



सत्यमेव जयते  
Ministry of Tribal Affairs  
Government of India



## Guidelines for Mechanism for Marketing of Minor Forest Produce (MFP) Through Minimum Support Price (MSP) & Development of Value Chain for MFP

Notified by Ministry of Tribal Affairs, Government of India vide Notification F.No. 19/17/2018 – Livelihood dated 26.02.2019



Wild Honey



Seeded Tamarind



Dry Shikkakai



Myrobalan



Mahua Flower



Sal Leaves



Chironjee Pods with seeds



Mahua Seeds



Kalmegh

Ministry of Tribal Affairs  
Government of India

Tribal Cooperative Marketing Development Federation of India Limited (TRIFED)  
Ministry of Tribal Affairs, Government of India



सत्यमेव जयते  
Ministry of Tribal Affairs  
Government of India



S. No.	Name of MFP	MSP (Rs. Per Kg.)
1	Tamarind (with seeds) ( <i>Tamarindus indica</i> )	Rs.31/-
2	Wild honey	Rs.195/-
3	Gum Karaya ( <i>Sterculia urenus</i> )	Rs.98/-
4	Karanj seeds ( <i>Pongamia pinnata</i> )	Rs.19/-
5	Sal seed ( <i>Shorea robusta</i> )	Rs.20/-
6	Mahua seed ( <i>Madhuca longifolia</i> )	Rs.25/-
7	Sal leaves ( <i>Shorea robusta</i> )	Rs.30/-
8	Chironji pods with seeds ( <i>Buchanania lanzan</i> )	Rs.109/-
9	Myrobalan ( <i>Terminalia chebula</i> )	Rs.15/-
10	a) Rangeeni lac b) Kusumi lac	Rs.130/- Rs.203/-
11	Kusum seeds ( <i>Schleichera oleosa</i> )	Rs.20/-
12	Neem seeds ( <i>Azadirachta indica</i> )	Rs.23/-
13	Puwad seeds ( <i>Cassia tora</i> )	Rs.14/-
14	Baheda ( <i>Terminalia bellirica</i> )	Rs.17/-
15	Hill Broom Grass ( <i>Thysanolaena maxima</i> )	Rs.30/-
16	Dry Shikakai Pods ( <i>Acacia concinna</i> )	Rs.43/-
17	Bael pulp (dried) ( <i>Aegle marmelos</i> )	Rs.27/-
18	Nagarmotha ( <i>Cyperus rotundas</i> )	Rs.27/-
19	Shatavari Roots (dried) ( <i>Asparagus racemosus</i> )	Rs.92/-
20	Gudmar/ Madhunashini ( <i>Gymnema sylvestre</i> )	Rs.35/-
21	Kalmegh ( <i>Andrographis paniculata</i> )	Rs.33/-
22	Tamarind (De-seeded) ( <i>Tamarindus indica</i> )	Rs.54/-
23	Guggul ( <i>Commiphora wightii</i> )	Rs.700/-
24	Mahua flowers dried ( <i>Madhuca longifolia</i> )	Rs.17/-
25	Tejpatta (dried) ( <i>Cinnamomum species</i> )	Rs.33/-
26	Jamun dried seeds ( <i>Syzygium cumini</i> )	Rs.36/-
27	Dried Amla pulp (Deseeded) ( <i>Phyllanthus emblica</i> )	Rs.45/-
28	Marking nut ( <i>Semecarpus anacardium</i> )	Rs.8/-
29	Soap nut dried ( <i>Sapindus emarginatus</i> )	Rs.12/-
30	Bhava seed/ (Amaltas) ( <i>Cassia fistula</i> )	Rs.11/-
31	Arjuna Bark ( <i>Terminalia arjuna</i> )	Rs.18/-
32	Kokum (Dry) ( <i>Garcinin indica</i> )	Rs.25/-
33	Giloe ( <i>Tinospora cordifolia</i> )	Rs.21/-
34	Kaunch seed ( <i>Mucuna pruriens</i> )	Rs.18/-
35	Chirata ( <i>Swertia chirayita</i> )	Rs.29/-
36	Vaybidding /Navding ( <i>Embelia species</i> )	Rs.81/-
37	Dhavai phool dried flowers ( <i>Woodfordia fruticosa</i> )	Rs.32/-
38	Nuxvomica ( <i>Strychnos nux-vomica</i> )	Rs.36/-
39	Ban Tulsi Leaves ( <i>Ocimum tenuiflorum</i> )	Rs.19/-
40	Kshirni ( <i>Hemidesmus indicus</i> )	Rs.30/-
41	Bakul dried bark ( <i>Mimusops elengii</i> )	Rs.40/-
42	Kutaj dried bark ( <i>Holarrhena pubescens</i> )	Rs.27/-
43	Noni/Aal dried fruits ( <i>Morinda citrifolia</i> )	Rs.15/-
44	Sonapatha/ Syonak pods ( <i>Oroxylum indicum</i> )	Rs.18/-
45	Chanothi seeds ( <i>Abrus precatorius</i> )	Rs.39/-
46	Kalihari dried tubers ( <i>Gloriosa superba</i> )	Rs.27/-
47	Makoi dried fruits ( <i>Solanum nigrum</i> )	Rs.21/-
48	Apang plant ( <i>Achyranthes aspera</i> )	Rs.24/-
49	Sugandhmantri roots/ tubers ( <i>Homalomena aromatica</i> )	Rs.33/-

**TRIFED (Head Office)**

NCUI Building, 2nd Floor, 3 Siri Institutional Area, August Kranti Marg, New Delhi-110016.

Tel.: +91-11-26968247, 26569064, 26514854

E-mail: trifed.mfpdivision@gmail.com

www.trifed.in • www.tribesindia.com



Government of India  
Ministry of Tribal Affairs



Tribal Cooperative Marketing Development  
Federation of India Ltd.  
**(TRIFED)**

National Workshop  
On  
**Mechanism for Marketing of Minor Forest  
Produce (MFP) through Minimum Support  
Price (MSP) & Development of Value Chain  
for MFP**

28<sup>th</sup> February 2019



JUAL ORAM



सत्यमेव जयते



Minister of Tribal Affairs  
Government of India  
Shastri Bhawan, New Delhi-110001



## MESSAGE

Minor Forest Produce (MFP) collection and marketing holds critical importance for tribals as they spend a major portion of their time on it and derive a major portion of their income from it. Recognizing this critical importance Ministry of Tribal Affairs, Government of India, announced the Scheme "**Mechanism for Marketing of Minor Forest Produce (MFP) through Minimum Support Price (MSP) & Development of Value Chain for MFP**". In view of the potential of MFP trade across the country, the Scheme was already extended to all states across India. The scope for coverage is further enhanced covering 50 items with revised MSP to provide fair and remunerative returns to the tribals, from January 2019. With this step, every state can identify the major MFPs covered under the Scheme in their state and participate in the Scheme

Keeping the tribal forest gatherers as the focus, the Scheme will ensure training on sustainable harvesting with primary level value addition, skill upgradation and processing. The 'Van Dhan Vikas Karyakram' as the name implies will add to the income and livelihoods for tribals by harnessing the wealth of forests. The programme aims to tap into traditional knowledge & skill sets of tribals to convert the tribal wisdom into a viable economic activity.

I am happy to note that Ministry of Tribal Affairs and TRIFED are organizing a National Workshop on 28<sup>th</sup> February 2019 on the Scheme with the intent of creating awareness about the benefits, sensitizing states for active participation and provide their strategic action plan for effective implementation of the Scheme. I am sure all the stakeholders will exchange their free and frank views and use their expertise to define a course of action for speedier and effective implementation of the Scheme.

My best wishes for the success of the workshop to ensure the benefits of the Scheme reaches each tribal household of the country.

(Jual Oram)

JASWANTHSINH  
BHABHOR



Minister of State for Tribal Affairs  
Government of India  
Shastri Bhawan, New Delhi-110001



## MESSAGE

The Scheme "**Mechanism for Marketing of Minor Forest Produce (MFP) through Minimum Support Price (MSP) & Development of Value Chain for MFP**", announced by Government of India, is an important milestone in the field of MFP development and for ensuring fair and remunerative prices to the tribals. It is a multi-faceted scheme which provides direct benefits to the tribal by institutionalizing various avenues in the value chain of MFP such as training, sustainable collection, procurement, value addition, infrastructure, marketing etc.

The National Level Workshop on the Scheme for MSP for MFP being organized by Ministry of Tribal Affairs and TRIFED, indicates that there a lot is yet to be done and reflects the collective intent of institutionalizing the Scheme for the benefits of the tribals. I am sure this collective intent will transform into positive action after the conclusion of this workshop and help states and its tribal population to derive benefit out of the Scheme.

I convey my best wishes for success of the National Workshop in benefitting the tribal population of the country.

**(Jaswantsinh Sumanbhai Bhabhor)**

SUDARSHAN BHAGAT



Minister of State for  
Tribal Affairs  
Government of India



## MESSAGE

The Scheme "**Mechanism for Marketing of Minor Forest Produce (MFP) through Minimum Support Price (MSP) & Development of Value Chain for MFP**", announced by Government of India, is a holistic scheme for all round development of MFP trade and the tribal population depending on it. In view of the enormous trade potential of MFP, the Scheme has the ability to creating sustainable livelihoods opportunities in the tribal areas. MFP collection and value addition activity is also undertaken by women MFP gatherers. Therefore, the Scheme has strong linkage to women's financial empowerment.

Witnessing the Scheme potential, number of MFPs, revised MSP and expansion to all states, it is important that each states avail the benefits under the Scheme and create a sustainable value chain of MFP. This step of Ministry of Tribal Affairs and TRIFED to organize National Level Workshop is in the right direction to sensitize states for effective implementation of this landmark Scheme for economic development of tribals across India.

I wish all success for this National Workshop.

**(Sudarshan Bhagat)**

RAMESH CHAND MEENA  
Chairperson



Tribal Cooperative Marketing  
Development Federation of India Ltd.  
(Ministry of Tribal Affairs,  
Government of India)



## MESSAGE

The Scheduled Tribes population in India is 10.43 Cr. i.e. 8.6% of national population. About 50% of which is estimated to be residing in forested area and are dependent on Minor Forest Produce for sustainable livelihood and income generation. The Scheme **“Mechanism for Marketing of Minor Forest Produce (MFP) through Minimum Support Price (MSP) & Development of Value Chain for MFP”**, hold critical importance to bring about the change that is needed to propel the forest based tribal economy on the high path of growth and development.

The Scheme is designed to provide fair deal to tribals by offering Minimum Support Price to the tribal MFP gatherers for forest produces collected by them. It also provisions to bridge the last mile connectivity between the tribals and markets through activation of Haat bazars by strengthening of grassroots infrastructure for MFP procurement, storage, transportation, marketing etc. Besides specific thrust is being given under the Scheme on training and skill upgradation of the tribal artisans in a systematic manner by introducing value addition and marketing through tribal groups and clusters.

Under the leadership of Hon'ble Prime Minister Shri Narendra Modi, Government is committed for empowerment of Scheduled Tribes. In the Tribal Carnival organized by TRIFED in the year 2015 in New Delhi, he outlined about the excellence of tribals in the areas of craftsmanship. Taking inspiration from his vision the 'Van Dhan Vikas Karyakram' was launched on 14<sup>th</sup> April 2018.

TRIFED is committed to take forward the Nation's vision of overall development for tribal people of India through sustainable and comprehensive implementation of the Scheme and achieving convergence and coherence with other development partners working in this field to enhance tribal income and improve the quality of their life. The National Level Workshop being organized on 28<sup>th</sup> February 2019 on the Scheme is a step in this direction. It will go a long way in strengthening the efforts of the Ministry of Tribal Affairs and TRIFED to contribute its fullest to foster socio-economic development of tribal dominated areas and also contribute in the growth of national economy.

**(Ramesh Chand Meena)**



DEEPAK  
KHANDEKAR, IAS  
Secretary to Govt. of India



Government of India  
Ministry of Tribal Affairs



## MESSAGE

Ministry of Tribal Affairs and TRIFED are organizing a National Level Workshop on 28<sup>th</sup> February 2019 on the Scheme "**Mechanism for Marketing of Minor Forest Produce (MFP) through Minimum Support Price (MSP) & Development of Value Chain for MFP**", a very important and critical initiative by Ministry of Tribal Affairs for the tribal population of the country. The Scheme is designed to be implemented through State and District level functionaries.

The Scheme has a great significance for the various forest based tribes who constitute over 8.6% of the total population of the country. Minor forest produces are a major source of livelihood and income generation for these population. PESA and FRA have conferred ownership of MFP to forest dwellers and promote transformative growth of tribal community. However, it is of utmost importance to streamline the process of the Scheme. Therefore, the scheme implementation architecture has been decentralized with involvement of District level functionaries for effective implementation.

I am sure that this National Level Workshop will succeed in infusing the values and dedication among all stakeholders and delegate them with responsibilities for the benefit of the tribal population of the country.

My best wishes for the success of the Workshop.

(Deepak Khandekar)



## INDEX

### Contents

Contents .....	1
1. Introduction .....	1
2. Scheme Implementation Architecture .....	1
3. Risk Management.....	5
4. Memorandum of Understanding (MoU).....	5
5. Monitoring and Oversight .....	5
6. Convergences.....	5
7. Roles and Responsibilities.....	6
Annexure 1: List of MSP for 50 MFPs (2013-14 to 2018-19) .....	14
Annexure 2: Composition of the Central Apex Committee and the Executive Committee .....	17
Annexure 3: Memorandum of Understanding .....	19
Annexure 4: Haat Bazaar Sanchika .....	23
Annexure 5: Van Dhan Vikas Karyakram.....	31
Annexure 6: Operational Manual .....	52
Annexure 7: Checklist .....	69



**PRAVIR  
KRISHNA, IAS**  
Managing Director

Tribal Cooperative Marketing Development  
Federation of India Ltd.  
(Ministry of Tribal Affairs, Government of India)



## **COLLECTION, VALUE ADDITION & MARKETING OF FOREST PRODUCES**

Tribes constitute over 8.6% of our population as per Census 2011. This in itself is a substantial number. But the importance of tribes to the nation goes far beyond this number. They have rightly been described as the 'art and soul of India'. Indian culture owes a lot to the tribes. Tribal handicrafts, tribal music and tribal dances are well known and widely admired. What is not so well known is the tribal contribution to the mainstream economy. The brooms that clean our homes and offices are made from the hill-grass harvested by tribal women of North East and Central India. Numberless food items - from honey to spices to condiments - that we relish every day, we owe to the tribes! Some of the leading global brands of chocolates have used the butter obtained from *sal*-seeds gathered by the tribes in Chhattisgarh, Odisha and Jharkhand. Some of the top-end bath-soaps and shampoos use the fat of myriad tree-borne oilseeds gathered from the forests. The booming industry of Ayurvedic products would crumble and fall if you subtract the tribal contribution that enables and sustains it.

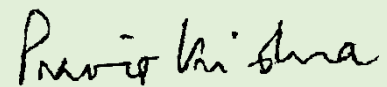
The tribes have been the unrequited custodians of environment. They have a symbiotic relationship with forests: forests have survived largely in tribal intensive parts of the country.

Sedentary by nature, the tribes belong to the old order. This has made them vulnerable in their commercial interface with the outer world. Gathering non-timber forest produces (NTFP), also called 'minor forest produces' is an ageless occupation of the tribes. Formerly they did this for their own use. Subsequently, NTFP became a source for meeting their cash needs. Today, it is the cornerstone of tribal economy. Yet, the truth is that the tribes are far from getting their due share from this activity. The reasons for this are many and varied. Most importantly, bulk of the NTFP moves out of the tribal world in unprocessed form. The economic implication of this is that the tribes, who are legally 'owners of the forest produces' lose out on the creamy benefit of value addition. This trend needs to be

reversed. The guiding principle for future must be: whatever can be done locally must be done locally. Whatever can be done must tribal hands must be done by tribal hands. The tribes' "ownership" of the forest produces must be lifted from the symbolic level to actual level.

To protect the tribes from distress sale of their produces, Ministry of Tribal Affairs, Government of India, launched a scheme called "**Mechanism for Marketing of Minor Forest Produces (MFP) through Minimum Support Price (MSP) and Development of Value Chain for MFP**". All States and 50 items are included in the scheme. This scheme may not have shown the kind of results that one would have liked to see, but it has thrown up significant lessons. These lessons highlight the need for now taking the scheme to the next level.

It is to deliberate on these lessons, a National Workshop has been planned on February 28, 2019. The future course of the scheme will be enriched by the outcome of the Workshop.



**(Pravir Krishna, IAS)**  
Managing Director, TRIFED



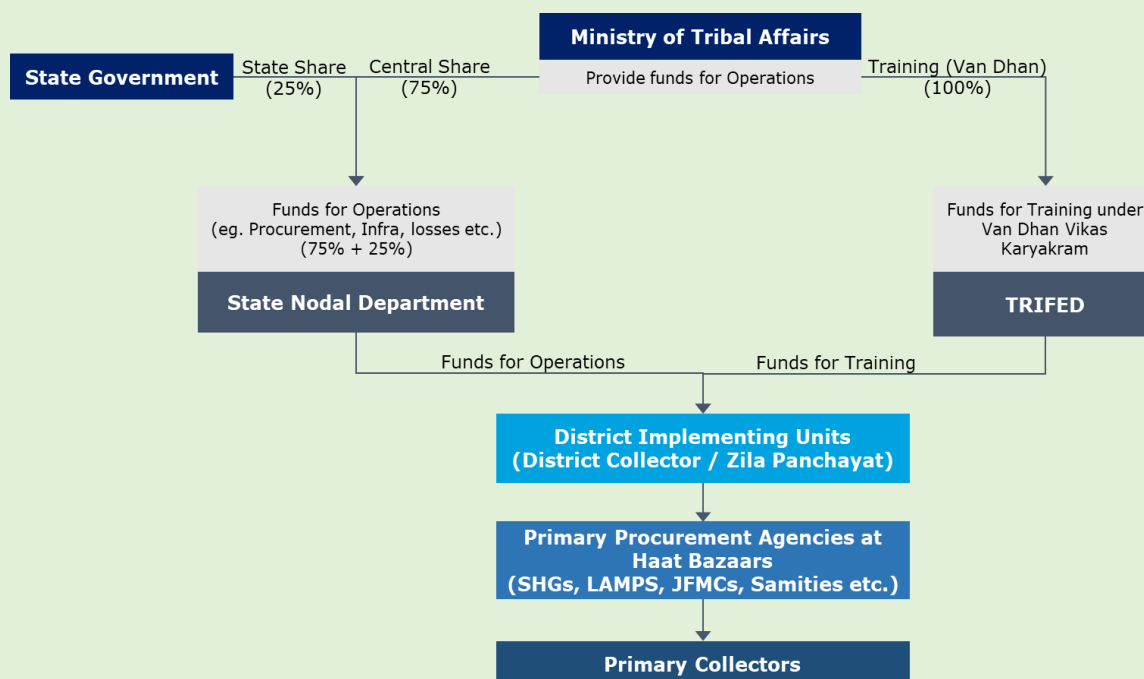
## 1. Introduction

Cabinet approved the scheme named "Mechanism for marketing of Minor Forest Produce (MFP) through Minimum Support Price (MSP) and development of value chain for MFP" vide order dated 06.08.2013 for providing MSP to gatherers of forest produces and introducing value addition and marketing through tribal groups and clusters. Presently, the Scheme covers 50 non-nationalized MFPs (**Annexure 1**). This list can be further extended to other non-nationalized MFPs. The geographical coverage of the Scheme includes all states and union territories of India.

## 2. Scheme Implementation Architecture

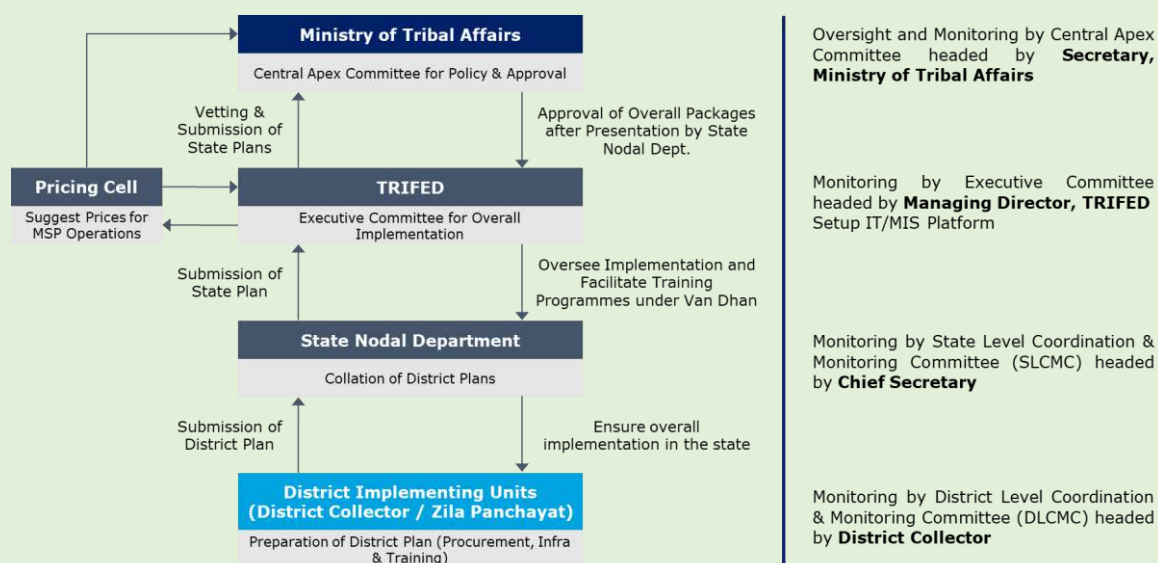
The Scheme includes proposals for procurement, infrastructure development, training, value addition and marketing (setting up of Van Dhan Vikas Kendras<sup>1</sup>). The architecture of responsibilities to implement the scheme is the following:

Fund Flow Mechanism:



<sup>1</sup> As per Clause 4.4.6 (Page 8) and Clause 2.5 (v) (Page 19), 3.4 (Page 24), 3.5 (Page 25) and 3.5.3 (Page 26) of Annex A of Cabinet Approved Scheme for "Training and capacity building of MFP gatherers and encouraging their participation by organizing them to form SHGs, producer companies, cooperatives or other collectives to improve their bargaining power"

Scheme Implementation & Monitoring Mechanism:



Adapted from Cabinet Approved Scheme (File No.2/1/2011-CP&R Page 31 and 32 of 73)

**(i) Ministry of Tribal Affairs - Central Apex Committee**

The Ministry of Tribal Affairs as the Nodal Ministry will be the Central Apex Committee and responsible for policy, oversight and obtaining and providing budgetary resources for the Scheme. Secretary, MoTA will chair the constituted Central Apex Committee. The representatives from different Ministries and Departments to promote tribal centric gathering, value addition and marketing of MFPs shall also be co-opted on to this Committee (**Annexure 2**).

**(ii) TRIFED - Executive Committee**

**TRIFED** will function as the technical support unit for MoTA and will coordinate the implementation and flow of funds of the Scheme through the designated State and other agencies including District Implementing Units through an Executive Committee setup within TRIFED (**Annexure 2**).

**(iii) Pricing Cell**

The Minimum Support Price will be recommended by the Pricing Cell setup in TRIFED. The Cell will constitute of members and experts in areas of price fixation, economic analysis, trade and marketing of MFPs. The announcement of MSP would be done by MoTA.



**(iv) State Government / State Nodal Department and other Agencies**

The State Government would identify the State Nodal Department and other agencies including the District Implementing Units. The State Nodal Department will coordinate the flow of funds and related matters of oversight to the District Unit. The agencies will oversee the implementation mechanism and allied activities through the District unit and in Haat Bazaars. A State Project Management Unit (PMU) comprising of professionals in the field of finance, marketing, IT and social sector etc. would be setup to support the State Nodal Department and other agencies.

**(v) State Level Coordination and Monitoring Committee**

The Chief Secretary of respective state will chair the State Level Coordination and Monitoring Committee (SLCMC) comprising of representatives from State Nodal Department (Tribal Welfare Department) and other agencies and also including Secretaries of Rural Development, Finance, Panchayati Raj, Industries, Handlooms and Handicrafts, Agriculture and other stakeholders. There would be freedom to co-opt any other stakeholder deemed necessary.

**(vi) District Implementation Unit / District Level Coordination and Monitoring Committee**

(a) The District Collector apart from heading the implementation in the district will also chair the District Level Coordination and Monitoring Committee (DLCMC) comprising of officials from Tribal, Forest, Rural Development, Zila Panchayat, Agriculture, NIC and Revenue formations. There would be freedom to co-opt any other stakeholder deemed necessary.

(b) The implementation in the district will be chaired by the Collector who will be responsible for overall preparation of the haat bazaar wise consolidated District Plan which will include procurement, infrastructure, value addition and marketing development (Van Dhan) plan. In the implementation of the Scheme, the District Collector will exercise all the financial and administrative powers to the extent granted by the State Government.

(c) A District Project Management Unit (PMU) comprising of professionals in the field of accounting, marketing, IT and social sector etc. would be setup to support the district unit.

**(vii) Primary Level Procurement at Haat Bazaars**

- (a) Primary level procurement at Haat Bazaars will be done through the existing set up of the state/ district or by engagement of Primary Procurement Agencies such as Cooperative Societies/ LAMPS/ Mahila Samities/VDCs/JFMCs/ self-help groups (SHGs) formed in the State including those formed under the National Rural Livelihood Mission constituting of local tribal majority members etc. selected by the District Collector in consultation with the Gram Panchayat. Such agencies shall be paid commission at the rate not exceeding 7.5% of the value of MFP procured through them. The expenditure for the purpose will be charged from the Overhead expenses which is upto 20% of the budgeted procurement outlay (Clause 3, Annex A of Cabinet Approved Scheme, Page 22)
- (b) The Haat Bazaars as the fulcrum of the Scheme will be developed as composite vibrant grid to ensure last mile connectivity as per Provisions of Panchayats (Extension to Scheduled Areas) Act, 1996 and The Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006 to secure and institutionalize tribal commerce.
- (c) The buyers including Government led SHGs would also operate in the Haat Bazaars regulated by the Gram Sabha as per provisions of the PESA Act 1996 (Section 4 Clause (m)). The Haat Bazaars will also serve as the basis for setting up of value addition and marketing centers namely 'Van Dhan Vikas Kendras'.
- (d) Primary, Secondary and Tertiary level value addition units will be setup in villages, tehsils or talukas and district headquarters based on the availability of minor forest produces and tribal population.
- (e) The Primary Level Gatherers as rightful owners of forest produces as per FRA Act 2006 (Chapter II U/S 3 Clause 1(c)) would be the focus of the Scheme and every activity will focus on the benefits that he/she derives and would be accordingly ordained.

**(viii) Federation of SHGs**

The SHGs for procurement and/or SHGs for value addition & marketing would be developed as producer groups through a hierarchy within a federation of SHGs at the National, State and District & below levels. This concept has been proposed keeping in view the need for aggregation of produce and

strengthening of individual tribals through clusters. This will also lead to economies of scale, holding and bargaining power to the SHGs.

### **3. Risk Management**

A risk management matrix to identify, pre-empt under-performance and support SHGs which may not function as per expectations which will be put in place. The Scheme entails business activities at the levels of procurement, value addition and marketing (Van Dhan) which would be a startup activity for the predominantly tribal SHGs. It is expected that 60% of the SHGs formed would take off. The remaining weak and failed units would need resuscitation, handholding or transfer to other activities which suits them.

### **4. Memorandum of Understanding (MoU)**

The various roles and responsibilities of the Central and State Government Ministries/Departments and Agencies will be guided by a MoU signed between the Central Government representative TRIFED and the Nodal Department nominated by the State Government. This will ensure accountability and clear definition of roles and responsibilities (**Annexure 3**).

### **5. Monitoring and Oversight**

A robust oversight mechanism including audit and IT-enabled Management information system (MIS) will be put in place to ensure transparency, fix accountability and penalize malafide actions to the norms of the Scheme. The MIS platform will link the Central Agencies and Haat Bazaar level agencies. The platform will be developed by TRIFED.

### **6. Convergences**

The Scheme will leverage convergences with various Central and State Ministries, Departments, Agencies and PSUs such as

- (i) Niti Aayog to facilitate implementation across 39 Aspirational Districts with majority tribal population
- (ii) Ministry of Rural Development to align and leverage the resources, skills and experience of Aajeevika tribal SHGs
- (iii) Ministry of Panchayati Raj for implementation of tribal centric micro market reforms
- (iv) Department of Financial Services to create synergy between Jan Dhan and MUDRA Schemes with Van Dhan

- (v) Ministry of Environment & Forests for inclusion of MFP Plantation in the National Forest Policy
- (vi) Ministry of AYUSH to facilitate medicinal MFPs value addition
- (vii) Department of Space (ISRO) to undertake MFP Resource Mapping
- (viii) Department of Home Affairs to promote the Scheme in tribal LWE affected districts
- (ix) Ministry of Food Processing Industries to promote value addition and training partnerships in MFPs.
- (x) PSUs and other enterprise to promote the Scheme as a part of CSR activity.

## **7. Roles and Responsibilities**

### **(i) Ministry of Tribal Affairs as Central Apex Committee** (Clause 2.4 Page 17 and 18 of Cabinet Approved Scheme)

- (a) To arrange for budgetary provisions / additional budgetary provisions for funding the implementation of the Scheme which will include
  - a. administrative cost, operational cost, compensation of loss, if any of the State Nodal Department and other agencies
  - b. support to strengthen TRIFED;
  - c. administrative expenses on the proposed commission for fixing of MFP
- (b) Release of funds for the above purpose to State Nodal Department and other agencies including District Implementation Units.
- (c) Ensure that funds reach the field level implementing units at the district level along with contribution of the State Government share.
- (d) Monitoring and evaluation of the scheme
- (e) Formulation of broad guidelines for effective implementation of the Scheme.

### **(ii) Role of TRIFED as Executive Committee** (Clause 2.5 Page 18 and 19 of Cabinet Approved Scheme)

- (a) To function as coordinating and technical support unit for the Ministry of Tribal Affairs and State Government Agencies

Guidelines For Mechanism For Marketing Of Minor Forest Produce (MFP) Through Minimum Support Price (MSP) & Development Of Value Chain For MFP

- (b) To sign MoU on behalf of the Ministry of Tribal Affairs with the State Governments to ensure implementation of the Scheme in letter and spirit by the State nodal department and other agencies
- (c) To undertake assessment of procurement & infrastructure plans for each state with the State Nodal Department and other agencies and recommend proposals to Central Apex Committee for approval in a time-bound manner
- (d) To coordinate with State Nodal Department and other agencies to prepare & implement Advocacy Plan for promotion of Scheme among various States and districts
- (e) To organize setting up of MSP procurement units and setting up of Value Addition and Marketing units (Van Dhan) in Haat Bazaar. This will be done in coordination with the State Nodal Department and other agencies
- (f) To facilitate training of MFP gatherers, Self Help Groups on proper harvesting, conservation and regeneration of MFP, value addition and marketing (Van Dhan) in coordination with the State Nodal Department and other agencies
- (g) To set-up a robust oversight and monitoring system for scrutinising the accounts through the State Nodal Department and other agencies related to the Scheme
- (h) To set up an IT enabled Management Information System (MIS) platform for monitoring of the implementation and information flow under the Scheme
- (i) To raise additional funds under Corporate Social Responsibility and other sources
- (j) To coordinate and facilitate tie up with Financial Institutions / State Government for providing working capital to tribal gatherers/SHGs
- (k) To engage a Programme Management Unit (PMU) comprising of professionals in the field of finance, marketing, IT and social sector etc. to oversee and support the following functions operations of the Scheme:
  - i. MSP operational unit
  - ii. Market Intelligence & knowledge base Expansion unit (Survey & Research)
  - iii. Monitoring, Inspection & Accounts Unit
  - iv. Minimum Support Price Fixation Cell
  - v. MFP gatherers' Training & Capacity Building Unit (Van Dhan)

- vi. R&D Unit
- vii. Field Implementation Units (Regional Offices of TRIFED) to coordinate with State Nodal Department and other agencies for implementation of the Scheme including procurement, infrastructure development, training & value addition, marketing facilitation etc.

**(iii) Role of State Government (through the Chief Secretary)** (Clause 2.6 Page 19, 20 and 21 of Cabinet Approved Scheme)

- (a) To designate a nodal department and other agencies for implementation of the Scheme. The implementation mechanism will be articulated through the instrumentality of a well-defined MoU. The Nodal department will sign the **MoU** with TRIFED (**Annexure 3**)
- (b) To constitute state level and district level coordination and monitoring committees headed by Chief Secretary and concerned district collector to ensure effective implementation of the scheme
- (c) To develop procurement plan by assessing number of purchase centres required, estimated quantity of each MFP likely to be purchased, arrangement of funds, arrangement of storage & transportation, arrangement of man-power & involvement of agencies/ experts.
- (d) To submit detailed action plan of the procurement agencies for undertaking procurement operations of MFP in the States for the next calendar year maximum by the end of December.
- (e) To release funds to state nodal department and other agencies in a timely manner.
- (f) Ensure that funds reach the field level implementing units at the district level with 75:25 contribution from the Central & State Government respectively
- (g) To ensure sufficient infrastructure for the operations along with manpower support.
- (h) To ensure that Gram Sabhas are involved in implementation of the proposed Scheme.
- (i) To ensure that the Gram Sabha/ PRIs are consulted by the Forest Department in formulation of their working plan of regeneration, conservation & management of MFP.

- (j) To ensure setting up of adequate no. of procurement centres with necessary manpower and storage facility to meet the needs of MFP gatherers.
- (k) To examine the proposal of state agencies for reimbursement of loss and forward to TRIFED for onward transmission to MoTA giving full justification for the same.
- (l) To constitute State Level Coordination & Monitoring Committee (SLCMC) under the chairmanship of the Chief Secretaries to review the operations and give suitable directions & guidance for effective implementation of the scheme.
- (m) To constitute **District Implementation Unit** and District Level Coordination & Monitoring Committee (DLCMC) headed by district collector for periodically monitoring the scheme at the local level.
- (n) To appoint Audit agency for audit of statement of account of State Nodal Department and other Agencies for the Scheme including losses, if any. This would be shared in the ratio of 75:25 between the Central and State Government to the extent of 33% of the basic procurement price (Clause 3.1.1 of Annex A of Cabinet Approved Scheme, Page 23)
- (o) To duly budget pro-rata the State's share of funds required for implementation of the Scheme and facilitate timely release to the Agencies and onward transmission to field level implementing units

**(iv) Role of State Nodal Department** (Clause 2.7 Page 21 of Cabinet Approved Scheme)

- (a) To obtain from the District Implementation Units the district-wise proposals and detailed action plans under the Scheme including procurement, infrastructure, training and value addition and marketing (Van Dhan) for each season and commodity
- (b) To collate the district plans and submit it to TRIFED (Executive Committee) for onward transmission to the Ministry of Tribal Affairs (Central Apex Committee), well in advance
- (c) State Nodal Department will ensure timely submission/ approval of the procurement plan submitted by the District Implementing Units

- (d) Nodal Department, in consultation with the District Implementing Units will prepare format for monitoring and audit of the Scheme on yearly basis.
- (e) State designated agencies will maintain a separate account of working capital and utilize the funds only for procurement of operations at the fixed MSP. Interest accrued on the working capital amount & profit (if any) generated will also be accounted for in this account.
- (f) The State Nodal Department will finalise the account related to each district/ commodity on yearly basis and submit the commodity wise statement of account in respect of transaction of procurement & disposal, duly audited by the Accountant General of State, to MoTA
- (g) Liaison with the State Level and District Level Coordination Monitoring Committee (SLCMC & DLCMC) under chairmanship of Chief Secretaries & district collectors for monitoring the Scheme at State and Local level
- (h) The State Nodal Department shall be responsible for timely release of state share (25%) to the District Implementing Unit.
- (i) The State Nodal Department shall submit the consolidated proposal to TRIFED no later than 31<sup>st</sup> December for operations of next financial year (from April to March)
- (j) The State Nodal Department and designated District Implementing Units shall be fully responsible for maintaining proper records of procurement, efficient utilization of funds, submission of utilization statement to TRIFED, ascertaining profit/ loss in transaction and disposal of the MFP stock within the stipulated time
- (k) To engage a Programme Management Unit (PMU) comprising of professionals in the field of finance, marketing, IT and social sector etc. to oversee and support the operations of the Scheme. The expenditure for the purpose will be charged from the Overhead expenses which is upto 20% of the budgeted procurement outlay (Clause 3, Annex A of Cabinet Approved Scheme, Page 22)

**(ix) Role of District Implementing Unit**

- (a) The District Implementing Unit will be headed by the District Collector for the respective District of the State. In the implementation of the Scheme, the District Collector will exercise all the financial and administrative powers to the extent granted by the State Government.



- (b) The District Implementing Unit shall be eligible for an incentive at the rate not exceeding 2% of the base procurement value of MFP procured (Clause 4.4.2 of Cabinet Approved Scheme, Page 7)
- (c) To set up an Implementation framework as per Guidelines of MSP for MFP
- (d) To prepare & implement district-wise and Panchayat-wise Advocacy Plan
- (e) To prepare Annual District Plan for Haat Bazaars wise procurement, infrastructure development, training & value addition and marketing (Van Dhan) and submission of the same to Nodal Agency for onward submission to TRIFED
- (f) To maintain a separate account for the Scheme including 75:25 share from the Central and the State Government. The funds will be used for procurement, infrastructure development, training & value addition and marketing (Van Dhan). Interest accrued on the amount & profit (if any) generated will also be accounted for in this account.
- (g) Will be responsible for all sanctions and utilization as per the framework of implementation
- (h) To ensure setting up of adequate no. of procurement centres in Haat Bazaars and Van Dhan Vikas Kendras in coordination Zila and Gram Panchayat as per provision of PESA. Will be responsible for implementation of the Haat Bazaar Sanchika (**Annexure 4**) as per provisions of PESA
- (i) To ensure setting-up of procurement shed, display of MSP, availability of weighing machines, gunny bags, adequate cash with the procurement SHGs, stock keeping and accounting, cash accounting and flow, transportation, storage and liquidation of procured amount at haat bazat level, district level or through collation at the state level
- (j) To facilitate setting-up of Van Dhan Vikas Kendras including selection of SHGs, training, primary, secondary and tertiary level value addition and marketing of produce as per provision of the Van Dhan Vikas Karyakram guidelines (**Annexure 5**)
- (k) Documentation of risk factors and implementation of risk mitigation strategies/plans
- (l) To finalise the account related to each commodity on yearly basis and submit the commodity wise statement of account in respect of

transaction of procurement & disposal to Nodal Agency for onward submission to TRIFED & MoTA

- (m) To facilitate audit of the Scheme operations as arranged by the State Nodal Department through the Accountant General of State
- (n) To submit completion and outcome reports to TRIFED through the State Nodal Department
- (o) To address district specific requirements the District Implementing Unit will have flexibility to alter the parameters within the overall spirit of the Scheme. Any such change shall be informed to the State Nodal Department and TRIFED with justification. TRIFED will communicate this to the Central Apex Committee.
- (p) To engage a Programme Management Unit (PMU) comprising of professionals in the field of accounting, marketing, IT and social sector etc. to oversee and support the operations of the Scheme. The expenditure for the purpose will be charged from the Overhead expenses which is upto 20% of the budgeted procurement outlay (Clause 3, Annex A of Cabinet Approved Scheme, Page 22)

**(x) Role of Panchayati Raj Institutions**

- (a) Funds pertaining to the Scheme including contribution from both Centre and State Government will be parked in the Zila Panchayat by the State and will be operated by the District Implementation Unit
- (b) The Advocacy Plan for the District shall be implemented in coordination and support of the Panchayati Raj Institutions and other elected representatives of the District.
- (c) In line with the Haat Bazaar Sanchika, each Gram Sabha shall enforce the following:
  - i. Promote less cash transactions
  - ii. Planning IEC for advocacy and enforcement of Minimum Support Price
  - iii. Registration of Primary Procurement Agencies such as Cooperative Societies/ LAMPS/ Mahila Samities/VDCs/JFMCs/ self-help groups (SHGs) formed in the State including those formed under the National Rural Livelihood Mission constituting etc. with provision for advance

- & commission payments as per MoU at the rate not exceeding 7.5% of the value of MFP procured through them
  - iv. Allotment of space to Primary Procurement Agencies for procurement at Haat Bazaar
  - v. Create and strengthen of fair weighing practices and instruments through electronic weighing machines
  - vi. Provision of hired dry and cold storage (short & long term) to increase shelf-life and holding capacity
  - vii. Create and strengthen logistics network for transportation of procured items to designated godowns/ markets
  - viii. Establish linkages for value addition activities
  - ix. Transaction Audit and agency based Third Party / Gram Sabha Monitoring
  - x. IT enabled communication, information and monitoring network; link the haat bazaar with the National network
  - xi. Time-bound dispute resolution mechanism at Gram Panchayat / Gram Sabha
- (d) The Panchayati Raj Institutions shall act as per provisions of PESA Act, 1996 and FRA Act, 2006 for implementation of the various activities under the Scheme.

**8. The detailed Operational Manual for the Scheme is enclosed in Annexure 6**

**Annexure 1: List of MSP for 50 MFPs (2013-14 to 2018-19)**

S. No	Name of MFPs	Rate List of MSP for MFPs notified by the Ministry of Tribal Affairs, GOI w.e.f. 24/01/2014	Rate List of MSP for MFPs notified by the Ministry of Tribal Affairs, GOI w.e.f. 24/02/2014	Rate List of MSP for MFPs notified by the Ministry of Tribal Affairs, GOI w.e.f. 01/01/2015	Rate List of MSP for MFPs notified by the Ministry of Tribal Affairs, GOI w.e.f. 07/07/2015	Rate List of MSP for MFPs notified by the Ministry of Tribal Affairs, GOI w.e.f. 31/10/2016	Rate List of MSP for MFPs notified by the Ministry of Tribal Affairs, GOI w.e.f. 21/11/2017	Rate List of MSP for MFPs notified by the Ministry of Tribal Affairs, GOI w.e.f. 26/12/2018	Rate List of MSP for MFPs notified by the Ministry of Tribal Affairs, GOI w.e.f. 11/01/2019	Percentage increase in (8) as compared to (6)
		MSP (Rs. Per Kg.)	MSP (Rs. Per Kg.)	MSP (Rs. Per Kg.)	MSP (Rs. Per Kg.)	MSP (Rs. Per Kg.)	MSP (Rs. Per Kg.)	MSP (Rs. Per Kg.)	MSP (Rs. Per Kg.)	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Tamarind (with seeds) ( <i>Tamarindus indica</i> )	22	22	22	22	18	18	31	31	72.2%
2	Wild Honey	132	132	132	132	150	150	195	195	30%
3	Gum Karaya ( <i>Sterculia urenus</i> )	108	108	108	108	108	108	98	98	-9.3%
4	Karanj seed ( <i>Pongamia pinnata</i> )		21	21	21	18	18	19	19	5.6%
5	Sal seed ( <i>Shorea robusta</i> )		10	10	10	10	12	20	20	66.7%
6	Mahua seed ( <i>Madhuca longifolia</i> )		22	22	22	20	20	25	25	25%
7	Sal leaves ( <i>Shorea robusta</i> )		21	21	21	21	24	30	30	25%
8	Chironji pods with seeds ( <i>Buchanania lanzan</i> )		100	100	100	60	93	109	109	17.2%
9	Myrobalan ( <i>Terminalia chebula</i> )		11	11	11	8	8	15	15	87.5%
10 A	Rangeeni Lac		210	230	230	100	130	130	130	0%
10 B	Kusumi Lac		290	320	320	150	167	203	203	21.6%
11	Kusum seeds ( <i>Schleichera oleosa</i> )					10	10	20	20	100%
12	Neem seeds ( <i>Azadirachta indica</i> )					12	12	23	23	91.7%
13	Puwad seeds ( <i>Cassia tora</i> )					8	8	14	14	75%
14	Baheda ( <i>Terminalia bellirica</i> )					15	15	17	17	13.3%
15	Hill Broom Grass ( <i>Thysanolaena maxima</i> )					10	10	30	30	200%
16	Dry Shikakai Pods ( <i>Acacia concinna</i> )					30	30	43	43	43.3%
17	Bael pulp (Dried) ( <i>Aegle marmelos</i> )					15	15	27	27	80%
18	Nagarmotha ( <i>Cyperus rotundas</i> )					25	25	27	27	8%
19	Shatavari Roots (Dried) ( <i>Asparagus racemosus</i> )					40	40	92	92	130%
20	Gudmar / Madhunashini ( <i>Gymnema sylvestre</i> )					35	35	35	35	0%
21	Kalmegh ( <i>Andrographis paniculata</i> )					15	15	33	33	120%

S. No	Name of MFPs	Rate List of MSP for MFPs notified by the Ministry of Tribal Affairs, GOI w.e.f. 24/01/2014	Rate List of MSP for MFPs notified by the Ministry of Tribal Affairs, GOI w.e.f. 24/02/2014	Rate List of MSP for MFPs notified by the Ministry of Tribal Affairs, GOI w.e.f. 01/01/2015	Rate List of MSP for MFPs notified by the Ministry of Tribal Affairs, GOI w.e.f. 07/07/2015	Rate List of MSP for MFPs notified by the Ministry of Tribal Affairs, GOI w.e.f. 31/10/2016	Rate List of MSP for MFPs notified by the Ministry of Tribal Affairs, GOI w.e.f. 21/11/2017	Rate List of MSP for MFPs notified by the Ministry of Tribal Affairs, GOI w.e.f. 26/12/2018	Rate List of MSP for MFPs notified by the Ministry of Tribal Affairs, GOI w.e.f. 11/01/2019	Percentage increase in (8) as compared to (6)
		MSP (Rs. Per Kg.)	MSP (Rs. Per Kg.)	MSP (Rs. Per Kg.)	MSP (Rs. Per Kg.)	MSP (Rs. Per Kg.)	MSP (Rs. Per Kg.)	MSP (Rs. Per Kg.)	MSP (Rs. Per Kg.)	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
22	Tamarind (De-seeded) ( <i>Tamarindus indica</i> )					40	40	54	54	35%
23	Guggul (exudates)					700	700	700	700	0%
24	<b>Palash / Kesuda Flower</b>					<b>8</b>	<b>Removed from the list w.e.f. 21/11/2017</b>			
25	Mahua Flowers (dried) ( <i>Madhuca longifolia</i> )							17	17	-
26	Tejpatta (dried) ( <i>Cinnamomum tamala and Cinnamomum sp.</i> )							33	33	-
27	Jamun dried seeds ( <i>Syzygium cumini</i> )							36	36	-
28	Dried Amla pulp (deseeded) ( <i>Phyllanthus emblica</i> )							45	45	-
29	Marking Nut ( <i>Semecarpus anacardium</i> )							8	8	-
30	Soap Nut (dried) ( <i>Sapindus emarginatus</i> )							12	12	-
31	Bhava seed/ (Amaltas) ( <i>Cassia fistula</i> )							11	11	-
32	Arjuna Bark ( <i>Terminalia arjuna</i> )							18	18	-
33	Kokum (Dry) ( <i>Garcinia indica</i> )							25	25	-
34	Giloe ( <i>Tinospora cordifolia</i> )							21	21	-
35	Kaunch seed ( <i>Mucuna pruriens</i> )							18	18	-
36	Chirata ( <i>Swertia chirayita</i> )							29	29	-
37	Vaybidding / Vavding ( <i>Embelia ribes</i> )							81	81	-
38	Dhavai phool dried flowers ( <i>Woodfordia flobunda</i> )							32	32	-
39	Nux Vomica ( <i>Strychnos nux vomica</i> )							36	36	-
40	Ban Tulsi Leaves (dried) ( <i>Ocimum tenuiflorum</i> )							19	19	-
41	Kshirni ( <i>Hemidesmus indicus</i> )							30	30	-
42	Bakul (dried bark) ( <i>Mimusops elengii</i> )								40	-
43	Kutaj (dried bark) ( <i>Holarrhena pubescens/</i>								27	-

S. No	Name of MFPs	Rate List of MSP for MFPs notified by the Ministry of Tribal Affairs, GOI w.e.f. 24/01/2014	Rate List of MSP for MFPs notified by the Ministry of Tribal Affairs, GOI w.e.f. 24/02/2014	Rate List of MSP for MFPs notified by the Ministry of Tribal Affairs, GOI w.e.f. 01/01/2015	Rate List of MSP for MFPs notified by the Ministry of Tribal Affairs, GOI w.e.f. 07/07/2015	Rate List of MSP for MFPs notified by the Ministry of Tribal Affairs, GOI w.e.f. 31/10/2016	Rate List of MSP for MFPs notified by the Ministry of Tribal Affairs, GOI w.e.f. 21/11/2017	Rate List of MSP for MFPs notified by the Ministry of Tribal Affairs, GOI w.e.f. 26/12/2018	Rate List of MSP for MFPs notified by the Ministry of Tribal Affairs, GOI w.e.f. 11/01/2019	Percentage increase in (8) as compared to (6)
		MSP (Rs. Per Kg.)	MSP (Rs. Per Kg.)	MSP (Rs. Per Kg.)	MSP (Rs. Per Kg.)	MSP (Rs. Per Kg.)	MSP (Rs. Per Kg.)	MSP (Rs. Per Kg.)	MSP (Rs. Per Kg.)	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	<i>H.aniidysenterical</i> )									
44	Noni/Aal (dried fruits) ( <i>Morinda citrifolia</i> )								15	-
45	Sonapatha/Syonak pods ( <i>Oroxylum indicum</i> )								18	-
46	Chanothi seeds ( <i>Abrus precatorius</i> )								39	-
47	Kalihari (dried tubers) ( <i>Gloriosa superba</i> )								27	-
48	Makoi (dried fruits) ( <i>Solanum nigrum</i> )								21	-
49	Apang plant ( <i>Achyranthes aspera</i> )								24	-
50	Sugandhmantri roots/ tubers ( <i>Homalomena aromatica</i> )								33	-

## **Annexure 2: Composition of the Central Apex Committee and the Executive Committee**

### **1. Composition of the Central Apex Committee**

The Central Apex Committee will be chaired by Secretary, Ministry of Tribal Affairs. The Secretary or his nominee (not below the level of Joint Secretary) from following Ministry/ Department may also be co-opted as members into the Central Apex Committee:

1. Ministry of Tribal Affairs (Chairman), Government of India
2. Ministry of Rural Development, Government of India
3. Ministry of Panchayati Raj, Government of India
4. Department of Financial Services, Government of India
5. Ministry of Environment and Forests, Government of India
6. Ministry of AYUSH, Government of India
7. Ministry of Food Processing Industries, Government of India

The Managing Director, TRIFED, Ministry of Tribal Affairs shall act as the Member Secretary of the Committee.

### **2. Composition of the Executive Committee**

The Executive Committee will be chaired by Managing Director, TRIFED and will comprise of the following members or their representatives:

1. Managing Director (Chairman and Programme Director), TRIFED, Ministry of Tribal Affairs, Government of India
2. Chairman and Managing Director, National Scheduled Tribes Finance and Development Corporation (NSTFDC), Ministry of Tribal Affairs, Government of India
3. Joint Secretary, Department of Financial Services, Ministry of Finance, Government of India
4. Joint Secretary, Ministry of Rural Development, Government of India
5. Joint Secretary, Ministry of Panchayati Raj, Government of India
6. Director, Indian Institute of Forest Management (IIFM), Bhopal, Madhya Pradesh
7. Managing Director, Chhattisgarh State MFP Trade and Development Cooperative Federation Limited, Raipur, Chhattisgarh
8. Managing Director, Gujarat State Forest Development Corporation Limited, Vadodara, Gujarat
9. Managing Director, Girijan Cooperative Corporation, Vishakhapatnam, Andhra Pradesh

10. Managing Director, Maharashtra State Tribal Development Cooperative Corporation Limited, Nashik, Maharashtra
11. Managing Director, Jharkhand State Minor Forest Produce Cooperative Development and Marketing Federation Limited, Ranchi, Jharkhand
12. Managing Director, Assam Plain Tribes Development Corporation, Guwahati, Assam
13. Executive Director (MFP), TRIFED (Secretary to the Committee)

Representatives from different states shall be included in the Executive Committee on a rotation basis.



### **Annexure 3: Memorandum of Understanding**

#### **MEMORANDUM OF UNDERSTANDING**

**(As per approval of Ministry of Tribal Affairs, TRIDED F.No. TFD/HO/MFP/MSP/17-18/30/IV dated 01.09.2017)**

THIS MEMORANDUM OF UNDERSTANDING EXECUTED BETWEEN:

Ministry of Tribal Affairs, Government of India, acting through the Managing Director, Tribal Cooperative Marketing Development Federation of India, a Society registered under the Multi-State Cooperative Societies Act, 1984 (Central, No.51 of 1984) having its Registered Office at N.C.U.I Building, 2<sup>nd</sup> Floor, 3 Siri Institutional Area, August Kranti Marg, New Delhi 110016, (hereinafter called "TRIFED") of the **FIRST PART**;

And

Government of (Name of the State), acting through the Principal Secretary, Department of ..... (hereinafter called the "Nodal Department") having its office at ..... of the **SECOND PART**.

WHEREAS for protecting tribal gatherers in the trade of minor forest produces against the unfair practices of unscrupulous market operatives the Government of India has formulated a scheme called "Mechanism for marketing of Minor Forest Produce (MFP) through Minimum Support Price (MSP) and Development of Value Chain for MFP" (in short, "the MFP-MSP Scheme"<sup>2</sup>), a copy of which is attached to this MOU and forms a part of it;

And whereas identified minor forest produces have been included under the MFP-MSP Scheme (hereinafter called "MFP") (List enclosed at Annexure 1)<sup>3</sup>;

And whereas the Government of India proposes to implement the MFP-MSP Scheme through the State Nodal Department;

And whereas the State Nodal department has appointed (List of the State Implementing Agencies i.e. the District Implementing Units) as the implementing agency;

---

<sup>2</sup> The Scheme includes proposals for procurement, infrastructure development, training, value addition and marketing (setting up of Van Dhan Vikas Kendras)

<sup>3</sup> This would stand automatically amended in case of any change by Ministry of Tribal Affairs

And whereas the scheme envisages that the loss, if any, suffered under the scheme shall be jointly borne by the Government of India and the State Government in the ratio of 75:25;

And whereas the Government of India has already placed with the State Government a corpus of Rs..... (Rupees ... only) or will place as per proposal received for use under the MFP-MSP Scheme;

And whereas the two parts to this MOU are keen to reduce to writing the terms and conditions governing the above grant made available by the Government of India to the State Government;

NOW THIS MEMORANDUM OF UNDERSTANDING WITNESSES AS FOLLOWS:

1. That the State Government will duly budget for and make available to the Nodal Department pro-rata 25% amount for implementation of the MFP-MSP Scheme in the tribal districts of (Name of the State).
2. That the Nodal Department will make available necessary funds to the implementing agencies sufficiently in advance of the procurement season for smooth implementation of the MFP-MSP Scheme.
3. That the minimum support price for various MFP under the MFP-MSP Scheme shall be decided and notified by Ministry of Tribal Affairs well in advance of the procurement season.
4. That the Nodal Department / Implementing Agencies shall ensure that procurement centers for MFP in sufficient numbers are set up in the tribal areas, and that mobile procurement units are deployed in all tribal haat bazars on all market days.
5. That the implementing agency will engage as procuring agents self-help groups (SHGs) formed in the State including those formed under the National Rural Livelihood Mission; LAMPS; Gram Van Samities etc.
6. That no MFP shall be procured under the MFP-MSP Scheme from any trader, middlemen or shell agency.
7. The mechanism of the MFP-MSP Scheme will be implemented in the haat bazaars to ensure tribal gatherers are paid not less than the notified MSP.
8. That the implementing agency shall pay commission to the SHGs at the rate not exceeding 7.5% of the value of MFP procured through them to be charged from the

- overhead expenses under the MFP-MSP Scheme. Implementing Agency shall be eligible for an incentive at the rate not exceeding 2% of the base procurement value of MFP procured as per the guidelines.
9. That the implementing agency shall, in the best interest of the State Government and the Government of India, ensure strategic disposal of the MFP collected.
  10. That the value of MFP for the purpose of commission shall be computed on the basis of the minimum support price for the MFP concerned.
  11. That the commission shall be transferred to the bank account of the SHG forthwith after procurement.
  12. That the Nodal Department shall ensure wide and effective publicity of the minimum support price for each of the commodities through the Gram Panchayats, posters, loud-speaker announcements in the haat bazars and all other feasible means of communication.
  13. That the Nodal Department shall collect through the implementing agency information relating to the prevailing price for each of the MFP through (a) Mandi records, and (b) Haat Bazar intelligence.
  14. That the information regarding prevailing prices collected under para 10 above shall be communicated by the Nodal Agency to the designated e-mail ID of TRIFED on a weekly basis from the start of the procurement season to the close thereof.
  15. That the Nodal Department shall undertake, also, from its own funds awareness generation activities to train the tribal gatherers in constructive harvesting practices, hygienic handling of produces, Mandi Literacy and related matters.
  16. That the implementing agency and the Nodal Department shall undertake at their own cost the orientation of field-level officials and functionaries involved in implementation of the MFP-MSP program so that these officials and functionaries adopt a tribal-friendly attitude in the discharge of their duties.
  17. That the Nodal Department shall identify suitable Government buildings in disuse for any reason whatsoever, and develop them as Common Facility Centers so that they can be used by the local villagers for primary processing and/or storage space for the MFP before they are sold.

18. That the implementing agency shall maintain proper accounts of the funds laid at its disposal for use under the MFP-MSP Scheme and submit these after due audit to the Nodal Department as also to TRIFED.
19. That the Nodal Department shall arrange to send the utilization certificate (UC) to TRIFED within thirty days of the end of the procurement season.
20. That the Nodal Department shall prepare and submit to TRIFED an Annual Action Plan for the following year at least three months before the commencement of the next procurement season so that budget can be arranged in time.
21. That TRIFED and the Nodal Department appreciate the fact that the welfare of tribes is a concern that cuts across departments and so both shall strive for synergy with kin departments like Rural Development, Tribal Welfare, Adult Literacy, Cottage Industries and others for holistic success of the program.
22. IN ACCEPTANCE OF THE ABOVE, the two parts named hereinabove have on the \_\_\_ day of \_\_\_ 2019 put their signatures and seal on the MOU in the presence of the witnesses named below at \_\_\_\_\_(Place)

**For Ministry of Tribal Affairs**

**For Government of .....**

Managing Director

Principal Secretary (.....)

(Pravir Krishna)

( )

**WITNESSES:**

- 1.
- 2.

## **Annexure 4: Haat Bazaar Sanchika**

### **HAAT BAZAR SANCHIKA**

#### **Guidelines for Operation and Management of Haat Bazaar**

##### **1. Introduction**

- 1.1 Almost 60-70% income of the forest dwellers depends on collection and sale of minor forest produce (MFP) which is part of their subsistence level income. The MFP collected is traded over approx. 5,000 village markets or the "*haat bazars*" deep inside forest areas. These are weekly markets which take place in open grounds. Haat Bazars play an important role in aggregation of MFP produce for forward linkages and facilitating tribal MFP gatherers in direct sale of their produce to consumers/bulk consumers and reducing intermediaries.
- 1.2 Recent estimates by TRIFED indicate the trade value at **approx. Rs. 20,000 Crores** for **55** economically important MFPs.
- 1.3 Tribal commerce is transacted at the haat bazaars and tribal-centric intervention, therefore, has to begin here. A tribal-centric micro-market reforms, for the Haat Bazars located deep inside the forest is needed.
- 1.4 The majority of the existing Haat bazaars, however, largely remain unorganized. These lack proper oversight-systems and institutional mechanisms for orderly sale-purchase transaction of the MFP produce. The context encourages unfair trade practices, as a result of which the middleman gains whereas the tribal MFP gatherer has to be content with less than 20% worth value of their produce.
- 1.5 The Haat Bazars located at village level will initiate and service transactions at terminal destinations, and with other primary and secondary markets. And there is need for the Gram Panchayat / Gram Sabha to carry their mandated functions as per PESA, 1996. This will efficiently and effectively link the production and consumption centres maximizing returns to the MFP gatherers.

- 1.6 Enactment of Provisions of the Panchayats (Extension of the Scheduled Areas) Act, 1996 (PESA 1996) inter-alia empowers the Gram Panchayats and Sabhas in Scheduled Areas with the ownership of minor forest produce and power to manage village markets and exercise control over local plans and resources for such plan.

**Text Box 1: Relevant extracts from the Provision of Panchayats (Extension to Scheduled Areas) Act, 1996**

1. Section 4 Clause (d): Every Gram Sabha shall be competent to safeguard and preserve the traditions and customs of the people, their cultural identity, community resources and the customary mode of dispute resolution
2. Section 4 Clause (e): Every Gram Sabha shall approve the plans, programmes and projects for social and economic development before such plans, programmes and projects are taken up for implementation by the Panchayat at the village level
3. Section 4 Clause (m): State Legislature shall ensure that the Panchayats at the appropriate level and the Gram Sabha are endowed specifically with-
  - (a) the ownership of minor forest produce;
  - (b) the power to prevent alienation of land in the Scheduled Areas and to take appropriate action to restore any unlawfully alienated land of a Scheduled Tribe;
  - (c) the power to manage village markets by whatever name called;
  - (d) the power to exercise control over money lending to the Scheduled Tribes;
  - (e) the power to exercise control over institutions and functionaries in all social sectors;
  - (f) the power to control over local plans and resources for such plans including tribal sub-plans;

- 1.7 A further development in this direction is the enactment of Scheduled Tribes and other traditional forest dwellers (Recognition of Forest Rights) Act, 2006 which has vested the Scheduled Tribes and Other Traditional Forest Dwellers with right of ownership, access to collect, use and dispose of minor forest produce.

**Text Box 2: Relevant extracts from the Scheduled Tribes and other traditional forest dwellers (Recognition of Forest Rights) Act, 2006**

1. An Act to recognize and vest the forest rights and occupation in forest land in forest dwelling Scheduled Tribes and other traditional forest dwellers who have been residing in such forests for generations
2. Chapter II: Forest Rights
  - (a) Clause (c): right of ownership, access to collect, use, and dispose of minor forest produce which has been traditionally collected within or outside village boundaries
  - (b) Clause (f): rights in or over disputed lands under any nomenclature in any State where claims are disputed
  - (c) Clause (i): right to protect, regenerate or conserve or manage any community forest resource which they have been traditionally protecting and conserving for sustainable use
  - (d) Clause (k): right to access to biodiversity and community right to intellectual property and traditional knowledge related to biodiversity and cultural diversity
3. Chapter VI Miscellaneous: Clause 11 – The Ministry of the Central Government dealing with Tribal Affairs or any officer or authority authorized by the Central Government in this behalf shall be the nodal agency for the implementation of the provisions of the Act

- 1.8 There is, therefore, a need for creation of a composite vibrant grid of haat bazaars to ensure last mile connectivity between PESA, 1996 and FRA, 2006 to secure and institutionalize tribal commerce.

## **2. Haat Bazaar Sanchika**

- 2.1 Notification of Minimum Support Price (MSP) and ensure tribals are not forced to sell below this as a resolution of the Gram Sabha.
- 2.2 Setup watch-dog committees to oversee and regularly review in Gram Sabha meetings the implementation of the Scheme “The Mechanism for Marketing of Minor Forest Produce through Minimum Support Price and Development of Value Chain” as a permanent agenda
- 2.3 Facilitate selection of SHGs for procurement, training and value addition activities by the District Implementing Units. Registration of Primary Procurement Agencies such as Cooperative Societies/ LAMPS/ Mahila Samities/VDCs/JFMCs/ self-help groups (SHGs) formed in the State including those formed under the National Rural Livelihood Mission etc. with provision for advance & commission payments as per MoUat the rate not exceeding 7.5% of the value of MFP procured through them.
- 2.4 Allotment of space to SHGs for procurement at Haat Bazaar and value addition in the catchment area in available Panchayat / Government buildings/sheds.

- 2.5 Facilitate hiring of dry and cold storage (short & long term) to increase shelf-life and holding capacity
- 2.6 Facilitate a strong logistics network for transportation of procured items to godowns/markets
- 2.7 Ensure establishment of linkages for value addition activities
- 2.8 Supervise fair weighment practices through use of certified electronic weighing machines or certified manual weighing machines and certified standard weights and measures.
- 2.9 Ensure proper accounting procedures by buyers and SHGs to provide a fair deal to the tribals for their produces; prevent cheating by wily middlemen
- 2.10 Ban exchange of goods through barter or manual/volume measures of weightment (e.g. barter of 1 kg of salt for 1 kg of tribal produce of chironjee!!). Such malpractices lead to grave discrepancies in payments to the tribals/gatherers.**
- 2.11 Ensure prompt and proper payment to tribal gatherers by SHGs and other traders for their minor forest produces, ensuring MSP to gatherers at all cost.
- 2.12 Planning advocacy and Information Education & Communication (IEC) for awareness generation and enforcement of Minimum Support Price
- 2.13 Strive to promote less cash transaction
- 2.14 Review by Gram Sabha and Social Audit
- 2.15 Facilitate the setting up of IT-enabled communication, information and monitoring system and a mobile app based platform to link haat bazaars with the District, State and National network
- 2.16 Time-bound dispute resolution mechanism at Gram Panchayat / Gram Sabha



2.17 Provisioning of basic infrastructure and amenities for hygiene, sanitation and drinking water.

### 3. Setting up of Infrastructure at the Haat Bazar

3.1 For Haat Bazar to become operational and deliver the intended services will require basic infrastructure

#### Illustrative list of On-market facilities to aid trade activities at Haat bazaars

Core Facilities	Basic & Support Infrastructure
<ul style="list-style-type: none"> <li>• Electronic/manual weighing scales</li> <li>• Auction Platforms</li> <li>• Assaying laboratory</li> <li>• Packaging &amp; Labelling Equipment</li> <li>• Drying Yards</li> <li>• Bagging and stitching machines and facilities</li> <li>• Loading, Unloading &amp; Dispatch facilities</li> <li>• Pre-conditioning- cleaning, sorting, grading, washing, waxing, etc. – unit of minimum capacity</li> <li>• Integrated Pack-house of reasonable capacity</li> <li>• Appropriate storage capacity to stage the produce for forward linkage.</li> <li>• Standardization facilities</li> <li>• Appropriate transport capacity – reefer vehicles, ordinary trucks, etc.</li> <li>• Primary processing and value addition facilities – mini oil expeller/ de-shelling machines etc.</li> <li>• Information Display on Minimum Support Prices, transport availability, storage availability and other services on offer</li> <li>• IT infrastructure to integrate with other market information</li> <li>• Storage (dry/ cold)</li> <li>• Public Address System</li> <li>• Extension and Training to Farmers</li> </ul>	<ul style="list-style-type: none"> <li>• Boundary Wall</li> <li>• Internal roads &amp; and drainage network</li> <li>• Water Supply</li> <li>• Power Supply and back-up system</li> <li>• Veterinary Services</li> <li>• Sanitary Facilities</li> <li>• Posts &amp; Telephones</li> <li>• Banking</li> <li>• Input supply und Necessity Outlets</li> <li>• Repair / Maintenance Service</li> <li>• Office</li> <li>• Computerized systems</li> <li>• Rain Proofing</li> </ul>
Other Service Infrastructure	Maintenance Infrastructure
<ul style="list-style-type: none"> <li>• Rest Rooms</li> <li>• Parking</li> <li>• Sheds for Animals</li> <li>• Market Education</li> </ul>	<ul style="list-style-type: none"> <li>• Cleaning and Sanitation</li> <li>• Garbage Collection &amp; Disposal</li> <li>• Waste Utilization</li> </ul>

### 3.2 Off-market Infrastructure

- (i) This category primarily includes efficient road and transport infrastructure, that connects the minor forest produce from the near to forest area to the haat, and therefrom to wholesale markets like APMCs or other consumption centres
- (ii) While road connectivity may be upgraded/strengthened by tapping budgetary allocations under ongoing schemes like MGNREGS, PMGSY, PWD works (state & district roads), the transport system will need strengthening by mostly promoting private sector, including aiding the youth to become transport-entrepreneurs (e.g., owner driven carriage transport of varied capacities).
- (iii) However, in case of cold transport system like reefer vehicles, larger investments will be necessary for setting up the preliminary pre-conditioning facilities at the Haat, for which convergence may be sought under various existing scheme of centre focused on cold chain development such as Mission on integrated horticulture development, Pradhan Mantri Krishi Sampada Yojana etc.

## **4. Funding the Infrastructure at the Haat Bazar**

- 4.1 To build haat bazar modernization infrastructure, allocations available under Scheme on 'Mechanism for Marketing of Minor Forest Produce through Minimum Support Price and Development of Value Chain'.
- 4.2 Some facilities like godowns (particularly cold storage) may have to be preferably hired or funded from the schemes of DAC&FW under MIDH, AMI, AMIF, RKVY-RAFTAR etc. Likewise electricity will need specific allocations and states may arrange for it.
- 4.3 Supplementary funds may also come from the Ministry of Food Processing Industries (MoFPI), AMIF-Corpus Fund, MIDH, AMI sub-scheme, RKVY-RAFTAR etc. which are the schemes of DAC&FW, apart from state's own allocations.

## **5. Management Structure and Institutional Support**

- 5.1 At grass-root level the Haat Bazar are proposed to be managed by Market Level Management Committee, which shall be responsible for smooth operation and management of the Haat bazar. In consonance with PESA, 1996 Haat Bazar market shall be owned by the local rural bodies i.e. Gram Panchayat with Head of the concerned local body or his nominee as the Chairman. Beside the markets may also

be owned by para-statal agencies such as APMCs/ RMCs and other such juristic persons or private individuals, trusts etc.

## 5.2 Role and responsibility of market level management committees

- (i) To establish and maintain an office with minimal staff (Accountant, Computer Operator, Manager) to take care of Operation & Management (O&M) functions of Haat Bazar.
- (ii) To mobilize funds from different sources to build, strengthen and upgrade needed infrastructure.
- (iii) To facilitate both direct sale-purchase and aggregation of small produce lots.
- (iv) To facilitate both physical & online modes of transactions.
- (v) To on-board the market on any of the online trade platform including e-NAM.
- (vi) To maintain and update the list of all market participants – traders, federation of SHGS, MFP gatherers etc.
- (vii) To maintain accounts in prescribed format and in accordance with prescribed financial norms & procedures.
- (viii) To set up a grievance redressal and dispute resolution mechanism.

5.3 In addition a three-tier management structure proposed under the Scheme on 'Mechanism for Marketing of Minor Forest Produce through Minimum Support Price and Development of Value Chain' at National, State and District level shall also be responsible for coordinating, supporting and guiding the modernization of Haat Bazar Infrastructure under the Scheme.

## **6. Mode of Procurement at the Haat Bazar**

5.4 Procurement of MFP at MSP at the Haat Bazar level shall be facilitated through the Procurement Centres of District Level Implementing Agency under the Scheme on 'Mechanism for Marketing of Minor Forest Produce through Minimum Support Price and Development of Value Chain'

5.5 The Cooperative Societies/ LAMPS/ Mahila Samities/VDCs/JFMCs/ self-help groups (SHGs) formed in the State including those formed under the National Rural Livelihood Mission, Forest Samities, other tribal SHGs (i.e. SHGs with majority tribal population) etc appointed as Primary Procuring Agencies by the District Level

Implementing Agency as primary procurement centre or the existing set of the state/ district shall facilitate procurement of stock from MFP gatherers

- 5.6 The Primary Procuring Agencies shall be paid commission at rate not exceeding 7.5% of the value of MFP procured through them as per the Scheme guidelines.

### **7. Professional Support, Training and Orientation**

- 5.7 At every District level, professional project management unit shall be appointed under the ambit of overall Scheme on MSP for MFP, which would work in sync with the Gram Panchayat/ local rural bodies for development of the Haat Bazar.
- 5.8 Assistance may be sought by the State from National level Institutes such as MANAGE, NIAM, State Agriculture Universities and KVKs for addressing the training and orientation needs of management and executive functionaries at different levels

## **Annexure 5: Van Dhan Vikas Karyakram**

### **VAN DHAN VIKAS KARYAKRAM**

**Guidelines for "Training and capacity building of MFP Gatherers and encouraging their participation by organizing them to form SHGs, producer companies, cooperatives or other collectives to improve their bargaining power"**

## Van Dhan Vikas Karyakram

***"Van Dhan, Jan Dhan and Govardhan would be the basis for transforming the rural and tribal economy in the future"***

- Hon'ble Prime Minister Narendra Modi

*at launch of pilot Van Dhan Vikas Kendra, Bijapur, Chhattisgarh, April 14, 2018*

### 1. The Vision

- 1.1 As a measure to support MFP market development and ensuring fair returns to the tribal gatherers, the Ministry of Tribal Affairs (MoTA) has already been implementing Scheme on 'Mechanism for marketing of Minor Forest Produce (MFP) through Minimum Support Price (MSP) and development of Value Chain for MFP'.
- 1.2 As a part of the Scheme, various skill up gradation trainings have been conducted for the MFP gatherers. The training also provide demonstrative tool kits to the trainees for promoting adoption of scientific collection, harvesting and primary processing of MFPs. It is deliberated that whereas trainings conducted have been intensive, however, outreach of such intervention remains limited in terms of beneficiaries impacted, sustainability and replicability at grassroots level beyond the trained critical mass.
- 1.3 **As per clause 4.4.6 (Page 8) of Cabinet Approved Scheme and clause 2.5 (v) (Page 19), 3.4 (Page 24), 3.5 (Page 25) and 3.5.3 (Page 26) of Annex A, Cabinet Approved Scheme, training and capacity building of MFP gatherers and encouraging their participation by organizing them to form SHGs, producer companies, cooperatives or other collectives to improve their bargaining power has been envisaged.**
- 1.4 In consideration of the above, guidelines for achieving the Scheme objectives have been formulated.
- 1.5 This component under the Scheme is proposed to be implemented through the District Implementing Units by adopting more comprehensive cluster development approach.

This implies going beyond offering new skills and effective tools (through training) and building capacities of MFP gatherers as grassroots business clusters with a focus on value addition. Cluster based value addition approach shall enable the tribal gatherers to achieve economies of scale as well as collectively leverage their resources to have better access to public resources, linkages to credit and enhance their marketing competitiveness.

- 1.6 The modalities to achieve such outcomes has to be undertaken with well identified project targets, delineation of responsibilities, availability of budget and a robust monitoring mechanism.

## **2. The Concept**

- 2.1 It is a fact widely acknowledged that forests in India have survived mostly in areas that have a high percentage of tribals. This is largely because the tribals traditionally have had an interest in forest conservation and development. Their economy, culture, and every other aspect of life are closely related to forests. They have a symbiotic relationship with forests: the survival of one depends on the survival of the other. Over generations, they have built an enormous traditional knowledge base regarding forests and forest produces.
- 2.2 After 1927, when the Forest Act was enacted, the State adopted a timber-centric, commercial approach towards forest development. Timber, especially high-value timber like teak, found focus. The various 'crops' of the forests (the non-timber products) were dismissively clubbed as 'Minor Forest Produces' (MFP). The fact is that the tribals' dependence on forests was chiefly for these MFPs; to them timber was secondary. It was precisely for this primacy of MFP that they were nurturing the trees. However, tribals were overlooked.
- 2.3 However, subsequently certain reforms have been made by the government in terms of ownership of MFPs by the tribals. The Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of *Forest Rights*) Act as brought in 2006. Earlier, Provisions of Panchayats (Extension to Scheduled Areas) Act, 1996 conferred ownership rights on tribal Gram Sabhas in respect of MFP found in their area. In 2014, the Scheme of MSP for MFP was introduced.
- 2.4 All of the above are steps in the right direction. But to achieve the desired object, several 'gaps' that include the following need to be filled:
- (i) As a result of the timber-first policy, the area under MFP-bearing trees is shrinking. This is reflected in a general fall in production figures of various MFP.
  - (ii) The trade mechanism of MFP at the primary haat bazar level remains highly inequitable to the tribals. As a result of this, even when the market prices appear impressive, the cash that comes to the tribal's hands remains low. Substantial gain is reaped by the long chain of middlemen.
- 2.5 In other words, the first mile and the last mile intervention by the Government to safeguard the tribals' trade-interests in MFP is still pending. The result is that the

forest-tribal areas continue to remain hotbeds of unrest and continue to bleed under Left-wing extremism.

- 2.6 **Hence this proposal to address the gaps. Aptly named Van Dhan (Wealth of the Forests), this initiative would complement the Hon'ble PM's scheme of Jan Dhan to ensure inclusive development and the mainstreaming of tribals in a true sense.**

### **3. The Van Dhan Vikas Karyakram**

- 3.1 Van Dhan Vikas Karyakram is an initiative targeting livelihood generation for tribals by harnessing the wealth of forest i.e. Van Dhan. The programme aims to tap into traditional knowledge & skill sets of tribals by adding technology & IT to upgrade it at each stage and to convert the tribal wisdom into a viable economic activity. The initiative shall provide enhanced livelihood to about 45 lakhs tribal gatherers in one year.
- 3.2 The Van Dhan initiative shall promote and leverage the collective strength of tribals to achieve a viable scale to take on the predatory market forces in the areas where these are still prevalent.
- 3.3 Proposition is to set-up tribal community owned Minor Forest Produce (MFP)-centric multi-purpose Van Dhan Vikas Kendras (the Kendra) in predominantly tribal districts. About 6000 Van Dhan Kendras are proposed to be set up in span of 2 years i.e. 3000 Kendras to be set-up in each year, which will be further continued based on evaluation of their performance and also expanded every year.

### **4. Essential Features of the Van Dhan Vikas Karyakram**

- 4.1 The Kendras would act as common facility centres for procurement cum value addition to locally available MFPs. Value addition of raw produce is expected to increase the share of tribals in the value chain to 70-75% (from the present share of 20-25%).
- 4.2 A typical Van Dhan Vikas Kendra shall constitute of 10 tribal Van Dhan Vikas Self Help Groups (SHG), each comprising of upto 30 MFP gatherers i.e. about 300 beneficiaries per Kendra (subject to variability as per local conditions).
- 4.3 The key features of the Van Dhan Kendra would be as follows:
- (i) The Van Dhan Vikas SHGs would belong to contiguous area, preferably in same or near-by villages
  - (ii) At least 60% beneficiaries of the SHG shall be tribal and the SHG shall be led by a tribal member



- (iii) Preference to be given to convergence with functional SHGs promoted under Aajeevika Mission with majority tribal members<sup>4</sup>.
  - (a) The endeavor would be to identify a cluster of 2-3 Aajeevika SHGs/ primary level societies/ collectives (as the case may be) operating preferably in the same or near-by villages as a Van Dhan SHG for the training and equipment supply.
  - (b) Each Van Dhan SHG would be given a unique name although the Aajeevika SHGs within the Van Dhan SHG will continue to be identified by their respective Aajeevika SHG IDs.
  - (c) The Aajeevika SHGs will also continue to use their Aajeevika bank accounts for working capital requirements for the purpose of Van Dhan operations. The Van Dhan SHG may also open a new bank account for this purpose in case the need is felt by the SHG members.
- (iv) The technology component under the Vikas Karyakram will focus on optimization of human capital that will be the touchstone of the technology choice exercised.
- (v) It shall also trigger setting-up of standards of quality and benchmarks for replication at each stage of value addition to MFPS.
- (vi) Pricing of value added products will be market driven and would be derived based on contextual factors.

## **5. Stages under Van Dhan Vikas Karyakram**

### **5.1 Composite Kendras shall be set-up through a 2-stage process – Stage I (set up) & Stage II (scale up).**

- (i) Stage I of the Van Dhan Vikas Karyakram shall be to set-up 6000 Van Dhan Kendras over a period of 2 years in tribal districts across all States (except Haryana, Punjab and Delhi, as these do not have Scheduled Tribe gatherers). During this phase the provision for required building facilities shall be established in one of the beneficiary's household or part of house or Government/ gram panchayat building.
- (ii) Stage II of the Van Dhan Vikas Karyakram shall focus on scaling up the well performing Kendras into *pucca* facilities with enhanced facilities i.e. storage, primary processing, packaging facilities etc.

---

<sup>4</sup> TRIFED has a Memorandum of Understanding with Ministry of Rural Development to tap into its network of self-help groups under Aajeevika initiative.

5.2 **Implementation of Stage I i.e. Setting up 6000 Van Dhan Kendras, would be carried out as follows:**

- (i) The Van Dhan Vikas Karyakram is envisaged to be implemented through a unique 'cluster development' approach.
- (ii) **At unit level,** the Van Dhan SHG shall be primarily responsible for collection and aggregation of MFPs from the nearby forests and undertaking primary level value addition at SHG level. Additionally, these SHGs may receive raw material from District Implementing Units and return the processed goods to the District Implementing Units as finished product. The SHGs may also buy MFPs from its own funds.

This stage will involve primary value addition of MFP items through mechanical tools such as decorticators, sickle, secateurs, cutting tools, dryers, graders etc.

- (iii) Under the Van Dhan Vikas Karyakram, each Van Dhan Vikas SHG shall be supported with following facilities/ components:
  - (a) Building/ infrastructure support to be established in one of the beneficiary's house/ part of house or Government/ gram panchayat building
  - (b) Primary processing equipment/ tool kit comprising of equipment such as small cutting and sieving tools, decorticator, dryer, packaging tool etc. based on MFPs available in the area
  - (c) Facilitate training for a batch of 30 trainees on sustainable harvesting/ collection of MFPs and value addition for all MFPs available in the area. Provision for raw material for training purpose and supply of trainee kits
  - (d) Facilitation and arrangement for working capital for the Van Dhan Vikas SHGs to be met through tie up with financial institutions, banks, NSTFDC etc.<sup>5</sup>
- (iv) **At cluster level,** the Van Dhan Vikas Kendra shall act as common facility centre. It shall facilitate linkages in both local and distant markets for sale of the processed/value added products produced by the Van Dhan Vikas SHGs.

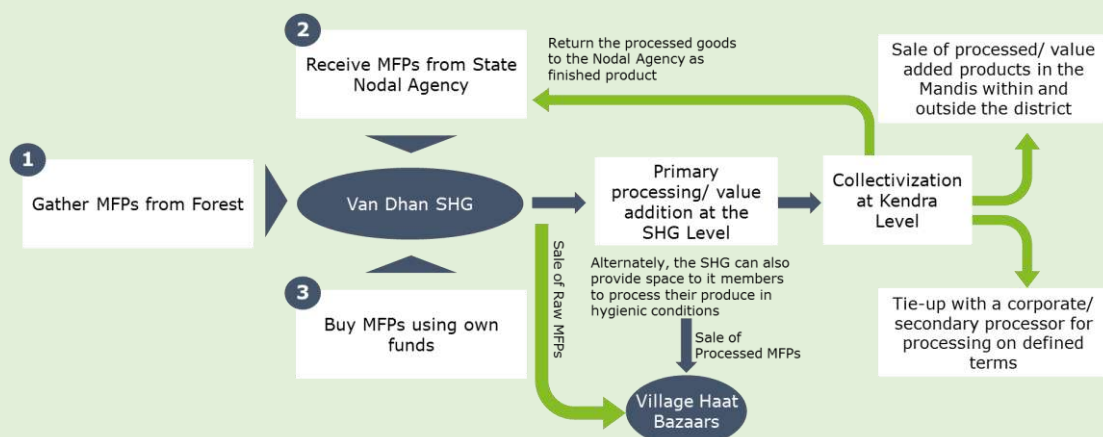
---

<sup>5</sup> TRIFED already has an Memorandum of Understanding with NSTFDC to provide concessional financial assistance for procuring project related assets and working capital through its State Channelising Agencies (SCAs)

- (v) The Kendras may also enter into a tie-ups with private entities / NGOs for value addition and marketing on defined terms or may simply provide space to it members on custom hiring basis for processing of their produce in hygienic conditions. Besides, the Kendras shall also facilitate transportation and storage (on rental basis) on behalf of the SHGs for the MFPs/ raw material and the processed products.
- (vi) The Kendra may be guided by State facilities like Kisan Call Centre, the State Government’s Mandi Board web portal etc. to make strategic decisions based on market intelligence. TRIFED shall develop appropriate mechanisms for collection & disseminating information on daily market rates, including e-commerce avenues, to support the Kendra in this regard.
- (vii) Each Van Dhan Vikas Kendra shall be managed by a Managing Committee consisting of representatives of Van Dhan SHGs in the cluster
- (viii) **Linkage with local Haat Bazaars:** The Van Dhan Vikas Kendras will be established around the catchment areas of the local haat bazaars, where the procurement of the MFPs shall be taken up under the MSP for MFP scheme.

As per the estimation there are more than 5000 Haats in the tribal areas. Within the provisions of the scheme of MSP for MFP, it is proposed to modernize these Haat Bazaars with permanent structure and facilities for storage, drinking water, shade, platform, weighing equipment and other tools etc. The modernisation of the Haat bazaars shall be taken up in a phased manner, along with the establishment of the Van Dhan Vikas Kendras.

**Figure: Operating Model of a Van Dhan Kendra & Van Dhan SHGs**



- (ix) Notably, there exists a strong complementarity between the Aajeevika - National Rural Livelihood Mission (NRLM) of the Ministry of Rural Development (MoRD) and proposed Van Dhan Vikas Karyakram of Ministry of Tribal Affairs (MoTA) as both focus on pro-poor transformation through building of strong grassroots livelihood collectives. Concerted efforts shall be made towards tapping the network of all existing Scheduled Tribe (ST) Self Help Groups (SHGs) formed and/or revived under NRLM and consolidating them into Van Dhan SHGs at unit level and federated into Van Dhan Kendras at cluster level. Particularly for the North Eastern States, the existing network of SHGs promoted under regional rural livelihood developmental initiatives as North East Rural Livelihood Project<sup>6</sup> (NERLP) and North Eastern Region Community Resource Management Project<sup>7</sup> (NERCORMP) promoted by the Ministry of Development of North Eastern Region (DoNER) shall also be tapped.
- (x) Out of the total 3000 Van Dhan Kendras to be set-up in the first year, about 2100 Kendras (70 percent) are estimated to be converged from Aajeevika Mission and remaining 900 (30 percent) shall be mobilized.
- (xi) Criteria for qualification of Aajeevika SHGs for Van Dhan Vikas Kendras
  - (a) The SHGs should comprise of MFP gatherers
  - (b) The SHGs should have a minimum of 60% tribal members
  - (c) The SHGs should be present in the catchment areas of the MFPs.
  - (d) The SHGs selected through the Aajeevika network will be distinguishable from other through software generated unique numbers provided to them for monitoring purpose.

### 5.3 Cost for establishment of the Van Dhan Kendra

- (i) Cost per Van Dhan Vikas Kendra is estimated to be Rs. 15 Lakhs.
  - (a) The cost requirement is calculated at unit rate of Rs 1.5 lakhs per Van Dhan Vikas SHG for cluster of 10 such SHGs per Kendra

---

<sup>6</sup> North Eastern Rural Livelihood Project (NERLP) is an initiative to improve rural livelihoods, especially that of women, unemployed youths and the most disadvantaged, in four participating North Eastern States of Mizoram, Nagaland, Sikkim and Tripura. The initiative is supported by the Ministry of Development of North Eastern Region (DoNER) and the World Bank

<sup>7</sup> North Eastern Region Community Resource Management Project (NERCORMP) is a livelihood and rural development project aimed to transform the lives of the poor and marginalized tribal families in North East (NE) India. NERCORMP is a joint developmental initiative of the North Eastern Council (NEC), Ministry of DoNER, Govt. of India and International Fund for Agricultural Development (IFAD).

- (b) The cost mainly includes the cost of training (for a batch of 30 trainees for 4 days) and cost of equipment.
- (ii) Van Dhan Vikas Karyakram is primarily the training and development of value chain component of the scheme for MSP for MFP. Therefore, the above stated cost components should continue to be 100 percent contributed at centre level under the budgetary allocation of training component of Scheme on MSP for MFP.
- (iii) Additionally, the working capital requirement for Van Dhan Kendra is estimated to be Rs 10 Lakhs per Van Dhan Kendra.
- (a) The working capital requirement is calculated at unit rate of Rs 1 lakhs per Van Dhan SHG for cluster of 10 such SHGs per Kendra
- (b) The requirement of working capital shall be met from excess corpus or raised from financial institutions as NSFTDC, SBI and other banks. As majority SHGs would be derived from on-going initiatives of Aajeevika, they are expected to be matured ones. Thus, an add-on facilitation of working capital may not be required for all Van Dhan SHGs and would be facilitated on need basis.
- (iv) The cost break-up for each Van Dhan Vikas SHG is given below:

**Table: Cost per Van Dhan Kendra**

<b>S. No.</b>	<b>Description of Expenditure</b>	<b>Total (Rs.)</b>
<b>1</b>	<b>TRAINING &amp; FACILITATION EXPENSES</b>	
a.	Hiring of Master Trainers (2 No.s X Rs. 2000)	4,000
b.	Lodging and Boarding Charges for the Master Trainers	2,000
c.	Arrangement for training (such as training board, banners, posters, etc.)	1,000
<b>2</b>	<b>TRAINEE EXPENSES</b>	
a.	Wage compensation to the trainees/ members (30 trainees X 4 days x Rs. 150/ day)	18,000
b.	Food & Refreshment Expenses (Breakfast, Lunch, Tea / Snacks) (Rs. 100/ trainee/ day X 30 trainees X 4 days)	12,000
<b>3</b>	<b>ADVOCACY EXPENSES</b>	
a.	Advocacy materials, photography etc.	4,500
<b>4</b>	<b>COST OF RAW MATERIAL @ about 14 kg per person @Rs.20/- per kg</b>	8,500
<b>I</b>	<b>Total cost of training (excluding supply of toolkit)</b>	50,000
<b>II</b>	<b>TOOL KIT*</b>	1,00,000
<b>III</b>	<b>Total cost for one batch (excluding working capital) (I+II)</b>	<b>1,50,000</b>
<b>IV</b>	<b>WORKING CAPITAL**</b>	<b>1,00,000</b>
	<b>Total Cost for setting up 1 Van Dhan Vikas SHG (III+IV)</b>	<b>2,50,000</b>

S. No.	Description of Expenditure	Total (Rs.)
	<b>Cost for ten Van Dhan SHGs i.e. One Van Dhan Vikas Kendra (Rs. 2.5 lakhs x 10 SHGs)</b>	<b>Rs. 25.00 Lakhs including Rs. 10.00 Lakhs Working Capital.</b>

\* It may include tools and equipment such as decorticator, dryer, sieve, packaging machine, weighing scale, cutting tool, tarpaulin, etc. depending on the available MFPS in the area which would be processed by the SHG. Here, Rs. 1 lakh has been taken indicatively.

\*\* The working capital will include cost of hiring of storage space (both dry and/or cold), hiring of transportation of the products, cost of raw material, packaging material, travel for marketing, etc.

The tribal gatherers are expected to collect the raw material from the forest areas for processing and value addition. Some of it may be sold at MSP for immediate cash requirements and remaining produce would be utilized for value addition.

#### 5.4 **Implementation of Stage II i.e. scaling up of the well performing Kendras into pucca facilities, would be carried out as follows:**

- (i) The performance of Van Dhan Kendras set up under Stage I shall to be assessed on half-yearly basis (i.e. after 4-6 months of Kendra establishment).
- (ii) Assessment of respective Kendras shall be performed by District Level Coordination and Monitoring Committee (DLCMC) and finalized by State Level Coordination and Monitoring Committee (SLCMC). Based on the assessment, the District Collector shall submit a proposal to TRIFED for sanction of pucca Kendra. TRIFED will scrutinize and approve the proposal and once approved, TRIFED shall release funds directly to the Zila Panchayat for the pucca Kendra.
- (iii) The selected Kendras shall be supported with pucca facilities (if required and existing facilities are not available) for upgradation of value chain with facilities such as storage, primary processing, packaging facilities and other ancillary support etc.
- (iv) The facilities so developed would be owned by the Gram Panchayat in which the Van Dhan Vikas Kendra is located.
- (v) The technologies developed under Research and Development initiatives undertaken by TRIFED will facilitate strengthening the primary and secondary processing facilities of the pucca Kendras.

#### 5.5 **Cost for establishment of pucca Kendra**

- (i) Cost per pucca Kendra is estimated to be Rs 20 Lakhs and is proposed to be fully funded under the development of value chain (training) component of the Scheme for MSP for MFP. Efforts shall also be made to tap CSR funds

available with PSUs/ private sector firms. Note that this cost excludes the working capital requirements for the Kendra, which shall be met from financial/ banking institution.

**Table: Cost per pucca Van Dhan Kendra**

<b>Cost Component</b>	<b>Amount (in Rs)</b>
Procurement of land <i>(To be provided by the State Government)</i>	Nil
Cost of Land development including fencing and gate (subject to requirement)	Rs 3 Lakhs
Provision of additional facilities (storage, warehouse, building etc.)	Rs 12 Lakhs
Add-on facilities / equipment requirement	Rs 3 Lakhs
Provision of transportation facilities (on sharing basis between 10 Kendras)	Rs 2 Lakhs
<b>Total</b>	<b>Rs 20 Lakhs</b>

*Note: Operations of Van Dhan Vikas Kendras developed in Phase I shall be reviewed for providing additional facilities and upgradation to Pucca Kendras. The Pucca Kendras shall continue to use the present available facilities with the Kendra and perform value addition activities. In case of requirement of any additional facilities and if existing ones are not sufficient, the Pucca Kendras will be provided with the additional facilities. The funding for the same shall be as per above mentioned parameters with 100% contribution from the Centre.*

## **6. Standards**

- 6.1 The District Implementation Unit will lay out standards for procurement and value added products to enable branding and marketing. The Project Management Unit will assist in this process.
- 6.2 PMU will clearly layout the necessary conditions for improving and assuring the overall quality of MFP produce (including value added products) by benchmarking of various levels of proficiency for selected commodities, as per established standards.
- 6.3 The tribal gatherers/ SHG members shall adhere to the minimum required standards in terms of product quality and hygiene to ensure its longevity, color/ durability, replicability of product and processes etc. thereby enhance product acceptance by buyers, both domestic & overseas and keep them technologically abreast of best practices.

## **7. Phases & Timelines**

- 7.1 A Quarterly phased approach is proposed to be adopted for implementation of the Van Dhan Vikas Karyakram.
- 7.2 Over the next 2 years, the targeted number of 6000 Van Dhan Vikas Kendras (Stage I) and scaling up of well performing Kendras into pucca facilities (Stage II) is proposed to be achieved indicatively as follows:

**Table: Indicative phase-wise Van Dhan Kendra to be set up & scaled up in 2 years (Value in Nos.)**

Timeline →	Year 1					Year 2					Grand Total (in Nos.)
	Q1	Q2	Q3	Q4	Sub-Total	Q1	Q2	Q3	Q4	Sub-Total	
Phases →	Phase 1	Phase 2	Phase 3	Phase 4		Phase 1	Phase 2	Phase 3	Phase 4		
Stage I: Setting-up of Van Dhan Vikas Kendra	600	800	800	800	3000	600	800	800	800	3000	<b>6000</b>
Stage II: Scaling up to pucca Kendra*	-	-	360	480	840	480	480	360	480	1800	<b>2640</b>

\*Notes to Table 3:

- (i) As mentioned earlier, preferably the already existing network of tribal SHGs promoted under Aajeevika Mission shall be tapped for formation of majority of Van Dhan Vikas SHGs. