



Rythu Kosam

Andhra Pradesh Farmer Producer Organisations Promotion Policy –2016

Operational Guidelines



Government of Andhra Pradesh

Hyderabad

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1. Preamble

The government of Andhra Pradesh aspires to bring together 10 lakh farmers through 1,000 FPOs in the state with an objective to maintain a leadership position in India across the primary sector. This requires transformational interventions with necessary participation of all stakeholders. The following document is a step towards the same.

The collectivization of producers, specifically marginal and small farm holders into producers' organizations is emerging as the effective possible pathway to address improved access to investments, technologies, knowledge support, inputs and markets. The Government of Andhra Pradesh has identified Farmer Producer Organizations (FPOs) as the appropriate institutional form around which farmers would be mobilized and their collective capacity of production and marketing can be leveraged by strengthening their capacities. The formation and development of FPOs will be actively encouraged and supported by the Government of Andhra Pradesh and their agencies, using financial resources from various centrally-sponsored and state-funded schemes along with resources mobilized from the financial institutions. This Operational Guidelines document is a reference guide for line departments and development agencies which seek to promote and support Farmer Producer Organizations.

2. Definition

A Farmer Producer Organization (FPO) is typically a society/company consisting of only practicing farmers who are also actual producers of a specified commodity/commodities, and is formed under the Mutually Aided Cooperative Societies (MACS) Act 1995 or as a Farmers Producer Company (FPC) under the Companies Act 2013. These organizations are created at the cluster, block, district or state level depending upon the needs of the producers considering the demand potential to adopt value chain approach to enhance farmers'/producers' economic and social benefits.

3. Scope

The provisions of these guidelines will apply to existing FPOs already registered under the Mutually Aided Cooperative Societies (MACS) Act 1995, FPC under the Companies Act 2013 and under various central and state cooperative society laws and those FPOs/FPCs that will be registered subsequent to the issue of these policy guidelines.

4. Guiding Principles

- 4.1. The typical FPOs/FPCs may have 500 to 1000 members. In case of special circumstances (tribal regions, commodity specific needs), the number of members in a FPO/FPC could be either less than 500 or more than 1000 if their aggregate volumes are suitable for a business model.
- 4.2. The legal status of the entity should enable business/trading/other commercial activities including value chain development that generate additional income to the members.
- 4.3. These entities could also be nested institutions – i.e., cooperatives (under MACS) at primary level becoming members/shareholders of a FPO/FPC, at apex level/ federation level.
- 4.4. Increasing benefits to the members (enhancing income through technology and knowledge infusion, higher productivity and business services like input distribution, output marketing, value addition, accounts management and administration/others) is the fundamental requirement/purpose for establishing FPOs/FPCs.
- 4.5. The FPO/FPCs is a business entity with a detailed business plan as well as share capital from all the members who are actual farmers producing a specified commodity/commodities.
- 4.6. FPOs/FPCs have to be established in the context of existing and emerging market opportunities that they could potentially access in future. Based on a systematic assessment of market potential, business plans of FPOs/FPCs have to be developed professionally.
- 4.7. The timeline for promotion and sustainable establishment of an FPO/FPC shall be limited to 3-5 years.
- 4.8. On-going efforts by departments, NGOs and other agencies should be consolidated and further strengthened by converging necessary support systems at district and state level.
- 4.9. FPOs/FPCs will focus on (a) improving productivity through improved extension services; (b) use of appropriate technology and knowledge systems; (c) creating infrastructure facilities for improved efficiency in pre and post harvest production systems; (d) reduce cost of production; (e) creating business opportunities that generate higher incomes.

5. Guidelines for sustaining FPOs/FPCs

Based on the above principles, a set of guidelines by which FPOs/FPCs will put these into practice are outlined below;

- 5.1. Voluntary and open membership to all farmers/producers is mandatory. Use the services and willingness to accept membership without social, gender, racial, political or religious discrimination.
- 5.2. It is desirable that the policies within FPO/FPC are formulated by active participation of all farmer members through democratic decision making.
- 5.3. Farmer-member economic participation should be ensured through equitable contribution and democratic control of the capital of their FPO/FPC. A part of the capital shall be used to create the common property of the FPO/FPC for the purpose of members.
- 5.4. Autonomy and independence of FPOs/FPCs is controlled by farmer-members only and no non-members can be associated as member for the FPOs/FPCs.
- 5.5. The elected body will comprise of members representing different commodity producers in case the FPO/FPC handles more than one commodity. It would be desirable to ensure equitable gender participation for effective functioning.
- 5.6. Irrespective of the number of shares held by the member, voting right will be limited to one from each family.
- 5.7. Training and capacity building for farmer members should be actively taken up.
- 5.8. Cooperation among FPOs/FPCs working through local, regional, national and international organizations need to be promoted. The FPOs/FPCs may be federated at district/state or any other appropriate level.
- 5.9. FPOs/FPCs should work for sustainable development of their communities through policies approved by their members.

6. Institutional Arrangements

The role/responsibilities and functions of the different agencies at state, district, FPO/FPC level are briefly mentioned below:

6.1. Advisory Board

- 6.1.1. A group of experts would be functioning as “Advisory Board”. This board would meet once every quarter to provide guidance, feedback and direction to the agenda.
- 6.1.2. Advisory board will be constituted at state level consisting of government officials, academia, and representatives from industry, NGOs and farmers.

6.2. Government Departments – State Level

6.2.1. The following departments/agencies are part of FPO/FPC development (i) Department of Agriculture and Cooperation; (ii) Department of Animal Husbandry; (iii) Commissionerate of Fisheries; (iv) Commissionerate of Horticulture; (v) Society for Elimination of Rural Poverty; (vi) AP State Cooperative Marketing Federation; (vii) Andhra Pradesh Food Processing Society; (viii) any other agencies.

6.3. Project Management Units: As a part of facilitating the formation of FPOs/FPCs, each department will take up the following responsibilities

6.3.1. Establish a Project Management Unit (PMU) within each department at Commissionerate/directorate level. This PMU will have at least two members with required professional competencies in following areas: a) business development; b) institution development; c) capacity building; d) production technologies; e) project management. One of the two members should be a senior officer from the department concerned. Commissioner of the respective department would be the chair of the PMU.

6.3.2. The PMU will be supported by Project Support Unit (PSU) for strengthening FPO agenda at the state level, assisted by ICRISAT-led consortium of organizations like Basix, Vrutti, WASSAN, etc.

6.3.3. PMU will develop department specific strategies, action plans and targets for promoting FPOs/FPCs related to its jurisdiction (e.g., Identification of products/crops and related geographies; identification of potential numbers of FPOs/FPCs, etc.).

6.3.4. PMU will act as a project incubation unit where in FPO's/FPC's can be linked to corporates. This includes

- a) Identifying crops and interventions required to improve productivity
- b) Identifying suitable corporate partner for value chain development and market linkage.
- c) Evaluation and approval of PPP proposals submitted by corporate/FPC's.
- d) Channelizing of funds from govt/FPO's /FPC's/financial institutions and other agencies
- e) Monitoring project implementation timelines and deliverables.
- f) Evaluation of completed projects and documentation.

6.3.5. Channelize and integrate available funds/ programs/ schemes of the department towards strengthening/ supporting of FPOs/FPCs (e.g., capacity building; provision of infrastructure facilities; demonstration of new technologies, risk coverage, and mechanization, etc.). Funding and convergence among departments listed above and also with national partners and schemes for holistic development of FPOs/FPCs.

- 6.3.6. Collaborate with other partner institutions (Research organizations, Development agencies, corporate agencies, etc.) in promoting FPOs/FPCs
- 6.3.7. Monitoring and evaluation of FPOs/FPCs with quarterly reporting structure
- 6.3.8. A. Crop/Commodity Level Specific Review Meetings should be conducted at monthly interval by JC-II involving the concerned district officers and FPO/FPC members.
 - B. PMU at state level, has to conduct review meetings once in two months to assess progress involving corporates, NGO's and district level govt. officials.
 - C. Advisory board meetings will be held on quarterly basis.

