Restriction on Sales) Regulation, 2011

6.25 AGMARK:

AGMARK is a certification mark employed on various agricultural products in India, assuring that they conform to a set of standards approved by the Directorate of Marketing and Inspection, an agency of the Government of India. The present AGMARK standards cover quality guidelines for 205 different commodities spanning a variety of crops such as pulses, cereals, essential oils, vegetable oils, fruits, vegetables, and semi-processed products.

6.26 AGMARK tests for agricultural products:

The important tests done by AGMARK laboratories mainly comprise of

(a) Chemical analysis
(b) Microbiological analysis
(c) Pesticide residue analysis
(d) Aflatoxin analysis etc

on whole spices, ground spices, ghee, butter, vegetable oils, mustard oil, honey, food-grains (wheat), different wheat products , gram flour, soybean seed, bengalgram, ginger, oil cake, essential oil, oils and fats, animal casings, meat and food products.

6.27 India Organic Certification Mark:

India Organicis a certification mark for organically produced different food products manufactured in India. This certification mark certifies that the given organic food product conforms to the National Standards for Organic Products established in 2000.These standards include the following aspects.

a. Those standards ensure that the product or the raw materials used in the product were grown through organic farming, without the use of chemical fertilizers, pesticides, or induced hormones. The certification is issued by testing centres accredited by the Agricultural and Processed Food Products Export Development Authority (APEDA) under the National Program for Organic Production of the Government of India.

b. Even though the standards are in effect since 2000, the certification scheme and hence the certification mark came into existence in 2002.

6.28 Vegetarian Mark:

Packaged food products sold in India are required to be labelled with a mandatory mark in order to be distinguished between vegetarian and non-vegetarian. The symbol is in effect following the Food safety and Standards (packaging and labelling) Act of 2006, and got a mandatory status after the framing of the respective regulations (Food safety and standards (packaging and labelling) regulation in 2011. According to the law, vegetarian food should be identified by a green symbol and non-vegetarian food with a brown symbol.

6.29 Bureau of Indian Standards (BIS) Certification:

The Bureau of Indian Standards, empowered through an Act of the Indian Parliament, known as the Bureau of Indian Standards Act, 1986, operates a product certification scheme by which it grants licences to manufacturers covering practically every industrial discipline from agriculture to textiles to electronics.

The certification allows the licensees to use the popular ISI Mark, which has become synonymous with Quality products for the Indian and neighbouring markets over the last more than 55 years. The Bureau's predecessor, the Indian Standards Institution began operating the product certification Scheme in 1955.

6.30 Hazard Analysis Critical Control Point (HACCP) system:

- The Hazard Analysis and Critical Control Point (HACCP) is a process control system designed to identify and prevent microbial and other hazards in food production.
- HACCP includes steps designed to prevent problems before they occur and to correct deviations as soon as they are detected. Such preventive control system with documentation and verification are widely recognized by scientific authorities and international organizations as the most effective approach available for producing safe food.
- HACCP involves a system approach to identification of hazard, assessment of chances of occurrence of hazards during each phase, raw material procurement, manufacturing, distribution, usage of food products, and in defining the measures for hazard control. In doing so, the many drawbacks prevalent in the inspection approach are prevented and HACCP overcomes shortcomings of reliance only on microbial testing.

- HACCP enables the producers, processors, distributors, exporters, etc., of food products to utilize technical resources efficiently and in a cost effective manner in assuring food safety. Food inspection too would be more systematic and therefore hassle-free. It would no doubt involve deployment of some additional finances initially but this would be more than compensated in the long run through consistently better quality and hence better prices and returns.

6.31 Role of CSRI-CFTRI:

Central Food Technological Research Institute(CFTRI), Mysore (A constituent laboratory of Council of Scientific and Industrial research, New Delhi) was established at Mysore in 1950 with the great vision of its founders, and a network of inspiring as well as dedicated scientists who had a fascination to pursue in-depth research and development in the areas of food science and technology. CFTRI is an ISO 9001:2008 and ISO 14001:2004 organization and accredited by National Accreditation Board for Testing and Calibration Laboratories (NABL) for chemical and biological testing of samples.

