

F. No. 45-46/2018-Hort
Government of India
Ministry of Agriculture & Farmers Welfare
Department of Agriculture, Cooperation & Farmers Welfare
(Horticulture Division)

Krishi Bhawan, New Delhi
Dated: 30th April, 2020

To

The Mission Director,
State Horticulture Missions (SHMs),
All States

Subject: Creation of Integrated Supply Chains for Fruits and Vegetables in major Cities – regarding.

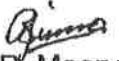
For quite some time now, all of us have been contemplating on the need for reducing the number of intermediaries in supply chain of fruits and vegetables from farmers to consumption centres. In order to maintain the supply chain and support the farmers in selling their perishable produce, DAC&FW has approved the plan for creation of Integrated Supply Chains for fruits and vegetables in major cities in the country. These projects may be rolled out quickly and would continue to help in maintaining the supply chains for the selected cities even after the current problems related to COVID-19 are successfully behind us. A copy of approved plan is enclosed.

All the State Horticulture Missions are requested to urgently identify the potential cities for immediate implementation of this plan under MIDH. Initially, it is proposed to consider not more than 2 proposals from each State. Implementing States will be considered for allocation of additional funds for creation of these supply chains over and above their approved annual allocation.

Keeping in view of the prevailing situation and difficulties faced by farmers in selling & transport of perishable produce, you are requested to submit your proposals for approval to the Ministry immediately.

This may be treated as **Most Urgent**.

Encl. As above.


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Copy to:

1. Principal Secretary/Secretary (Horticulture),
All States

Copy for information to:

1. PS to AM/MoS (PR), M/o A&FW
2. Sr. PPS to Secretary/Special Secretary (VM), DAC&FW

Creation of Integrated Supply Chains for Fruits and Vegetables for Major Cities under MIDH

1. Introduction:

India is home to wide variety of fruits and vegetables and is often labeled as the F&V basket of the World. During 2018-19, production of 310.74 million MT including 97.97 million MT of fruits & 183.17 million MT of vegetables was achieved.

However, the increased level of fruit and vegetable production has not been matched by commensurate development of supply chain infrastructure and management. The supply chains currently are mostly in the informal sector with huge gaps in infrastructure resulting in high wastages.

Supply Chain Management of fruits and vegetables is very complex and needs greater attention for better efficiency. Although Mission for Integrated Development of Horticulture (MIDH) provides for various standalone components, there is urgent need to have integrated supply chain projects connecting Production to Market with proper infrastructure and professional management. Fruits and vegetables grown in areas adjacent to major cities provides the opportunity to have such integrated projects. This will result in higher incomes to farmers, better product safety and quality, reduction of wastage will attract private investments in the sector.

The Scheme for Creation of Integrated Supply Chain for Fruits and Vegetables in major Cities will support integrated interventions covering the entire supply chain linking production centers to consumption centers for assured all-round the year availability of fresh fruits and vegetables and reduction in wastages and thus, will help farmers to achieve better realization for their produce. Guidelines regarding implementation of the scheme are described hereunder.

The projects will be implemented by State Horticulture Missions for with financial assistance of Government of India as per cost norms and guidelines of MIDH Scheme.

2. Objectives:

The major objectives of the Scheme are:

- To assess the gap in demand and supply of fruits and vegetables in the identified cities.
- To create integrated and efficient supply chain for linking of fresh produce from farmers to consumers.
- To ensure remunerative prices to farmers as per prevailing wholesale market rates.
- To ensure availability of sufficient quantity and range of quality fruits and vegetables to urban consumers.

3. Strategy:

To achieve above objectives, the Scheme will adopt the following strategies:

- Adopt an end to end holistic integrated approach covering pre-production, production, post-harvest management and marketing to assure appropriate returns to growers/producers;
- Promote appropriate technology and requisite infrastructure adoption/creation for cultivation, production, post-harvest management and marketing with special focus on cold chain and marketing infrastructure for extending the shelf life of perishables;
- Capacity Building and Promotion of Farmers/Farmer Collective, FPOs and their federations and other such farmer bodies on supply chain operations

4. Coverage:

It is proposed to assist the proposals for major cities of all the States with a population of more than 15 lakh. However, a maximum of 2 cities will be supported from any one state. In case of less populated states like North East, Himalayan States, Orissa, Chhattisgarh, Jharkhand, Haryana, the clause of 15 lakh population may be relaxed to consider these State for supply chain projects. State may choose the cities for taking up supply chain projects as per local requirements.

5. Implementation Process:

A. Nodal Officer:

The projects will be implemented by State Horticulture Missions for with financial assistance of Government of India as per MIDH cost norms and guidelines.

MIDH will designate State Mission Directors as the nodal officers for implementation of the projects in the States who will closely co-ordinate with and report to Mission Director, MIDH, in the Ministry of Agriculture and Farmers' Welfare, Govt of India. To support the successful implementation of the project, the scheme also proposes to induct the existing nodal officers for cold chains to collaborate.

B. Implementing Agencies:

Nodal officers will identify a "**Lead Agency(s)**" for implementation of the Supply Chain projects for fruits & Vegetables in the identified cities.

Farmers/Farmer Groups/FPOs and their Federations/Co-operatives and Self Help Groups will be encouraged to take major stakes in these supply chains. Wherever necessary, the State & Central Government agencies/entities, Marketing Federations and Large Co-operatives engaged in supply chain operations may also be involved in creation of large infrastructure and distribution network as per implementation requirement.

Any such organization undertaking this activity with financial assistance under the scheme will be called the **Project Implementing Agencies (PIA)**.

C. Application of IT:

It is proposed to develop a Centralized IT Platform for end to end use for information sharing. The MIS System created by the Nodal Officer at State level will be linked with Centralized IT Platform for information sharing on and communication of demands to the farmers to schedule sowing and harvesting operations, record of horticulture produce procured/ supplied by FPOs/ Implementing Agencies, fixation of prices and its intimation to farmers, quality check of produce and payment to farmers for their produce in their bank accounts.

6. Role of Nodal Officers:

- The Nodal officers will identify Project Implementation Agency(s) within the catchment area of identified cities for successful operation of supply chain projects of fruits and vegetables as per details given in para 5 above.
- Nodal officers will also work towards strengthening and creation of new FPOs on priority and their federations as per local needs in these peri-urban clusters.
- Nodal officers will assess the gaps in demand & supply of fruits and vegetables and supply chain infrastructure with the help of identified PIA(s) and other stake holders.
- Nodal officers will also have consultations with all the stake holders to critically examine the gaps in the supply chain at back end and front end for infrastructure requirements to improve and maintain the supply chain in identified cities.
- Where necessary nodal officers should coordinate for inter-state trade when produce has to be sourced from other regions.
- Nodal officers will prepare comprehensive proposals for bridging infrastructural gaps in supply chain of fruits and vegetables in identified cities and will submit the proposals to DAC&FW after approval of the competent authority in State for assistance as per provisions of MIDH scheme during the first year.
- The Nodal officers will coordinate with Farmers, Farmers groups, FPOs, their Cooperatives/ federations for growing/production of desired fruits and vegetables crops in the subsequent years, based on the gap assessment in demand and supply of fruits and vegetables in the identified cities.
- The Nodal officers will also ensure the institutional arrangements for assured purchase of the produce by the distribution agencies of the supply chain.
- In due course, Nodal Officers will also develop suitable IT module for linking it to the Centralized IT platform.

The Nodal officers can engage professional entity/individual(s) with wide experience in the development and management of Supply Chain Operations of F&V to assist them in this task, if they so desire.

7. Project Components:

a. Back End – Farm/FPO Level

- Formation and leveraging of Farmers Collectives/FIGs/FPOs and their federations and linkages to farmers. Need based new FPOs may be formed as per cost norms of new FPO Scheme of DAC&FW.
- Capacity Building of FPOs, FIGs, Farmers and their Collectives.
- Infrastructure development at FPO and Farmers' Collectives Level:
 - Plug type and hi-tech nurseries for supply of quality planting materials of focus crops.
 - Protected Cultivation infrastructure
 - Horticulture Mechanization
 - Collection centers for daily fresh produce with weighing, facility (In case an existing facility is available, it can be hired)
 - Pack house with facilities for conveyer belt, sorting, grading units, washing, drying and weighing. etc.
 - Minimal/primary processing, pre cooling units including mobile pre-cooling units and cold room facilities.
 - Any other component admissible under MIDH as per local requirements.

b. Front End – Forward Linkage

- **Infrastructure at Intermediate Level**
 - Mobile pre cooling units,
 - Refrigerated / Insulated transport as per local requirement.
 - Primary/Minimal/Mobile processing units.
 - Any other component admissible under MIDH as per local requirements.
- **Infrastructure at Consumption Centers**
 - Mother Distribution Centre
 - Cold storage and Retail markets/outlets
 - Retail Distribution Network
 - Static/Mobile Vending cart/ platform with cool chamber.
 - Any other component admissible under MIDH as per local requirements.

8. Project Cost and Funding:

- The cost of each Integrated Supply Chain project will depend on the type and number of components opted from approved components under Mission for Integrated Development of Horticulture (MIDH). The proposals of the States will be considered for financial assistance as per cost norms of existing MIDH scheme.
- If required, the State/UT Governments implementing these projects may be considered for additional funds over and above their Annual Allocation to meet the project cost

9. Pattern of Assistance

- Pattern of assistance will be as per norms of financial assistance as prescribed under MIDH for different components and geographies.
- The proposals of State Governments will be examined in accordance to the MIDH scheme guidelines and the project cost, comprising of eligible components of MIDH, will be considered for financial assistance

10. Project Approval

- It is a project-based activity. Thus, Detailed Proposals shall have to be prepared for each of the projects incorporating all essential details i.e. feasibility studies, implementation mechanism, infrastructure to be created, competence of the implementing agencies, anticipated benefits (outputs/outcomes) that will flow to the Farmers/ State, definite time lines for implementation etc.
- Nodal officers will develop and submit proposals to MIDH Division of the Ministry for approval and immediate implementation of the integrated supply chain projects after due diligence and with the approval of the competent authority in the State.

- o The Approval Committee at DAC&FW will examine the proposal in accordance to the MIDH scheme guidelines and will accord approval within 15 days of the receipt of the proposal.
- o The State Governments will immediately start implementation of the project through Nodal Officers and incorporate the same post-facto in the Annual Action Plan of the current year. MIS on progress shall be updated on monthly basis by concerned nodal officer.

11. Technical and Approval Committees:

The Project Appraisal Committee (PAC) headed by the Joint Secretary (Horticulture) will scrutinize the proposals and the recommendations/ observations of the State Competent Authority and will its recommendations to the Empowered Monitoring Committee of DAC&FW for consideration/ approval.

The Empowered Monitoring Committee (EMC) headed by Special Secretary (Horti) DAC&FW shall accord final approval to the projects. The EMC shall also institute a mechanism to monitor the implementation of the supply chain projects sanctioned under the Scheme.

12. Dovetailing of Assistance

Considering the complexities and challenges associated with a supply chain linked agricultural infrastructure projects of this nature, the Implementing Agency may dovetail assistance available under various other schemes of Central and State Governments, which would improve the viability of the projects. While dovetailing such assistance, it will be ensured that there is no duplication of assistance for the same component/activity of the project.

13. Project Monitoring and Evaluation

MIDH Division will periodically review the progress of the projects under the Scheme. MIDH will devise a suitable IT platform and project monitoring system and the nodal officer in the States will furnish monthly reports/returns to the Ministry on the progress of the approved projects.