7. Government Departments – District Level

- 7.1. Agriculture Technology and Management Agency (ATMA) to play active role as a coordinating agency at the district level for FPOs agenda. ATMA will coordinate with each department for this purpose. ATMA would deploy a team of experts (two to four members) with professional expertise viz., marketing/institution development & capacity development; production systems; and project management.
- 7.2. Project Director ATMA will coordinate training and capacity building of FPO's/FPC's at the district level and also provides assistance for monitoring and evaluation.
- 7.3. Government of Andhra Pradesh has initiated 'Smart Agribusiness Platforms Network of Andhra Pradesh (SAPNAP)' through Andhra Pradesh Food Processing Society which will be looking at Agribusiness Development enabling ecosystem and address the areas of start-ups, enterprise development, value chain development through creation Smart Agribusiness Incubators at District level and Smart Agribusiness Value Chains Development at cluster level. Synergies need to be developed with the related corporate, FPOs/FPCs and Government departments in this regard. Government of Andhra Pradesh is also promoting Mega Food Parks and Integrated Food Parks across the state. The developers of such parks should develop direct procurement arrangements from the FPOs/FPCs.
- 7.4. At district level Joint Collector (Primary Sector) will be responsible as Coordinator for the FPOs/FPCs for implementation, technical backstopping, credit mobilization, convergence, monitoring and evaluation, etc.
- 7.5. A District Project Monitoring Unit (DPMU) will steer this agenda with Joint Collector II as a Chair. In this committee, the nodal persons from all concerned departments; representatives of FPOs/FPCs Promoting NGOs; District lead Bank/NABARD/Resource Institution and FPOs/FPCs would be members

- 7.6. The DPMU will meet once in a month to plan, review and take necessary steps to monitor progress, recommend activities and budget proposals to promote FPOs/FPCs in the district.
- 7.7. The important function of the DPMU is to facilitate convergence among departments/schemes and ensure that required licences/registration processes are completed within agreed timelines. The DPMU will also functions as a “single window” for processing all issues related to FPOs/FPCs including grievance redressal.
- 7.8. The DPMU will monitor PPP projects of the district, adherence to timelines and deliverables

8. FPO Promoting NGOs

- 8.1. Local, capable and reputed NGOs having needed expertise would be identified as FPO Promoting NGOs by PMU and DPMU. Each FPO Promoting NGO would be promoting at least 5 FPOs in a given location (district).
- 8.2. The NGO would deploy necessary professionals for taking care of forming and management of responsibilities related FPOs. The role of NGO includes:
 - I. Community mobilization and organizing farmers into groups. federation of groups at appropriate level.
 - II. Capacity building (Leadership development – members, executive committee and management) / Facilitation of operations of FPOs
 - III. Registration related documentation works of FPOs.
 - IV. Develop Business Plan for sustainable development for FPOs and micro plans for individuals/ FIGs (Farmers Interest Groups) with the support of expert Resource Institutions
 - V. Facilitate linkages with departments for Technical support on productivity enhancement, quality enhancement and infrastructure
 - VI. Facilitate input supply to production systems
 - VII. Market Linkages of surplus aggregated products of FPOs
 - VIII. Establish linkages for financial support
 - IX. Ensuring statutory compliances to law of the land.
 - X. MIS and governance systems/ policies at FPO level with the support of resource agency NGO

9. Farmer Producer Organizations/Farmer Producer Company

The following are the key functions of the FPO/FPC:

- Engage in mobilizing members from villages by conducting a systematic membership drive
- Estimating demand of products from the members of group/ market assessment
- Develop micro plan (demand estimate/ production plans) for each member/ group of members
- Registration of FPO/FPC
- Develop business plan and approval by Board of Directors (BoDs)
- Implement the business plans and ensuring financial compliance as needed along with sustainable development of the FPO/FPC
- Develop MoA/AoA/Bye Laws/ Code of Conduct/ Business Rules/ Policies
- Collect membership fees/ share capital mobilization
- Ensure legal compliances – Audit/Tax payments/Accounting and Finance Management/MIS/Board Meeting/Getting licence for taking up business
- Adopt new production technologies – soil testing, cost reducing improved management practices, improved processing, etc.
- Compliance to the requirement of promoting agencies (reports/MIS/others)
- Participation in training programs/capacity building inputs
- FPO/FPC should ensure committed quantity and quality of produce/commodity is supplied to the corporate's as agreed in the ppp project agreement.
- FPO/FPC is encouraged to process, brand and market their respective produce/commodity.

10. Project Support Unit

- a. A Project Support Unit (PSU) would be established for strengthening FPO agenda at the state level. This PSU should be an independent expert agency and offers required project support services. ICRISAT would host this Project Support Unit as a reputed and experienced research Institute. PSU would have a network of experts/resource organizations which could contribute to the FPO agenda. Ideally the PSU should be located within FPO secretariat.
- b. The PSU would deploy required professional team consisting of four members representing production technologies; institution development/capacity development; finance and business development; Project Management; ICT and MIS to provide necessary guidance/support.
- c. PSU should report to the Secretary responsible for coordination of FPO.

d. The main roles of the PSU are

- (i) To provide strategic inputs in taking the planned agenda at the State level forward
- (ii) To provide necessary framework and operational modalities for providing professional inputs for FPOs on – capacity building; institution development; business plan development; production technology/ extension services
- (iii) Develop selection criteria and selection protocols for selecting NGO partners/ Resource Agencies, who will be functioning as FPO Promoting/hand holding NGOs at field level.
- (iv) Development of commodity specific value chain maps and opportunities for intervention of global and Indian Agri-business and marketing companies for better economic opportunities of FPO/FPC.
- (v) Empanel consultants/ experts (Commodity Specialist, Legal, Finance, Market, ICT and other) who would be available to provide necessary support services to FPO/ and FPO Promoting NGOs whose services can be harnessed by the districts and also at state level.
- (vi) Organize series of workshops and training programs on this agenda in collaboration with PSU, PMUs, respective departments; FPO Promoting NGOs; Resource Agencies
- (vii) Facilitate reflections and learning from the processes and experiences on ground. Documentation along with monitoring and evaluation.
- (viii) Organise annual or half yearly events for the FPO members (summits/conference) for knowledge dissemination.
- (ix) Assist the PMU to organize periodic meetings of participating private corporate/investors, bankers and FPO's .
- (x) As part of effective communication/coordination, PSU would take up the following responsibilities:
 - 1. Establish e-Group and e-communication systems
 - 2. Develop necessary ICT products for FPOs including web based monitoring systems; Dash Boards (for public view).
 - 3. Develop clear data bases related to FPOs.
 - 4. Develop standard Capacity Building modules, communication materials for FPOs
 - 5. Learning platforms could be created to learn, share success, reflections, documentation and sharing
 - 6. Monthly/quarterly review meetings
 - 7. Annual Rating of FPOs on given set of criteria (by third party assessment and internal self-assessments)
 - 8. Facilitate and conduct audit of the financial transactions
 - 9. Regular publication of newsletters (Monthly /Quarterly)

Scrutiny of the project proposals: A state level technical committee will recommend for scrutiny of project proposals submitted by various corporates. The committee will consist of following members.

Chairman: Chief Secretary, Govt. of AP.

Convenor: Commissioners of respective departments

Members:

1. Special Chief Secretary (Finance) or his representative
2. Principal Secretary of Agriculture and Cooperation
3. Special Chief Secretary of Animal Husbandry, Diaries and Fisheries
4. Principal Secretary of Horticulture
5. Secretary Food Processing Industries
6. Chief Executive Officer, SERP
7. Scientist from ICRISAT, Hyderabad
8. Scientist from Horticulture University
9. DGM, NABARD dealing with FPOs/FPCs

11. Synergies with Existing Institutions of Producers

- a. SHG members can be part of the FPOs, performing different roles – aggregators; business entrepreneurs; service providers, etc. Their role would be broadly guided by Business Plan of the enterprise.
- b. Explore the possibility of extending financial support to FPOs from VO/ MMS. Financial support to SHGs to continue under existing schemes.
- c. User/producer groups are to emerge from exiting SHG. These members could federate at appropriate level and engage in production processes.

12. Financial and Budget support

Funding support for the FPO's/FPC's programme;

1. FPO's promotion

- a) Existing unit cost of National Policy and Guidelines for formation of FPO's issued by the Ministry of Agriculture, Govt of India will be adopted and funded by the state government from its own resources (details at Annexure-I).
- b) Provision of assistance to the FPO's/FPC's for production, pre and post harvest infrastructure (details at Annexure-II for Horticulture sector & for Agriculture, Animal Husbandry and fisheries sector existing pattern of assistance can be provided from department concerned under their ongoing programmes).
- c) Administrative cost for Planning, monitoring and evaluation (Advisory Board, PMU and DPMU) shall be funded from the state resources as per guidelines in GO.Ms.No89 dt 16.07.2015.

- d) Assistance for various inputs/interventions in the projects will be allocated from RKVY Scheme/other ongoing schemes of the Departments concerned as per their programme/ Scheme guidelines.
- e) Cost of development and implementation of business plans for each FPO/ FPC through a professional agency.
- f) State Government will create a flexi fund with lump sum amount which can be utilised for funding other components which are not covered in the ongoing scheme guidelines.
- g) Agriculture department will follow the existing guidelines of their department.

The details of financial support for setting up of FPOs as well as their supporting system are listed in Figure 1.

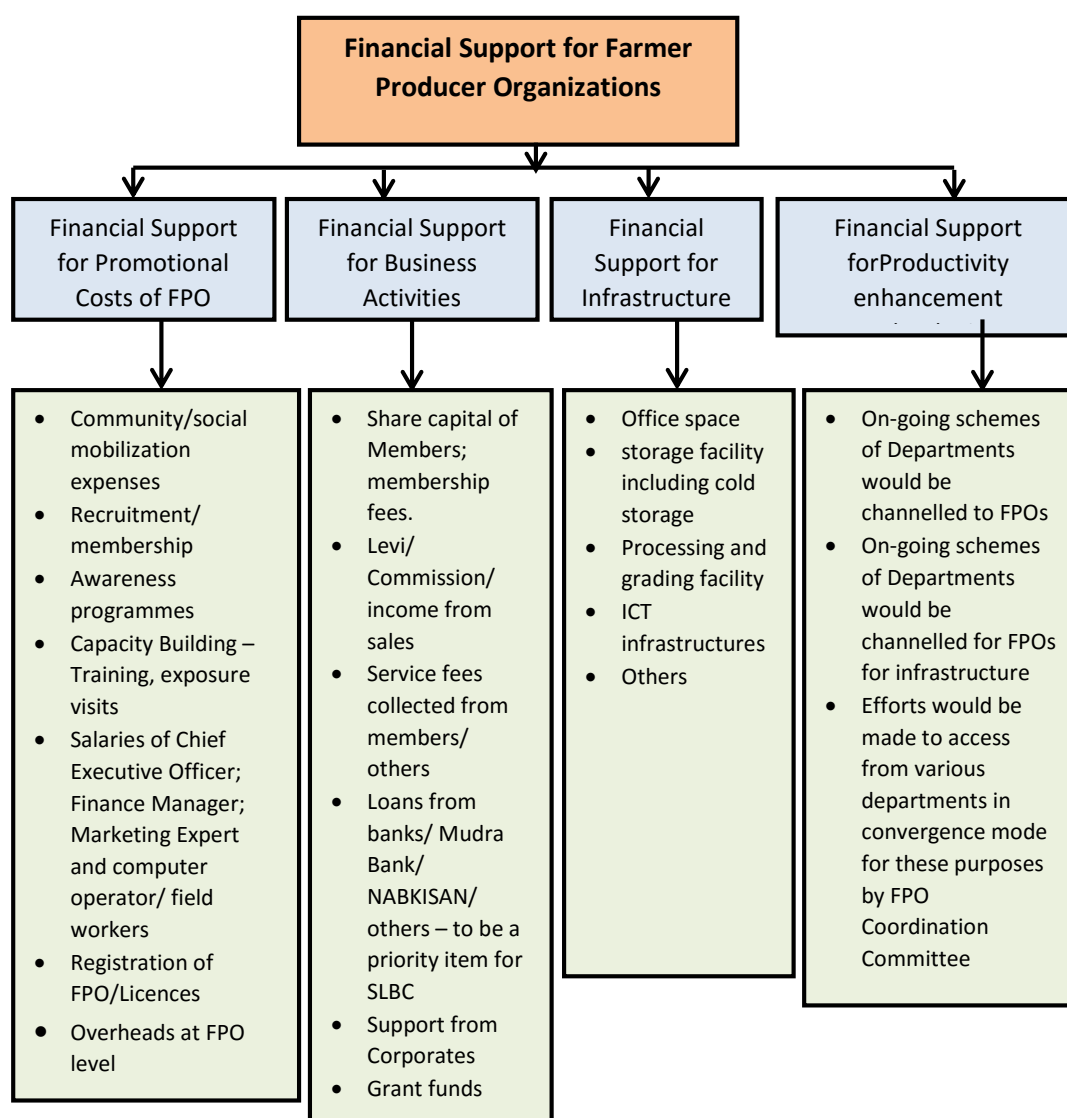


Figure 1. Break up of financial support for setting up of FPOs and their support systems

13. Budget Estimate for Formation and Development of Business Plans of Farmer Producer Organizations under Primary Sector Mission

Sl. No	Sectors	FPOs	Farmers	Commodities	Budget Requirement for formation and nurturing for 3 years @ 35.26 Lakhs / FPO as per national policy	Development of business plan and implementation for each FPO by professional agency for 18 months @ ₹ 2.00 Lakhs
1	Agriculture	314	3,73,039	Maize, Millets, Oil Seeds and Pulses	11071.64	628.00
2	Horticulture	345	2,74,153	Fruits, Vegetables, Spices and Flowers	12164.70	690.00
3	Animal Husbandry	238	2,45,000	Milk, Meat, Egg, Backyard Poultry and Fodder	8391.88	476.00
4	Fisheries	103	1,07,808	Fish, Prawn, Crab and Shrimp	3631.78	206.00
	Total	1,000	10,00,000		35260.00	2000.00

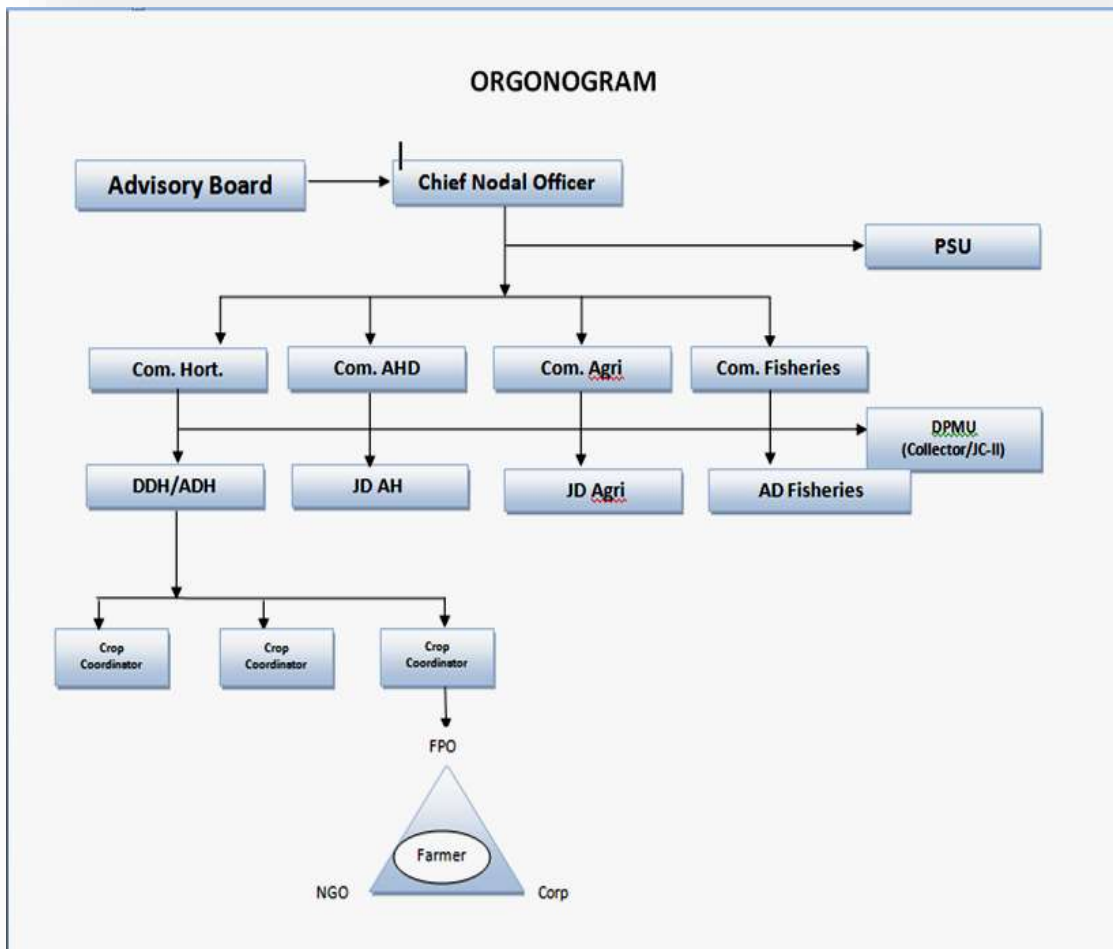
During 2016-17, Expenditure may be made from state plan budget and afterwards under RKVY subject to permission by Government of India

Budget Estimate for PMU, PSU and DPMU: The remunerations of the consultants/experts in PSU, PMU and DPMU will be met from state government funds

Budget Estimates for Administrative Cost for three years

Sl. No.	Unit	No. Of Consultants/Experts	Remuneration (₹ Per Month)	Total Amount (₹ in Lakh)
1	PSU	4	75,000	108.00
2	PMU	8	75,000	216.00
3	DPMU	26	35,000-45,000	421.20
	Total	38		745.20

14. Organogram



Annexure-I

Unit Cost in ₹ Lakhs

S. No	ITEMS	UNIT DETAIL	UNIT COST	PHYSICAL TARGET			Financial Target			Total Cost	Remarks
				Y1	Y2	Y3	Y1	Y2	Y3		
1	Organisational Development & Strengthening	No. of FIG		50	50	50					
1.2	Mobilization of farmers to form FIG and FPO	LS	1.00	1	1		1.00	1.00		2.00	Includes events like Rallies, Cluster level Consultation workshops, Seminars / Sangosthi and Sammelan, AV shows, etc
1.3	Organising ToTs & Exposure visits for Lead Farmer	No. of ToT/ Exposure	0.15	3	3	2	0.45	0.45	0.3	1.2	LF (2 from each FIG) will be given ToT & one expo. visit.
1.4	Development & Distribution of Training Tool Kits for LF	No. of Kits	0.005	100	100		0.5	0.5		1	They will use this kit during training of their member farmers at on farm or off farm classroom sessions.
1.5	Management & Technical Training to Governing Body of FPO	No. of training	0.15	2	2	2	0.3	0.3	0.3	0.9	Training on OD issues, Training on conflicts management, basic training on book keeping & Accounts, Training on business management.
1.6	Exposure visit of Governing Body of FPO	No. of Exposure	0.36	1	1	1	0.36	0.36	0.4	1.08	The CEO is the person first recruited & deployed by the RI. S/ he and 5 LRPs will start the process and all of them will be eventually recruited by the FPO as their staff at the end of yr-1. The RI will then transfer the budget of FPO staff cost, travel, office expenses to the FPO from 2nd year onwards.
1.7	Remuneration of Local Resource Persons (LRP)	cost/ person month	0.03	5	5	5	1.8	1.8	1.8	5.4	1 LRP per 200 farmers.
1.8	Travel & subsistence of LRPs	cost/ person month	0.01	5	5	5	0.6	0.6	0.6	1.8	
		month									

S. No	ITEMS	UNIT DETAIL	UNIT COST	PHYSICAL TARGET			Financial Target			Total Cost	Remarks
				Y1	Y2	Y3	Y1	Y2	Y3		
	Sub Total of 1						5.01	5.01	3.4	13.38	
2	Agriculture Technology Introduction & Validation										
2.1	Organising Agriculture Demonstrations	Cost/Demo	0.01	60	60	60	0.6	0.6	0.6	1.8	Demo on Good Agri. Practices. 4 demo/ village/year.
	Sub Total of 2						0.6	0.6	0.6	1.8	
3	FPO Management Cost										
3.1	CEO of the FPO	Cost/month	0.3	1	1	1	3.6	3.6	3.6	10.8	The CEO is the person first recruited & deployed by the RI. S/ he and 5 LRPs will start the process and all of them will be eventually recruited by the FPO as their staff at the end of yr-1.
3.2	Travel & subsistence of CEOs	Cost/month	0.03	1	1	1	0.36	0.36	0.4	1.08	
3.3	FPO office rent, electricity, communication, etc.	Cost/month	0.068	1	1	1	0.27	0.82	0.8	1.9	For year-1 it is for 4 months considering that existence of FPO as entity will not happen before completion of eight months.
3.4	FPO Registration cost	Cost/FPO	0.4	1			0.4	0	0	0.4	
3.5	Minor equipments for FPO office	Cost/FPO	0.9	1			0.9			0.9	One Desk Top PC, Printer and minor office furniture.
3.6	FPO Equity support	Per FPO	5	1	1	1	3	2	0	5	Equity support is given as match in with the equity raised by the FPO, considered ` 5 lakh @` 500 per member for 1000 members.
	Sub-total of 3						8.53	6.78	4.8	20.08	
	Total of 1 to 3 (per FPO cost)						14.1	12.4	8.7	35.26	

Annexure II

PATTERN OF ASSISTANCE FOR VARIOUS HORTICULTURE PROGRAMMES.

S.NO	ITEM	COST NORMS	PATTERN OF ASSISTANCE
B. 1. PRODUCTION OF PLANTING MATERIAL.			
	i) Hi – tech nursery (4 ha)	₹ 25.00 lakh/ha	For private sector, credit linked back-ended subsidy @ 40% of cost, subject to a maximum of ₹ 40 lakh/unit, for a maximum of 4 Ha.
	ii) Small nursery (1ha)	₹ 15.00 lakh/ha	For private sector, credit linked back-ended subsidy of cost, subject to a maximum of ₹ 7.50lakh/unit, as project based activity
	iii) Setting up of new TC Units.	₹ 250.00 lakh/ha	For private sector, Credit linked back ended subsidy @ 40% of cost.
	iv) Seed production for vegetables and spices		
	A) Open pollinated crops	₹ 35000/ha	for private sector 35% in general areas
	B) Hybrid seeds	₹ 1.50 lakh/ha	for private sector 35% in general areas
	vii) Import of planting material	₹ 100.00 lakh	100% of cost for State Govt. / PSUs, as project based activity.
	viii) Seed infrastructure (for handling processing, packing, storage etc. of seeds meant for use as seed material for cultivation of horticulture crops)	₹ 200.00 lakh	Private sector, credit linked back subsidy @ 50% of cost of project.
B.2 Establishment of new gardens (Area expansion – for a maximum area of 4 ha per beneficiary)			
	i) Banana (TC)		
	A) Integrated package with drip irrigation	₹ 3.00 lakh/ha	Maximum of ₹ 0.80 lakh/ha (40% of the cost) for meeting
	B) Without irrigation	₹ 1.25 lakh/ha	Max. of ₹ 0.50 lakh per ha, (40% of cost)
	ii) Pineapple (sucker)		
	a) Integrated package with drip Irrigation.	₹ 5.50 lakh /ha.	Maximum of ₹ 2.20 lakh/ha (40 % of cost)

	b) Without integration	₹ 1.25 lakh/ha.	Max. of ₹ 0.50 lakh per ha, (40% of cost)
	iii) Papaya		
	a) Integrated package with drip irrigation	₹ 2.00 lakh/ha.	Maximum of ₹ 0.80 lakh/ha (40% of the cost)
	b) Without integration	₹ 60,000/ha	Maximum of ₹ 0.30 lakh/ha (50 % of cost)
II. Vegetable (For maximum area of 2 ha per beneficiary)			
	i) Hybrid	₹ 50,000/ ha	40% of cost in general areas
III. Flowers (For a maximum of 2 ha per beneficiary)			
	i) Cut flowers	₹ 1.00 lakh/ha	40 % of the cost for S&M farmers and 25% of cost to other category farmers in general areas,
	ii) Bulbul us flowers	₹ 1.50 lakh/ha	40 % of the cost for S&M farmers and 25% of cost to other category farmers
	iii) Loose Flowers	₹ 40,000/ha	40 % of the cost for S&M farmers and 25% of cost to other category farmers in general areas,
IV. Plantation crops (For a maximum area of 4 ha per beneficiary)			
	i) Cashew and Cocoa		
	a) Integrated package with drip irrigation	₹ 1.00 lakh/ha	₹ 0.40 lakh per ha (40% of cost)
	b) Without integration	₹ 50,000/ha	₹ 0.20 lakh per ha (40 % of cost)
B.3.	Rejuvenation / replacement of senile plantation, canopy management	₹ 40,000/ha	50% of the total cost subject to a maximum of ₹ 20,000/ha Limited to two ha per beneficiary.
B.4. Creation of Water resources			
	i) Community tanks/on farm ponds/on farm water reservoirs with use of plastic/ RCC lining	₹ 20.00 lakh in Plain areas and ₹ 25 lakh/ unit for Hilly Areas.	100% of cost to irrigate 10 ha of command area, with pond size of 100m x 100m x 03m
	ii) Water harvesting system for individuals- for storage of	₹ 1.50 lakh/unit in plain areas and ₹ 1.80 lakh/unit in hilly	50% of cost

	water in 20mx20mx3m ponds/tube wells/dug wells @ ₹ 125/- cum,	areas	
B. 5 Protected cultivation			
1. Green House structure			
	(a) Fan & Pad system	₹ 1650/Sq.m (up to area 500 Sq. m) ₹ 1465/Sq. m (>500 Sq.m up to 1008 Sqm) ₹ 1420/Sq. m (>1008 Sq. m up to 2080 Sq.m) ₹ 1400/Sq. m (>2080 Sq. m up to 4000 Sq.m) Above rates will be 15% higher for hilly Areas.	50% of cost for a maximum area of 4000 sq. m per beneficiary.
b) Naturally ventilated stem			
	i) Tubular structure	₹ 1060/Sq.m (up to area 500 Sq. m) ₹ 935/Sq.m (>500 Sq. m up to 1008 Sq. m) ₹ 890/Sq. m (>1008 Sqm up to 2080 Sq. m) ₹ 844/ Sq. m (>2080 Sq. m up to 4000 Sq. m) Above rate will be 15% higher for hilly Areas.	50% of cost limited 4000 sq. m. per beneficiary.
	ii) Wooden structure	₹ 540/Sq. m and ₹ 621/Sq. m for hilly areas	50% of the cost limited to 20 units per beneficiary (each unit not to exceed 200 sq.m).
	iii) Bamboo structure	₹ 450/Sq. m and ₹ 518/Sq. m for hilly areas	50% of the cost limited to 20 units per beneficiary (each unit Should not exceed 200 sq.m).
2. Shade Net House			
	(a) Tubular structure	₹ 710/Sqm and ₹ 816/Sqm for hillyareas	50% of cost limited to 4000 sq.m. per beneficiary
	(b) Wooden structure	₹ 492/Sqm and	50% of cost limited to 20

		₹ 566/Sqm for hilly areas	units per beneficiary (each unit not to Exceed 200 sq.m).
	(c) Bamboo structure	₹ 360/Sqm and ₹ 414/Sqm for hilly areas	50% of cost limited to 20 units per beneficiary (each unit not to Exceed 200 sq.m).
	3. Plastic Tunnels	₹ 60/Sqm and ₹ 75/Sqm for hilly Areas.	50% of cost limited 1000 sq.m. per beneficiary.
	4. Walk in tunnels	₹ 600/ sqm	50% of the cost limited to 5 units per beneficiary (each unit not to Exceed 800 Sq. m).
	5. Anti Bird/Anti Hail Nets	₹ 35/Sqm	50% of cost limited to 5000 sq.m. per beneficiary
	6. Cost of planting material & cultivation of high value vegetables grown in poly House	₹ 140/Sq. m	50% of cost limited to 4000 sq.m. per beneficiary
	7. Cost of planting material & cultivation of Orchid & Anthurium under poly house/ Shade net house.	₹ 700/Sqm	50% of cost limited to 4000 sq.m. Per beneficiary.
	8. Cost of planting material & cultivation of Carnation & Gerbera under poly house/ Shade net house.	₹ 610/Sqm	50% of cost limited to 4000 sq.m. Per beneficiary.
	9. Cost of planting material & cultivation of Rose and lilum under poly house/ shade net house	₹ 426/Sqm	50% of cost limited to 4000 sq.m. per beneficiary
	10. Plastic Mulching	₹ 32,000/ha and ₹ 36,800/ha for hilly areas	50% of the total cost limited to 2 ha per beneficiary.

B.6 Promotion of Integrated Nutrient Management(INM) Integrated Pest Management (IPM)			
	i) Promotion of IPM/INM	₹ 4000/ha	30% of cost subject to a maximum of ₹ 1200/ha limited to 4.00 Ha/ beneficiary.
B. 7 Organic Farming			
	i) Adoption of organic farming.	₹ 20,000/ha	50% of cost limited to ₹ 10000/ha for a maximum area of 4 ha
	ii) Organic Certification	Project based	₹ 5 lakh for a cluster of 50 ha which will include ₹ 1.50 lakh in first year, ₹ 1.50 lakh in second year and ₹ 2.00 lakh in third Year.
B. 8 Horticulture Mechanization			
	i) Tractor (up to 20 PTO HP)	3.00 lakh/unit	25% of cost, subject to a maximum of ₹ 0.75 lakh/unit
	ii) Power Tiller		
	a) Power tiller (below 8 BHP)	1.00 lakh per unit	maximum of ₹ 0.40 lakh/unit for general category
	b) Power tiller (8 BHP & above)	1.50 lakh per unit	maximum of ₹ 0.60 lakh/unit for general category
	c) Plastic mulch laying machine	0.70 lakh per unit	maximum of ₹ 0.28 lakh/unit
	iii) Plant Protection equipments		
	(a) Manual sprayer: (i) Knapsack/foot operated sprayer.	₹ 0.012 lakh/unit	maximum of ₹ 0.005 lakh/unit
	(b) Powered Knapsack sprayer/Power Operated Taiwan sprayer (capacity 8 - 12lbs):	₹ 0.062 lakh/unit	maximum of ₹ 0.025 lakh/unit
	(c) Tractor mounted /Operated Sprayer (below 20 BHP):	₹ 0.20 lakh/unit	maximum of ₹ 0.08 lakh/unit
B.9 Human Resource Development (HRD)			
	i) Training of farmers		
	a) Within the State	₹ 1000/day per farmer including transport	100% of the cost.
	b) Outside the State	Project based as per Actual.	100% of the cost.

	ii) Exposure visit of farmers		
	a) Outside the State	Project based as per Actual.	100% of the cost.
	b) Outside India	₹ 4.00 lakh / Participant	Project Based. 100% of air/rail travel. Course fee cost to be funded Under Mission Management.
	iii) Training / study tour of technical staff/ field functionaries		
	a) Within the State	₹ 300/day per participant plus TA/DA, as admissible	100% of the cost.
	b) Study tour to progressive States/units (group of minimum 5 participants)	₹ 800/day per participant plus TA/DA, as admissible	100% of the cost.
	c) Outside India	₹ 6.00 lakh per participant	100% of air/rail travel and course fee cost to be funded under Mission Management.
C. Integrated Post Harvest Management			
C. 1	Pack house	₹ 4.00 lakh/unit with size of 9Mx6M	50% of the capital cost.
C. 2	Integrated pack house with facilities for conveyer belt, sorting, grading units, Washing, drying and weighing.	₹ 50.00 lakh per unit with size of 9Mx18M	Credit linked back-ended subsidy @ 35% of the cost of project
C. 3	Pre-cooling unit	₹ 25.00 lakh / unit with capacity of 6 MT.	Credit linked back-ended subsidy @ 35% of the cost of project in general
C. 4	Cold room (staging)	₹ 15.00 lakh/ unit of 30 MT capacity	Credit linked back-ended subsidy @ 35% of the cost of project
C. 5	Mobile pre- cooling unit	₹ 25.00 lakh	Credit linked back-ended subsidy @ 35% of the cost of project
C. 6	Cold Storage (Construction, Expansion and Modernization)		
	i) Cold storage units Type 1 – basic mezzanine structure with large chamber (of >250 MT) type with single temperature zone	₹ 8,000/MT, (max 5,000 MT capacity)	Credit linked back-ended subsidy @ 35% of the cost of project
	ii) Cold Storage Unit Type 2 –	₹ 10,000/MT, (max	Credit linked back-ended

	PEB structure for multiple temperature and product use, more than 6 chambers (of < 250 MT) and basic trial handling Equipment.	5,000 MT capacity)	subsidy @ 35% of the cost of project
	iii) Cold Storage Units Type 2 with add on technology for Controlled Atmosphere	Additional ₹ 10,000/MT for add on components of controlled atmosphere Technology. Details are as per Appendix – II	Credit linked back-ended subsidy @ 35% of the cost of project
C.7	Refrigerated Transport vehicles	₹ 26.00 lakh for 9 MT (NHM & HMNEH), and prorata basis for lesser capacity, but not below 4 MT.	Credit linked back-ended subsidy @ 35% of the cost of project
C.8	Primary / Mobile/ Minimal processing unit	₹ 25.00 lakh/unit	Credit linked back-ended subsidy @ 40%
C.9	Ripening chamber	₹ 1.00 lakh/MT	Credit linked back-ended subsidy @ 35%
C.10	Evaporative / low energy cool chamber(8 MT)	₹ 5.00 lakh/unit	50% of the total cost.
C.11	Preservation unit (low cost)	₹ 2.00 lakh/unit for new unit and ₹ 1.00lakh/unit for up-gradation	50% of the total cost.
C.12	Low cost onion storage structure (25 MT)	₹ 1.75 lakh/per unit	50% of the total cost.
D. Establishment of Marketing Infrastructure for horticultural produce in Govt./Private/ Cooperative sector			
D.1	Rural Markets/Apmmandies / Direct markets	₹ 25.00 lakh	Credit linked back-ended subsidy @ 40% of the capital cost
D.2	Retail Markets / outlets (environmentally controlled)	₹ 15.00 lakh/unit	Credit linked back-ended subsidy @ 35% of the capital cost
D.3	Functional Infrastructure for:		
	i) Collection, sorting/ grading, packing units etc.	₹ 15.00 lakh	Credit linked back-ended subsidy @ 40% of the capital cost

	ii) Quality control/ analysis lab	₹ 200.00 lakh	100% of the total cost to public sector and 50% of cost
E. Food Processing			
E. 1	Food processing units	₹ 800 lakh/unit	Credit linked back ended capital investment assistance of 50% of
G. Mission Management			
G.1	Seminars conferences, workshops, exhibitions, Kisan Mela, horticulture shows, honey festivals etc.		
	a) International level	₹ 7.50 lakh per Event.	100% of cost per event of 4 days, on pro rata basis.
	b) National level	₹ 5.00 lakh per Event.	100% of cost per event of two days.
	c) State level	₹ 3.00 lakh /event	100% assistance subject to a maximum of ₹ 3.00 lakh per event Of two days.
	d) District level	₹ 2.00 lakh /event	100% assistance subject to a maximum of ₹ 2.00 lakh per event of 2 day

Annexure III

GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Vision 2029 – Contracting the Services of Consultants for augmenting the capacity for effective implementation of Development Missions – Guidelines for Procurement and Contracting of Consultancy Services – Orders - Issued.

FINANCE (HR. I) DEPARTMENT

G.O.MS.No. 89 Dated:16-07-2015

Read the following:

G.O. Ms. No. 19 Planning (X) Department dated 16.09.2014.

Minutes of the meeting of the State Level Committee dated 21.02.2015.

Order:

1. The Government of Andhra Pradesh has developed a comprehensive strategy for achieving sustainable and inclusive double digit economic growth to make the state of Andhra Pradesh amongst the three best states in India on key social and economic indicators by 2022 and a developed state by 2029, measured in terms of key social and economic indicators. This vision is sought to be realized through seven inter-related Missions, namely Primary Sector Mission, Social Empowerment Mission, Knowledge and Skill Development Mission, Industry Sector Mission, Infrastructure Mission, Service Sector Mission and Urban Development Mission.

2. Considering the capacity gaps that exist within the Government, with specific reference to strategic and operational planning, technical assistance, technology transfer and capacity development, and for effective monitoring and evaluation of the Mission related activities, the Government has decided to contract the services of select experts – individuals and firms – for specified duration and for specified purpose with a detailed terms-of-reference (TOR) and performance management system. The Consultants are to be contracted to supplement and / or complement the capacity of the Mission executing department or the agency for the well-defined purpose of diagnostic review of the sector, preparation of strategic plans and implementation plan with budget, monitoring and evaluation and not as a matter of routine or to substitute core and sovereign functions of the department.

3. The Government, in its order first read above, constituted the State Level Committee for selection of the consultancy firm for preparation of 'Swarnandhra Vision 2029 Document' under the chairmanship of the Special Chief Secretary to Government, Planning Department. The Committee, in the meeting held on February 21, 2015,

recommended draft guidelines for procurement and contracting the consultancy services for the executing departments of the Missions.

4. The Government, after careful consideration of the recommendations of the Committee, hereby authorize the departments responsible for implementation of the Missions to procure and contract the services of consultants – both individual experts and the consultancy firms for a group of experts – duly following the guidelines attached to this Order as the Annexure. The departments must meet the cost of such contracted services from within the budget provision earmarked for this purpose.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

DR PV RAMESH IAS

PRINCIPAL FINANCE SECRETARY TO GOVERNMENT

To

The Special Chief Secretaries to Government/ Principal Secretaries to Government/
Secretaries to Government

Copy to:

The Chief Secretary to Government of Andhra Pradesh

The Principal Secretary / Secretaries of Chief Minister's Office All the Heads of
Departments

All the District Collectors

Officer on Special Duty / P. S. to the Finance Minister

OSD / PS to all Hon'ble Ministers of the Government of Andhra Pradesh SF / SCs.

//FORWARDED :: BY ORDER//

SECTION OFFICER

Guidelines for Procurement and Contracting of Advisory Services

I. Background

1. The Government has decided to launch a comprehensive programme of action for accelerating and sustaining the economic growth of the State duly ensuring that all citizens, including those traditionally excluded are given access to the growth momentum of the State. In this regard, recognizing that the department may not have the technical and sometimes even operational capacity to switch gears and accelerate the development process with the available human resources, the government has decided to permit the departments to contract the services of experts for a specified duration with well-defined terms of reference (TOR). The services of the experts must be contracted only when the existing human resources of the department do not fulfil the requirements of the components of the Mission concerned.
2. While contracting the services of experts, the departments must note that the consultants cannot substitute for the core competencies of the department. Further, the contracted experts will and can add value to the development process when they complement, supplement and demonstrate increased effectiveness of programme impact and enable higher than expected outcomes. In this process, the department must ensure that the services of the contracted experts are effectively managed by the Secretary / Head of the Department (HoD) directly and any shortfall is identified and remedied immediately. The department must ensure that the experts build the capacity of the department functionaries across the operational value chain and the process does not breed avoidable dependence on the contracted experts in the longer term. Above all, the department must ensure that the contracted experts deliver as per the TOR defined for them in terms of outputs, outcomes and the time schedule.

II. The Process

3. Prior to launching the process for contracting the services of consultants, the departments associated with the implementation of Missions, must conduct a strategic assessment of the planning, implementation and monitoring capacity of the department at all operational levels and identify the critical gaps. Based on such a diagnostic review, the department must identify the expert services it would require in order to supplement the existing human resource capabilities. Based on such an assessment, the department will identify the number of experts it would require during the current financial year and thereafter and draw up detailed terms-of-reference for each of the experts to be contracted. The services of experts should normally be contracted for a period not exceeding nine months and rarely ever extended beyond a year.
4. The Terms-of-Reference (TOR), duration of assignment, performance management system, for each of the experts along with their service conditions and the compensation regime should get approved by the competent authority

in accordance with the Rules of Secretariat Business. When a team of experts include more than two individual specialists, the services of the entire team may be procured duly following the process for procurement of firms rather than individuals.

III. Procurement of Firms

5. The services of the experts – either as individuals or through a Firm should be obtained through a competitive process that is transparent and follows the principles and guidelines for procurement established by the Government of India and the Government of Andhra Pradesh. The department shall follow the established procurement procedure that include four types of Selection Methods for procuring a team of experts that include *inter alia*,
 - (i) Quality-Cum-Cost Based Selection (QCBS);
 - (ii) Quality Based Selection (QCB);
 - (iii) Least Cost Selection (LCS); and
 - (iv) Single Source Selection (SSS).

6. The Quality-Cum-Cost Based Selection (QCBS) is appropriate when:
 - The type of service required is common and not too complex;
 - The scope of work of the assignment can be precisely defined and the TOR are clear and well specified;
 - The Client and the consultants can estimate with reasonable precision the staff time, the assignment duration, and the other inputs and costs required of the consultants;
 - The risk of undesired downstream impacts is quantifiable and manageable; and
 - The capacity building program is not too ambitious and easy to estimate in duration and staff time effort

7. Quality Based Selection (QCB) is appropriate when:
 - The downstream impact of the assignment can be so large that the quality of the services is of overriding importance for the success of the project as a whole;
 - The scope of work, the duration of the assignment, and the TOR require a
 - degree of flexibility because of the novelty or complexity of the assignment, the need to select among innovative solutions, or the particular physical, environmental, social, or political circumstances of the project;
 - The assignment itself can be carried out in substantially different ways such that cost proposals may not be easily or necessarily comparable;

- The introduction of cost as a factor of selection makes competition unfair; and the need exists for an extensive and complex capacity building program.
8. The Least Cost Selection (LCS) is appropriate when:
- The assignment is small and of a standard or routine nature
 - The intellectual component of the assignment is minor
 - Well-established practices and standards exist to carry out the assignment; and
 - Well defined outcome can be executed at different costs
9. Single Source Selection (SSS) is appropriate when:
- The assignment represents a natural or direct continuation of a previous one awarded competitively and the performance of the incumbent consultant has been good or excellent;
 - The consultant's prompt availability is essential (for instance, in emergency operations following a natural disaster, a financial crisis, and so forth);
 - The contract is very small in value; or
Only one consulting organization has the qualifications or experience required to carry out the assignment.
10. The departments may assess the above four selection methods and adopt the appropriate procurement method based on the scope of work and nature of the assignment.

IV. Types of Proposals

11. After identification of the section Method, the department can choose the Proposal Format as per the assignment cost and duration, which include:
- Full Technical Proposal (FTP); and
 - Simplified Technical Proposal (STP)
- A. Full Technical Proposal (FTP)**
- a) Full Technical Proposal is appropriate when:
- i. Cost of Contract is more than ₹ 100 Lakh; and
 - ii. Duration of Contract is more than 11months;
- b) Full Technical Proposal format should include:
- i. Legal Status of the Firm - Introduction to the firm and associate firm(s) background; registrations and operations required;

- ii. Experience of the Firm - Description of completed projects illustrating firm and associate(s) firm's relevant experience required;
 - iii. Comments on Terms of Reference - Concise and to the point as a separate section required;
 - iv. General Approach and Methodology, Work Plan - Detailed description including charts and diagrams required;
 - v. Personnel's CVs - Detailed CV (preferably provide CV Format) of all proposed Consultants required; and
 - vi. Personnel Deployment Schedule - Required (preferably provide Personnel Deployment Schedule Format).
- c) Procurement using Full Technical Proposal usually requires about 60 days with 45 days for the bidding firm submission proposals and then about 15 days for bid evaluation by the Client (Line Department).

B. Simplified Technical Proposal (STP)

- a. Simplified Technical Proposal is appropriate when:
 - i. Cost of Contract is equal to or less than ₹100 Lakh; and Duration of Contract is equal to or less than 11 months.
- b. Simplified Technical Proposal format should include:
 - i. Legal Status of the Firm - Introduction to the firm and associate firm(s) background; registrations and operations required;
 - ii. General Approach and Methodology, Work Plan - Brief description including charts and diagrams required;
 - iii. Personnel's CVs - Detailed CV (preferably provide CV Format) of all proposed Consultants required; and
 - iv. Personnel Deployment Schedule-Required (preferably provide Personnel Deployment Schedule Format)
- c. Procurement using Simplified Technical Proposal usually requires about 22 days with 15 days for the bidding firm for submission of proposals and then about 7 days for bid evaluation by the Client (Line Department).

12. The departments may assess which type of Proposal Format should be used based on its appropriateness vis-a-vis the scope-of-work and nature of assignment.

V. Procurement of Individual Consultants

13. The services of the experts – either as individuals or through a Firm should be obtained through a competitive process that is transparent and follows the principles established by the Government of India and the Government of Andhra Pradesh.

14. The Individual Consultants may be based on critical appraisal of their experience, expertise and performance in circumstances similar to that of Andhra Pradesh Government. For a quicker and easier method of remunerating the individual experts, the following fee structure could be adopted, subject however, to the department negotiating a rate lower than indicated below:

Level	Qualification Criteria	Daily Fee Rate (in INR)	Monthly Fee Rate (in INR)
Senior Level Consultants	Professionals with high level of specialization and experience Education: Masters/ Doctorate in the required discipline and from an eminent institution Essential Experience: More than 12 years at top management level with good institutions Required Experience: 6-8 years of Consultancy exposure to projects of high value and impact.	6,000 -9,500	1,50,000 – 2,40,000
Middle Level Consultants	Professional with middle level experience in relevant sector/ function. Education: Graduate/ Post Graduate in the required discipline Essential Experience: 6 to 12 years at middle management level from reputed (National/ State) institutions Required Experience: 3-4 years of Independent Consultancy experience.	3,000 – 6,000	75,000 – 1,50,000

Level	Qualification Criteria	Daily Fee Rate (in INR)	Monthly Fee Rate (in INR)
Young Professionals	Young Professional with experience in relevant sector/ function Education: Graduate/ Post Graduate of required discipline Experience: 3 to 5 years at entry management level from reputed (National/ State) institutions	1,800 – 3,000	45,000 – 75,000
Fellowship	Young Professional with entry level sector/ function. Education: Graduate/ Post Graduate of required discipline Experience: 1 to 2 years at entry management level from reputed (National / State) institutions.	1,500 – 1,800	35,000 – 45,000
Experts / Specialised Consultants	Professional with exceptional expertise in the required sector/ function.	9,500 – 20,000	2,40,000 – 5,00,000 (To be referred to the State Level Committee)

15. The Daily/ Monthly fee recommended for consultants is lump sum and no other additional allowances are allowed. If individual consultant is being contracted for total period of less than a month (25 days), the fee may be fixed on Daily Rate basis and if the total contract period exceeds a month (25 days) then the fee may be fixed on Monthly Rate basis. The total consultancy period, when hired on daily rate basis, may not exceed three month period on aggregate basis. In case it is necessary for consultancy period to exceed three months, when payment is done on daily basis, the concerned departments may obtain the approval of the SLC.

16. All Experts/ Specialized Consultants cases may be referred to the SLC for approval along with requirement, justification etc. For retired government employees of both central and state governments, the remuneration will be last pay drawn minus pension in accordance with the existing norms. The proposed salaries are consolidated per month without any benefits or other facilities. The consultants will be extended a fixed twelve days of leave in a year (pro rata calculated vis-a-vis the period of contract). No other leave is permissible. Similarly, EPF and other benefits are not applicable to the consultants; and the concerned departments may decide on the educational and essential and required experience norms for the consultant.

17. Procurement of Individual Consultants may be done by three methods.
- Empanelment Method
 - Advertisement Method
 - Single Source Method
18. Empanelment Method: Line Departments may establish a process of empaneling consultants by requesting submission of detailed CVs (preferably provide CV Format), which they can assess and qualify by expertise and consultant levels (as described above). When required, the line department may identify at least three qualified consultants from the empanelment list and issue them the Terms of Reference and request them for technical proposal describing the approach and methodology to be adopted by them. Based on the assessment of the technical proposal, the consultant may be selected. Fee of the selected consultant may be fixed as per consultant level and criteria described above.
19. Advertisement Method: Line Department may advertise for the consultant in Local/ National daily each time they need to engage an individual consultant by issuing the Terms of Reference. The consultants applying may be requested to submit detailed CV (preferably provide CV Format) and technical proposal describing the approach and methodology to be adopted by them responding to the Terms of Reference issued. Based on the assessment of the technical proposal the consultant may be selected. Fee of the selected consultant may be fixed as per consultant level and criteria described above.
20. Single Source Method: The assignment represents a natural or continuation of a previous one awarded competitively by Government of Andhra Pradesh or Government of India and the performance of the individual consultant has been found good or excellent.

VI. General Issues

21. Hiring Consultants can add the required capacity, but simultaneously in-house capacity should be developed. It's all the more required as the temporary consultants come at a much higher cost.
22. In view of this, to promote in-house capacity development, the TOR of each consultant/ agency should include appropriate capacity building measures during the period of their contract with the respective departments.
23. Moving ahead, there should be a cap on expenditure on consultants as a fixed percentage of Salary expenditure of the department. Special cases with unique expertise alone may be considered separately.

24. The departments are required to work in close coordination with the Planning and Finance Department while contracting the services of experts. Above all, the Secretary / HoD concerned must closely work with the consultants, duly ensuring their performance is in accordance with the contractual agreement. The contract of any consultant falling short of expected standards be terminated without loss of time.

SECTION OFFICER

Annexure IV

GOVERNMENT OF ANDHRA PRADESH ABSTRACT

A & C Deptt. – Horticulture – RKVY – FPO Policy for promoting Farmers Producers Organisations in Andhra Pradesh – To take forward the policy - Orders – Issued.

AGRICULTURE & COOPERATION (H&S) DEPARTMENT

G.O.Rt.No.398.

Dated:02-06-2016.

Read :-

From the Commissioner of Horticulture, A.P., Hyderabad Lr.No.RKVY /8/2015, dt.23.4.2016.

@@@

O R D E R :

In the reference read above, the Commissioner of Horticulture, A.P., Hyderabad has stated that based on series of meeting and consultative workshop involving representatives of various Government departments and other stakeholders, the draft strategy paper to promote Farmers Producer Organisations/ Farmers Producer companies (FPOs/FPCs) in Andhra Pradesh as part of the strategy to achieve double digit inclusive growth has been formulated. It would help in strengthening the farming community/ Producers organise themselves and to establish forward & backward linkages for aggregation of input, produce, value chain development, better marketing opportunities resulting in higher income to the producers.

2. He has also stated that this policy will help the line Departments of Primary Sector to initiate the process of formation of FPOs/FPCs, initial hand holding as well as establishment of structure in the State to nurture and guide the FPOs in the State.

3. Government after careful examination of the matter hereby approve the FPO policy for promoting Farmers Producer Organisations in Agriculture, Horticulture and other allied Departments of Primary Sector in the state based on the proposal submitted by the commissioner of Horticulture, A.P., Hyderabad. The FPO Policy is annexed to this Order. These orders are applicable to all the Department of Primary Sector Mission.

4. The Commissioner of Horticulture, A.P., Hyderabad is requested to take necessary further action accordingly and prepare operational guidelines.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

SATYA PRAKASH TUCKER
CHIEF SECRETARY TO GOVERNMENT

To

The Commissioner of Horticulture, A.P., Hyderabad. All the Departments of Primary Sector Mission.

Copy to :

The P.S. to Addl.Secy. to C.M.

The P.S. to M (Agrl.)

The P.S. to C.S.

The P.S. to Spl.C.S.(Agrl.).

P.S. to Prl.Secy., AHDDF Deptt.

The P.S. to E.O.S. (H&S).

SF/SC.

// FORWARDED BY ORDER //

SECTION OFFICER



Government of Andhra Pradesh

“Raithu Kosam”

**Farmer Producer Organisations
Promotion Policy of Andhra Pradesh–
2016**

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Farmer Producer Organisations Promotion Policy of Andhra Pradesh–2016

1. Background

The Government of Andhra Pradesh (GoAP) has given high priority to primary sector – agriculture and allied sectors from the year 2014; it also presents annual separate budget for primary sector. Over the last two years, enormous efforts have been directed to strengthen agriculture, fisheries, horticulture, dairy, and meat/livestock sectors in terms of new technology, productivity improvement, infrastructure, knowledge, IT applications, market intelligence, linkages, and credit and finance arrangements and so on. In the State's double digit growth strategy, out of total 40 growth engines, 23 belong to primary sector. All this has resulted in boosting up primary sector growth rate (in 2015-16) to 8.4%, compared to 1.12% at national level.

Further, to generate wealth for the farmers particularly small farm holders there is an urgent need to create appropriate ecosystem in the state. Certain commodities are also identified for providing necessary support systems for the entire production/ value chain. In this entire process, one of the important elements is institutions of farmers. Experiences in India and other parts of the world clearly indicate that farmers institutions that are membership based, financially robust, adopt business model and well connected (to technology, research, markets, banks and other infrastructure facilities) could provide enormous economic benefits to its members – farmers. Such collective action goes beyond coming together for infrastructure development, but goes to realms of business and markets. Moreover, institutional arrangement/ membership based institutions are found to be backbone for primary sector. With this background, both central government and state governments are clearly putting considerable emphasis on promoting "Farmers Producers Organizations (FPOs)" as an important policy for creating an ecosystem for enhancing farmers' profits.

Owing to the growing importance of FPOs, the Agricultural Production Commissioner and Special Chief Secretary of the Department of Planning, and from January 2016, the Chief Secretary, has facilitated a series of discussions, brain storming sessions with various departments, experts, farmer's organizations and NGOs, civil society organizations for providing direction to this agenda. All those deliberations have led to formulation of this policy. This policy document provides a rationale, goal and objectives, actions to be taken, guiding principles, expected end results, institutional arrangements at district and state level, financial allocations and logical framework.

2. Rationale

Key reasons for developing a focused policy:

1. Majority of farmers (agriculture, horticulture, vegetables, fisheries, dairy, meat, flowers and other commodities) are unorganized. As a result, they are prone to exploitation at various stages of production/ value addition. .
2. The concerned government departments need suitable support in promoting the farmers' producers organizations for related commodities.

Also need to build up greater synergies among these departments, to promote FPOs.

3. Owing to existing social capital in Andhra Pradesh (like self-help groups (SHGs) and other project based institutions), there is a need to develop productive relationship across these new FPOs.
4. ICT tools/applications, financial inclusion processes, web based/ mobile based tools would offer new opportunities for creating collective action by farmers. Appropriate efforts need to be made to enable digital comfort at all levels and for all functions.
5. This policy necessitates stewardship and partnership at multiple levels. Various categories of agencies have to be orchestrated to function for a common cause.
6. Global experiences have demonstrated that institutions of organized producers through FPOs would add value and adopts business model. In turn, it would trigger high growth and sustain the productivity and incomes of members.

3. Goal

The overall goal of FPO initiative is to increase productivity, maximise profitability and realization of proper pricing through processing, market linkages, value addition and better knowledge system.

4. Objectives

- To bring together 10 lakh farmers through 1,000 FPOs and start-ups in the state through strengthening on-going efforts of the line departments, NGOs and other agencies by developing necessary support systems.
- Providing handholding support for improving the productivity through effective extension services, suitable technologies and knowledge systems.
- Facilitating infrastructure facilities for improved efficiency in production systems and cost reduction.
- Promoting a business model for generating higher incomes through public private partnership.

5. Guiding Principles

- Autonomous and robust farmers' institutions would trigger economic gains for members.
- Policy for promoting FPCs/FPOs would facilitate the evolution of different models. There is "no single model". The respective departments/ promoting agencies may design suitable model.
- Legal Aspects of Farmers' Institutions:
 - a. A typical Farmers' Producers Organization may have 500 to 1000 members. In case of special circumstances (tribal regions, commodity specific needs), the number of members in a FPO could be less than 500 members.
 - b. The legal status of the entity should enable business/ trading/ other commercial activities that generate income to members. For enabling this, FPOs would be registered either as a Cooperative

under the Mutually Aided Cooperative Societies (MACS) Act 1995 or as a producers company under the Companies Act (2013).

- c. These entities may also be nested institutions – i.e., cooperatives (under MACS) at primary level and become members/ shareholders of a producer company, at apex level/ federation level.
- Increased benefits to the members (incomes, services, higher productivity and others) is the basic purpose of establishing FPO/FPC.
 - The FPO/ FPC is a business entity.
 - FPO/ FPC is not to be formed in vacuum. FPOs/ FPCs have to be established in the context of existing markets/ markets that they may potentially access in future. Based on a systematic assessment of market potential, business plans of FPO/ FPC have to be developed. The timeline for promotion of FPO/ FPC is 3-5 years.
 - On-going efforts by departments, NGOs and other agencies would be consolidated and further strengthened by developing necessary support systems
 - FPOs will focus on
 - a. Improving productivity by improved extension services; appropriate technology and knowledge systems.
 - b. Infrastructure facilities for improved efficiency in production systems and reduce cost of production thru inputs delivery systems
 - c. Business opportunities thru value-chain approach and linking with markets that generate higher incomes
 - d. FPOs should be tied with storage facilities
 - e. VAT, income tax, sales tax, interest rates, increase credit guarantee for FPOs
 - f. Facilitate corporate tie-ups to link with industries which can bring corporate companies within Andhra Pradesh.
 - i. Shareholders of the FPOs can be irrespective of land holding/ lease/ others like tenants
 - ii. Membership of FPOs should be flexible for consideration on current legal framework, to enable complete access to all schemes of the government (like loans, subsidies and others).
 - iii. Common interest groups, capture vs culture (producing vs collecting) in common pool resources like crab farming etc.

6. Key Strategies

- a. Policy support for promotion and sustainability of FPOs through financial institutions.
- b. Explore opportunities for funding through corporate social responsibility (CSR) with due credit for their contribution.
- c. Convergence of different departmental schemes for assured fund flow and proper allocation.
- d. Monitoring by the third party agencies to maintain transparency, accountability and public information system.
- e. Establish linkages with corporates as a business proposition through public private partnership.

- f. To strengthen the FPOs, enable rural youth to work as facilitators, through Skill development.
- g. Use of ICT tools/ products for enhancing business efficiency of FPOs
- h. Ecological/ sustainable farming – as a service/ choice to members of FPOs

7. Expected Outputs

A. Quantitative:

- a. Income goes up to 20% to 35%.
- b. Reduction in cost of production by 20%
- c. Minimise losses in production, procurement and marketing (to 10%)
- d. Productivity enhancement from 5% to 20%
- e. 50% of district total production would be handled by FPOs

B. Qualitative:

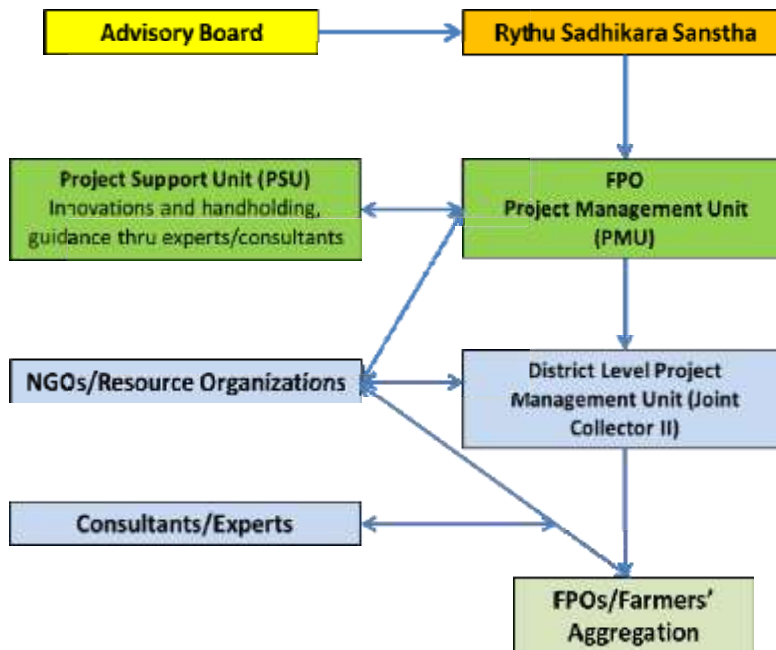
- a. Better price realisation by farmer/producer. Maximum share of price goes to producer.
- b. The share of intermediaries in value chain process would reduce. Farmers/producers get higher share of prices
- c. Branding and presence in the markets for FPOs
- d. Employment generation (direct and indirect)

8. Process Steps for form FPO/ FPC

- a. Region and commodity specific matrix need to be developed along with facilitating agencies. This would provide a total picture of the potential that exists in each region for each commodity.
- b. Based on the above assessment, potential clusters would be identified.
- c. Market study/ assessment
- d. Collectivization of farmers into Farmer Interest Groups
- e. Convert the Farmer Interest Groups into FPO/ FPC (Bye laws and registration)
- f. Mobilization of membership fees/ share capital
- g. Establish bank linkages, develop knowledge and input delivery systems.
- h. Technical support -production systems/ productivity enhancement
- i. Marketing linkages for surplus
- j. On priority, NGO/ promoting agency should identify markets for specific commodity (market scanning). Based on this assessment, form FPOs/ FPCs.
- k. FPO/FPC are linked to corporate/ market agencies or the FPO/FPC itself becomes a market player/agency itself. (Depending on the opportunity they get).
- l. All the above steps have been summarized in the following figure.

9. Institutional Arrangements

Following institutional arrangement has shown in the figure below has been designed for a functional effective system.



10. Financial Aspects

- A. Following sources of funding will be provided to promote FPOs in Andhra Pradesh.
 - a. Existing funds from on-going schemes of various departments
 - b. A special fund would be created by the Government of Andhra Pradesh
 - c. Credit from various financial institutions– Banks/NABARD/ Other sources
- B. Innovation Fund: It is proposed to create “innovation fund” for strengthening this agenda. This fund would be used for taking up any innovation, pilot and experiment that has potential to strengthen the agenda of FPOs/ FPCs. This fund would be anchored at Raithu Sadhiakara Sanstha of the Government of Andhra Pradesh and any concerned agency could access this fund through an application. The Project Support Unit, under Raithu Sadhiakara Sanstha will develop required protocols for channelling/ using this fund.
- C. Financial support is required for the following purposes:
 - a. Financial Support for Farmers’ Producers Organizations
Financial Support is required to provide support systems for FPO. These purposes are briefly mentioned here.
 - b. Financial Support for Support Systems
 - i. Financial Support to FPO Promoting NGOs: This includes the following items. a) Staff of NGO, b) Training Programs/ exposure visits, c) Travel
 - ii. Financial Support to Resource Agency: This includes the following items: a) Consultancy services for providing specific advisory/ technical inputs, and b) Travel and logistical costs
 - iii. Financial Support to State/ District Project Management Units:
This includes: a) Consultancy services of the teams at PMU at state/ district level; b) Travel and logistical costs; c) ICT applications
 - iv. Financial Support to Project Support Unit: This includes: a) Consultancy services of the teams at PSU; b) Consultancy services of resource persons/ experts; c) Budgets for workshops/ training programs; d) Travel/ Logistics; e) Overheads

11. Monitoring and Learning Systems

Regular monitoring and learning at various levels will help in improving the performance of an FPO.

- a. PSU/PMU level: Project Support Unit/Project Monitoring Unit will play a key role in tracking the performance of FPOs periodically. This includes, regular interaction with FPOs through district level implementing unit and experts and consultants.
- b. Auditing: To maintain accountability and transparency of the FPO formation and performance, a third-party auditing will be encouraged.
- c. Evaluation: The performance evaluation will be done with regular interval to track the changes with its functioning and processes. This will feed into the learning systems of FPOs.

SATYA PRAKASH TUCKER
CHIEF SECRETARY TO GOVERNMENT

List of Participating Departments and other Agencies

Department of Agriculture

Department of Horticulture

Department of Sericulture

Department of Animal Husbandry

Department of Fisheries

Department of Groundwater

Department of Marketing

Department of Forestry

Department of Civil Supplies

Acharya N G Ranga Agricultural University

S.V. Veterinary University

Dr YSR Horticultural University