6.32 Procurement of technologies by FPO:

The FPOs require different technologies and some technology-based equipment or plant and machinery to run their business and organizations. At an elementary level where the FPOs are engaged only in aggregating the produce without any primary processing, they would still require computer systems and printers to manage their inventory, generate receipts and for office administration. For scientific storage and handling of the produce, FPOs require scientific godowns, safety equipment etc. While acquiring technology, the following factors should be considered,

a. Life-cycle of technology:

The life-cycle of computer systems is about three years while that of grader/separator may be 10 years. For short life-cycle technology, it is desirable to go for the latest version.

b. Cost:

The latest technology is invariably more expensive. Therefore, it is desirable to look for appropriate technology which is reasonably priced.

c. Competition:

If other players in the market use the latest technology to produce better products, the FPO needs to go for better or the same technology to meet market competition. A less attractive product will not sell in the market.

d. Source:

The reputation and experience of the supplier institution is also a key consideration while acquiring technology. Untested technology and new technology firms entail additional risk. The technology may not work optimally. The firm may not be able to provide support say three to five years after acquisition.

6.33 Sources of technology:

The FPOs receive the required technologies from the state horticulture and agriculture universities and their constituent colleges, research stations and institutions, different ICAR institutions, Extension Education Institutes, Farers training Institutions and KVKs. For food processing, the Central Food Technological Research Institution (CFTRI) located in Mysore(Karnataka) is an important institution that act as main source of technology. Apart from this, many CSIR institutions are also resource centers of many industrial technologies. In addition, industry associations, several commodity boards(Ex: Coffee Board, Rubber Board, Spice Board etc) government development departments(Ex:

Agriculture, Horticulture, Sericulture, Agricultural marketing etc are also great sources of technology advisory. The FPO may explore as many sources as possible before finalizing the technology and the vendor. Advanced planning, scheduling, and group buying (purchasing all related equipment together in one lot) will result in cost reduction and a more efficient business operation. Just-in-time delivery, negotiated bulk pricing, and end-of-life renewal clauses are all essential in technology procurement.

6.34 Twinning arrangement with research institutions:

Many research institutions and technology suppliers can provide twinning arrangement to the FPO. Under such arrangement, professional service will be rendered by the research institution through continuous deployment of their professionals, technologists, technicians, scientists, experts to build the technical and managerial capacity by providing hand-holding support to the staff of FPO. The duties and responsibilities of the research institution may include:

- Plan and undertake the capacity building of staff
- Designing and implementing suitable management system
- Developing capacity to provide technical service and consultancy
- Designing and preparing courses and curricula for building capacity
- Conducting applied research to address specific problems
- Bridging the gap between FPO's performance and national benchmarks

6.35 Support from research institutions, commodity boards and KVKs:

These institutions can act as technology guide as twinning partner for the FPOs. While some public sector institutions may provide their service free or on nominal cost, private technology companies would require to be adequately

compensated. Generally the twinning partner shall provide the following services:

- Evaluate available technologies
- Suggest the most appropriate technology
- Design the specifications for technology procurement
- Evaluate technology vendors and their technical and financial bids/quotations
- Train staff of the FPO to use the technology
- Depute own technical personnel to the FPO for initial period
- Provide hands-on training to the operating staff of FPO
- Train staff of FPO to undertake repair and maintenance periodically
- Assist the FPO to access local, national and international markets
- Advice on solutions to specific problems being faced by the FPO

6.36 Role of Corporates:

Corporates can support the FPOs financially and technologically through CSR initiatives. The following activities can be taken up:

a. Training and capacity building of producers in better technology and providing support for common infrastructure

c. Bulk supply of agricultural inputs to FPOs

d. Providing support for acquiring technology, plant and machinery

e. Establishing quality control and testing labs to meet market specifications

f. Bulk purchase of produce of the FPOs for further processing & marketing the produce in collaboration with the FPO

6.37. Table - 3 Subsidy schemes available to FPOs

Name of Scheme	General Nature of Subsidy	Eligible Persons / Institutions	Website
Construction of Rural Godowns	Credit linked Back ended (25 to 33.33%)	Individuals, Groups of Individuals Registered FPOs, Partnership/ proprietorship concerns / Corporates. SHGs/ NGOs, Autonomous Government Bodies	Agricoop.nic.in
Development/Strengthening of Agri. Marketing Infrastructure, Grading and Standardisation	Credit linked Back ended	- Do-	Agricoop.nic.in
Agri Clinic and Agri Business Centres	Credit linked Back ended (36 to 44%)	Agriculture graduate and others (refer guidelines)	www. Agriclinics. net
Dairy Entrepreneurship Dev Scheme (DEDS)	Credit linked Back ended (25 to 33.33%) Individual producers can utilize the scheme.	farmers, individual entrepreneurs and groups of unorganized and organized sector. Group of organized sector, includes self-help groups, dairy cooperative societies, Milk unions, milk federation	dahd.nic.in
National Horticulture Mission (nhm.nic.in)			
Nursery		Credit linked Back ended Maximum 50 %	Individuals
Nursery		Back ended Maximum 50 % (credit linkage not necessary)	Cooperative societies/ registered societies / Trusts and incorporated Companies
Vegetable seed production		Credit linked Back ended Maximum 50 %	Individuals - max. 5 ha
Vegetable seed production		Back ended Maximum 50 % (credit linkage not necessary)	Cooperative societies/ registered societies / Trusts and incorporated Companies

Establishment of new gardens		
Fruits (perennial)	Credit linked Back ended Maximum 75 %	Individuals - Max 4 ha- subject to terms and conditions
Fruits (non- perennial)	Credit linked Back ended Maximum 50 %	Individuals - Max 4 ha- subject to terms and conditions

Name of the Scheme	General Nature of Subsidy	Eligible Persons / Institutions
Cut Flowers	25% for OF 40% for SF/MF in general areas and 50% for NER/ Himalayan states	Subject to prescribed cost norms
Spices and aromatic plants	40% for farmers in General areas, 50% for NER/ Himalayan states	Subject to prescribed cost norms
6	**Food Processing**	**Mofpi.nic.in**
Cold Chain - Non horticulture	Grant in aid / interest subsidy	Individuals or groups of entrepreneurs, organizations such as Govt./ PSUs/ Joint Ventures/NGOs/ Cooperatives/ SHG's/ Private Sector Companies and Corporations
Primary Processing centre - The Scheme is applicable to both horticulture and non-horticulture produce such as: fruits, vegetables, grains& pulses, dairy products, meat, poultry and fish etc.	Grant in aid 50 % to 75%	individual entrepreneurs/ farmers, group of entrepreneur/ farmers, associations, co-operative societies, self-help groups, non-government organizations
Reefer Vehicles- for purchase of standalone reefer vehicle/s and mobile pre-cooling van/s (reefer unit and reefer cabinet permanently mounted on the vehicle) for transporting both Horticultural and Non-Horticultural produce	Credit linked back ended grants-in-aid @ 50% of the cost of New Reefer Vehicle(s)/ Mobile pre-cooling van(s) up to a maximum of Rs. 50.00 lakh	individual entrepreneurs, Partnership firms, Registered Societies, Co-operatives, NGOs, SHGs, Companies and Corporations

Some Important Frequently Asked Questions and Answers

1) What is the concept of value chain development?

Value chain comprises all the activities at different yet interlinked stages that add value to a particular product through the different phases of production, including procurement of raw materials and other inputs. Usually, there are many actors along the value chain for producing, transforming/processing and bringing goods and services to end-consumers through a series of sequential activities. When the produce originates from agriculture, we call it an agricultural value chain. Let us take the case of milk. For producing milk, the farmer requires milch cattle, feed and fodder and shed for the cattle. After milking (once/twice a day), the milk is taken to the collection centre where the volume, fat and SNF contents are measured. From the collection centre, milk is transported to the Bulk Milk Chilling Unit, where the milk is filtered and chilled to keep it fresh. From there, it goes to Milk Processing Plant, where bacteria is de-activated through pasteurization, and different types of milk and milk products are made. Liquid milk (whole milk, toned milk, vitamin-A fortified milk) is made into packets and sent to wholesalers. The retailers get milk packets from the wholesalers and sell to the consumers through milk booth and/or through door delivery. Processed milk products like butter, curd, cheese, ghee etc., also reach the end-consumers from the processing facility thorough the same channel. The whole chain from purchasing of milch cattle to delivery of milk packets to consumers is the value chain for milk. Though value is added at each stage, major addition takes place through Milk Chilling, Pasteurisation and Processing. All the persons/agencies undertaking one or more activities in this chain are called the actors in the value chain.

2) What is value chain intervention?

The producer organization may choose to undertake any one or more than one activity of the value chain. In the example above, the producer organization may manufacture/procure concentrate feed and supply it to the farmers. It can purchase milch cattle in bulk from outside the state for the members. It can establish Bulk Milk Chilling Unit or Milk Processing Plant. It can purchase refrigerated vans for transport of milk and milk products. It can establish milk parlors to sell milk and milk products to the end-consumers. Any such activity will be a value chain intervention. The key is to choose the intervention where the value-addition (and therefore the margin) is high, and which can be effectively managed by the producer organization keeping in view competition in the market.

3) What is the benefit from Value chain concept?

The benefits may be in terms of pricing, both for input supply, output delivery and services. In Agricultural value chains, benefits may come from the following, which would result in cost reduction or revenue maximization

a. Business Processes: Aggregation, segregation and logistics
b. Productivity: Man, material, money, input and output
c. Warehousing: Space, costs and logistics
d. Processing : Own vs. out-source
e. Products: Whole foods to processed foods and to derivatives
f. Risk mitigation

4) What is a business plan?

Business plan is a succinct document that specifies the components of a strategy with regard to the business mission, external and internal environments and problems identified in earlier analysis. A business plan is not written each time a modification to a strategy is made. It should be written when a new venture is developed or a major new initiative is launched. Sincere contemplation is needed about the business concept, the business opportunity, the competitive landscape, the essential elements for success, and the people who will be involved. The exercise will often lead to more questions, and these new questions must be properly researched to gain deep insight into the issues and challenges that lie ahead. In short, the business plan must contain answers to the questions "Who/What/Where /When/Why/ How/How Much".

5) What is business planning?

The business planning process starts with Generation of Business Ideas, followed by Opportunities & Threats Analysis leading to Identification of suitable Business Opportunities. Once Business Opportunity is identified, a Marketing Plan is prepared. The final part of the process deals with the Financial Plan.

Business Ideas Generation

Short-listing Business Ideas

Opportunities/Threats Analysis

Business Opportunities Identification & Selection

Market Plan

Financial Plan

6) Why should a producer organization prepare a business plan?

Every business irrespective of size needs planning. Business planning is essential for growth and sustainability. It provides broad ideas to meet the expected and unexpected opportunities and obstacles the future holds. In case of a producer organization, it is all the more essential since most

of the members will be acting as businessmen for the first time. A business plan helps the producer organization in the following ways:

a. It helps in examining viability of the venture in a particular market.

b. It provides guidance to the producer organization for organising and planning activities.

c. It serves as an important tool in accessing finance/funding. If the financier is comfortable with the business plan, the producer organization will be asked to prepare a Detailed Project Report (DPR).

7) What are the elements of a business plan?

The business plan provides broad parameters for achieving the goals of the producer organization. A typical business plan will contain the following:

a. Executive summary
b. Business Description
c. Industry/Sector analysis
d. Marketing plan
e. Operations plan
f. Financial plan

8) What is included in an executive summary?

The executive summary is an abstract containing the important points of the business plan. Its purpose is to communicate the plan in a convincing way to important audiences, such as potential investors, so they will read further. It may be the only chapter of the business plan a reader uses to make a quick decision on the proposal. As such, it should fulfill the reader's (financier's) expectations. It is prepared after the total plan has been written. The executive summary should describe the following:

a. The industry and market environment in which the opportunity will develop and flourish
b. The special and unique business opportunity—the problem the product or service will be solving
c. The strategies for success—what differentiates the product or service from the competitors' products
d. The financial potential—the anticipated risk and reward of the business
e. The management team—the people who will achieve the results
f. The resources or capital being requested—a clear statement to your readers about what you hope to gain from them, whether it is capital or other resources

9) What is included in a Business Description?

The business description explains the business concept by giving a brief yet informative picture of the history, the basic nature, and the purpose of the business, including business objectives and why the business will be successful. The purposes of the business description are to:

a. Express clearly understanding of the business concept
b. Share enthusiasm for the venture
c. Meet the expectations of the reader by providing a realistic picture of the business venture

10) What is Industry Analysis?

Understanding the industry, the competition, and the market in which the business will operate is fundamental to the business plan. The analysis will help in identification of a real opportunity that solves a real problem of the members.

The result of the analysis will:

a. Provide thorough understanding of the business environment
b. Guide in developing an effective marketing plan

c. Persuade the readers of business plan of the realistic potential of the venture

d. What special technology, innovation, new perspective, or unique concept will the business offer to the customer?

11) What is Marketing Plan?

The marketing plan describes how the product will be sold, how the business will motivate the customer to buy. The purpose of developing and including the marketing plan in the business plan is twofold:

a. The process of designing a coherent marketing plan, that is an integral part of the overall business plan, will help the business to test ideas, explore options, and determine effective strategies for success.

b. The result of a well-conceived and coherent marketing plan will convince the business plan reader about the competence of the business.

12) What is Marketing Strategy?

The marketing plan is the first step in developing any new strategy. It should be based on a realistic assessment of the external environment. Marketing strategy largely determine resource needs in other areas. For example, the strategy to seek a large share of a market will require a significant commitment of resources of various kinds. How the business chooses to promote and distribute the product will have huge implications on organizational, production, human resource and financial plans.

13) What is market analysis?

The market analysis should cover details about:

a. The overall market
b. Changes in the market
c. Market segments, their attractiveness, profitability
d. Target market and customers
e. Description of customers
f. Competitors – Direct and indirect

14) How do you choose a marketing strategy?

After choosing the market segment that the producer organization wishes to target and having carried out the SWOT analysis, the suitable marketing strategy should be chosen. The choice depends on a variety of factors including the image that the producer organization wants to project about the product and the organization, its sales objectives like whether it wants rapid penetration or is content with slow penetration of the market etc. The producer organization may choose one or more combinations of strategy, but needs to strategically plan a right mix of the 4 Ps (Product, Price, Place & Promotion – called the Marketing Mix) to develop an appropriate marketing strategy.

15) What is Operations Plan?

Operations is the work (activity) of the business. It is transforming of the raw materials into products to be sold to the customer. The operations plan gives an overview of the flow of the daily activities of the business and the strategies that support them. The main purpose of the operations plan section is to show that the business is focused on the critical operating factors that will make it successful. It should contain the critical success factors affecting how the business creates value for the stakeholders of the business, and the breakeven point.

16) What is break-even point?

It is that volume of operation of the business at which unit sales equals operating costs. The breakeven point determines how many units of the product must be sold to break even, to cover the cost of production. It is the point at which the business will have no profit, no loss.

17) What is Financial Plan?

The financial plan translates all the other parts of the business - the opportunity, the operating plan, the marketing plan, the management team—into anticipated financial results. It contains the current status and the future projection of financial performance of the business. The financial plan represents the best estimates of the risks involved, and the return on investment. Three financial areas are generally discussed in the financial plan:

a. Capital requirement and financing pattern

b. Financial projections including cash flow statement

c. Financial returns (Return on Investment, Internal Rate of Return, Net Present Value)

18) What is a 'Budget'?

A budget is a forecast of all cash sources and deployments. Budgets help to determine how much money one has or can access, where to use it, and whether the financial targets will be achieved. It shows the flow of money into, through and out of the business. The three basic elements of a budget are:

a. Sales revenue

b. Costs

c. Profits

19) How does one generate business ideas?

Identification of specific business opportunity is largely a reactive process. Some of the ways to hit upon a business idea are given below:

a. The idea can be a solution to a problem experienced by primary producers. For instance, collective sale of agricultural produce to the bigger market will reduce the role of middlemen and ensure better price to producers. Collective purchase of agricultural inputs like seeds, fertilizers, pesticides, etc., and selling them to the producers reduces per unit cost while ensuring quality of the inputs.

b. It can be for use of new technology or material to meet a widely felt need. An idea of creating an agro service center for hiring tractor, power-tiller, transplanter, harvester, thresher etc., on rental basis to the small farmers can reduce cost of production besides increasing productivity. Similarly, establishing a Bulk Milk Chilling Unit for milk producers can be a good business idea.

c. It can be for establishing an Agri-Clinic for providing fee-based extension services.

20) How do you identify business opportunities and threats?

Once a few business ideas are generated, each idea must be critically evaluated with respect to the external business environment for identifying the business opportunity and threats. Every idea must be evaluated to know whether it is worth pursuing. The opportunities and threats of each ideas are analysed in terms of the following attributes:

a. Size of the market

b. Its stability i.e., the demand for the product long term or purely temporary?

c. The extent to which the market is dissatisfied with the existing solution

d. Level of competition, high, medium or low

e. Price and quality sensitivity of the market

f. Barriers to entry/exit

g. Changes in government's policies such as subsidy, availability of low cost funds, etc.

21) How do you identify the risks and provide safeguards?

Identification of risks and possible safeguards is an integral part of the Opportunity/Threat analysis. The goal is not to eliminate risk altogether (an impossible proposition) but to identify them and assess whether they can be managed

or minimised through operational resilience. If the risks or threats seem unmanageable then one may discard the business idea all together. Even after starting the business, the risks continue to remain in the business environment, internally and externally both. Hence, it is important to develop risk assessment mechanism and risk mitigation strategy. There are five key steps in the development of this strategy.

a.The first step is to identify and map the processes/factors that would have the biggest impact on earnings, if disrupted. For example, bad monsoon will severely affect crop production in rain-fed areas thus reducing earning of the producer organization considerably.

b. The second step is to identify critical infrastructure-including processes, relationships, people, regulations, plant, and equipment—that supports the producer organization's ability to generate earnings. For example, if there is break-down in the Bulk Milk Chilling Unit, the whole stock of milk will be spoilt and go waste, besides adversely affecting the supply chain.

c. The third step is to identify the main vulnerabilities. Vulnerability is inability to cope with the adverse effects of an event or risk. For example, storage, processing and trading of commodities can come under new regulation, imposing conditions, which the producer organization may find difficult to comply with, at short notice.

d. The fourth step is to identify the weakest links, the elements on which all the others depend. For example, if there is a single buyer for all produces, this is the weakest link.

e. The last step is to develop planned response to mitigate the risks. For example, the enterprise may build redundancies in some critical infrastructure like a spare refrigerated van for ferrying chilled milk.

22) What support is available from government departments for market linkage?

Many State Governments have schemes for preferential procurement of produce from producer organizations. For example, procurement of certified seeds through producer organizations has been implemented by the Government of Chhattisgarh. The facilitating agency should be able to get the relevant information from the respective Governments.

23) What support is available from corporates for market linkage?

The corporates need continuous supply of desired quality produce for processing and value addition. Therefore, they prefer to enter into contract with few producer organisations who will meet their requirement. Usually the following mechanisms are adopted:

a. Retail chains tie up with producer organizations for procurement.

b. Corporates extend dealership for farm machinery and inputs to producer organizations.

c. Corporates provide primary processing machinery to producer organization with buy-back arrangement for the produce

24) What are the functions of the Food Safety and Standards Authority of India (FSSAI)?

The Food Safety and Standards Authority of India (FSSAI) has been established under Food Safety and Standards Act, 2006 which consolidates various acts & orders that have hitherto handled food related issues in various Ministries and Departments. FSSAI has been created for laying down science based standards for articles of food and to regulate their manufacture, storage, distribution, sale and import to ensure availability of safe and wholesome food for human consumption. It has been mandated to perform the following functions:

a. Framing of Regulations to lay down the Standards and guidelines in relation to articles of food and specifying appropriate system of enforcing various standards thus notified.

b. Laying down mechanisms and guidelines for accreditation of certification bodies engaged in certification of food safety management system for food businesses.

c. Laying down procedure and guidelines for accreditation of laboratories and notification of the accredited laboratories.

d. To provide scientific advice and technical support to Central Government and State Governments in the matters of framing the policy and rules in areas which have a direct or indirect bearing of food safety and nutrition.

e. Collect and collate data regarding food consumption, incidence and prevalence of biological risk, contaminants in food, and residue of various contaminants in foods products, identification of emerging risks and introduction of rapid alert system.

f. Creating an information network across the country so that the public, consumers, Panchayats, etc., receive rapid, reliable and objective information about food safety and issues of concern.

g. Provide training programmes for persons who are involved or intend to get involved in food businesses.

h. Contribute to the development of international technical standards for food, sanitary and phytosanitary standards.

i. Promote general awareness about food safety and food standards.

25) What regulations need to be complied with for food processing and marketing?

The FSSAI has enacted regulations in 2011 covering licensing, food product standards, packaging, and labelling and food additives. The details of these regulations may be accessed from their website www.fssai.govin. Some of these regulations are listed below:

a. FSS (Licensing and Registration of Food Business) Regulation, 2011
b. FSS (Packaging and Labelling) Regulation, 2011
c. FSS (Food Product Standards and Food Additives) Regulation, 2011
d. FSS (Contaminants, Toxins and Residues) Regulation, 2011
e. FSS (Prohibition and Restriction on Sales) Regulation, 2011

26) What is AGMARK?

AGMARK is a certification mark employed on agricultural products in India, assuring that they conform to a set of standards approved by the Directorate of Marketing and Inspection, an agency of the Government of India. The present AGMARK standards cover quality guidelines for 205 different commodities spanning a variety of Pulses, Cereals, Essential Oils, Vegetable Oils, Fruits & Vegetables, and semi-processed products like Vermicelli.

27) What type of tests are conducted on agricultural products by AGMARK?

The testing done by AGMARK laboratories include chemical analysis, microbiological analysis, pesticide residue, and aflatoxin analysis on whole spices, ground spices, ghee, butter, vegetable oils, mustard oil, honey, food-grains (wheat), wheat products (atta, suji, and maida), gram flour, soybean seed, bengal gram, ginger, oil cake, essential oil, oils and fats, animal casings, meat and food products.

28) What is India Organic Certification Mark?

India Organic is a certification mark for organically produced food products manufactured in India. The certification mark certifies that an organic food product conforms to the National Standards for Organic Products established in 2000.

a. Those standards ensure that the product or the raw materials used in the product were grown through organic farming, without the use of chemical fertilizers, pesticides, or induced hormones. The certification is issued by testing centres accredited by the Agricultural and Processed Food Products Export Development Authority (APEDA) under the National Program for Organic Production of the Government of India.

b. Even though the standards are in effect since 2000, the certification scheme and hence the certification mark came into existence in 2002.

29) What is a Vegetarian Mark?

Packaged food products sold in India are required to be labelled with a mandatory mark in order to be distinguished between vegetarian and non-vegetarian. The symbol is in effect following the Food safety and standards (packaging and labelling) act of 2006, and got a mandatory status after the framing of the respective regulations (Food safety and standards (packaging and labelling) regulation in 2011. According to the law, vegetarian food should be identified by a green symbol and non-vegetarian food with a brown symbol.

30) What is product certification by Bureau of Indian Standards (BIS)?

The Bureau of Indian Standards, empowered through an Act of the Indian Parliament, known as the Bureau of Indian Standards Act, 1986, operates a product certification scheme by which it grants licences to manufacturers covering practically every industrial discipline from Agriculture to Textiles to Electronics. The certification allows the licensees to use the popular ISI Mark, which has become synonymous with Quality products for the Indian and neighbouring markets over the last more than 55 years. The Bureau's predecessor, the Indian Standards Institution began operating the product certification Scheme in 1955.

31) What is Hazard Analysis Critical Control Point (HACCP) system?

a. Hazard Analysis and Critical Control Point (HACCP) is a process control system designed to identify and prevent microbial and other hazards in food production. It includes steps designed to prevent problems before they occur and to correct deviations as soon as they are detected. Such preventive control system with documentation and verification are widely recognized by scientific authorities and international organizations as the most effective approach available for producing safe food.

b. HACCP involves a system approach to identification of hazard, assessment of chances of occurrence of hazards during each phase, raw material procurement, manufacturing, distribution, usage of food products, and in defining the measures for hazard control. In doing so, the many drawbacks prevalent in the inspection approach are prevented and HACCP overcomes shortcomings of reliance only on microbial testing.

c. HACCP enables the producers, processors, distributors, exporters, etc., of food products to utilize technical resources efficiently and in a cost effective manner in assuring food safety. Food inspection too would be more systematic and therefore hassle-free. It would no doubt involve deployment of some additional finances initially but this would be more than compensated in the long run through consistently better quality and hence better prices and returns.

32) What is the role of Central Food Technological Research Institute (CFTRI), Mysore?

Central Food Technological Research Institute(CFTRI), Mysore (A constituent laboratory of Council of Scientific and Industrial research, New Delhi) came into existence during 1950 with the great vision of its founders, and a network of

inspiring as well as dedicated scientists who had a fascination to pursue in-depth research and development in the areas of food science and technology. CFTRI is an ISO 9001:2008 and ISO 14001:2004 organisation and accredited by National Accreditation Board for Testing and Calibration Laboratories (NABL) for chemical and biological testing of samples.

33) What arrangements need to be made to procure appropriate technology?

The producer organization will require some technology-based equipment or plant & machinery to run its business and organisation. At an elementary level where the producer organization is engaged only in aggregating the produce without any primary processing, it would still require computer systems and printers to manage its inventory, generate receipts and for office administration. For scientific storage and handling of the produce, it may require scientific godowns, safety equipment etc. While acquiring technology, the following factors should be considered:

a. Life-cycle of technology- The life-cycle of computer systems is about three years while that of grader/separator may be 10 years. For short life-cycle technology, it is desirable to go for the latest version.

b. Cost - The latest technology is invariably more expensive. Therefore, it is desirable to look for appropriate technology which is reasonably priced.

c. Competition - If other players in the market use the latest technology to produce better products, the producer organization needs to go for better or the same technology to meet market competition. A less attractive product will not sell in the market.

d. Source - The reputation and experience of the supplier institution is also a key consideration while acquiring technology. Untested technology and new technology firms entail additional risk. The technology may not work optimally. The firm may not be able to provide support say three to five years after acquisition.

34) What are the main sources of technology?

Many ICAR institutions, State Agriculture Universities and KVKs help the producer organizations to acquire appropriate technology. For food processing, CFTRI, Mysore is an important source of technology. CSIR institutions are also resource centres of many industrial technologies. In addition, industry associations, commodity boards, government departments are also great sources of technology advisory. The producer organization may explore as many sources as possible before finalising the technology and the vendor. Advanced planning, scheduling, and group buying (purchasing all related equipment together in one lot) will result in cost reduction and a more efficient business operation. Just-in-time delivery, negotiated bulk pricing, and end-of-life renewal clauses are all essential in technology procurement.

35) Can the producer organization enter into twinning arrangement with research institutions?

Many research institutions and technology suppliers can provide twinning arrangement to the producer organization. Under such arrangement, professional service will be rendered by the research institution through continuous deployment of its professionals to build the technical and managerial capacity by providing hand-holding support to the staff of producer organization. The duties and responsibilities of the research institution may include:

a. Building up the capacity of staff
b. Designing and implementing suitable management system
c. Developing capacity to provide technical service and consultancy

d. Designing and preparing courses and curricula for building capacity
e. Conducting applied research to address specific problems
f. Bridging the gap between producer organization's performance and national benchmarks

36) How will the research institutions, commodity boards and KVKs help the producer organization through twinning arrangement?

These institutions can act as technology guide as twinning partner for the producer organizations. While some public sector institutions may provide their service free or on nominal cost, private technology companies would require to be adequately compensated. In general, the twinning partner can provide the following services:

a. Evaluate available technologies and suggest the most appropriate technology
b. Design the specifications for technology procurement
c. Evaluate technology vendors and their technical and financial bids/quotations
d. Train staff of the producer organization to use the technology
e. Depute own technical personnel to the producer organization for initial period to provide hands-on training to the operating staff of producer organization
f. Train staff of producer organization to undertake repair and maintenance periodically
g. Assist the producer organization to access local, national and international markets
h. Advice on solutions to specific problems being faced by the producer organization

37) What role corporates can play to assist the producer organizations?

Corporates can support the producer organizations financially and technologically through CSR initiatives. The following activities can be taken up:

a. Training and capacity building of producers in better technology
b. Providing support for common infrastructure
c. Bulk supply of agricultural inputs to producer organizations
d. Providing support for acquiring technology, plant and machinery
e. Establishing quality control and testing labs to meet market specifications
f. Bulk purchase of produce of the producer organizations for further processing
g. Marketing the produce in collaboration with the producer organization

38) What subsidies are available from MoRD, MoA, NHM, etc.?

#	Name of the Scheme	General Nature of Subsidy	Eligible Persons / Institutions	Website
1	Construction of Rural Godowns	Credit linked Back ended (25 to 33.33%)	Individuals, Groups of Individuals Registered FPOs, Partnership/ proprietorship concerns / Corporates. SHGs/ NGOs, Autonomous Government Bodies	Agricoop.nic.in
2	Development/Strengthening of Agri. Marketing Infrastructure, Grading and Standardisation	Credit linked Back ended	- Do-	Agricoop.nic.in

3	Agri Clinic and Agri Business Centres	Credit linked Back ended (36 to 44%)	Agriculture graduate and others (refer guidelines)	www. Agriclinics. net
4	Dairy Entrepreneurship Dev Scheme (DEDS)	Credit linked Back ended (25 to 33.33%) Individual producers can utilize the scheme.	farmers, individual entrepreneurs and groups of unorganized and organized sector. Group of organized sector, includes self-help groups, dairy cooperative societies, Milk unions, milk federation	dahd.nic.in
5	**National Horticulture Mission**			
	Nursery	Credit linked Back ended Maximum 50 %	Individuals	Nursery
	Nursery	Back ended Maximum 50 % (credit linkage not necessary)	Cooperative societies/ registered societies / Trusts and incorporated Companies	Nursery
	Vegetable seed production	Credit linked Back ended Maximum 50 %	Individuals – max. 5 ha	Vegetable seed production
	Vegetable seed production	Back ended Maximum 50 % (credit linkage not necessary)	Cooperative societies/ registered societies / Trusts and incorporated Companies	Vegetable seed production

	Establishment of new gardens			
	Fruits (perennial)	Credit linked Back ended Maximum 75 %	Individuals – Max 4 ha- subject to terms and conditions	
	Fruits (non- perennial)	Credit linked Back ended Maximum 50 %	Individuals – Max 4 ha- subject to terms and conditions	
	Cut Flowers	25% for OF 40% for SF/MF in general areas and 50% for NER/ Himalayan states	Subject to prescribed cost norms	
	Spices and aromatic plants	40% for farmers in General areas, 50% for NER/ Himalayan states	Subject to prescribed cost norms	
6	**Food Processing**			
	Cold Chain – Non horticulture	Grant in aid / interest subsidy	Individuals or groups of entrepreneurs, organizations such as Govt./ PSUs/ Joint Ventures/NGOs/ Cooperatives/ SHG's/ Private Sector Companies and Corporations	
	Primary Processing centre –	Grant in aid 50 % to 75%	individual entrepreneurs/	
	The Scheme is applicable to both horticulture and non-horticulture produce such as: fruits, vegetables, grains& pulses, dairy products, meat, poultry and fish etc.		farmers, group of entrepreneur/ farmers, associations, co-operative societies, self-help groups, non-government organizations	

	Reefer Vehicles- for purchase of standalone reefer vehicle/s and mobile pre-cooling van/s (reefer unit and reefer cabinet permanently mounted on the vehicle) for transporting both Horticultural and Non-Horticultural produce	Credit linked back ended grants-in-aid @ 50% of the cost of New Reefer Vehicle(s)/ Mobile pre-cooling van(s) up to a maximum of Rs. 50.00 lakh	individual entrepreneurs, Partnership firms, Registered Societies, Co-operatives, NGOs, SHGs, Companies and Corporations	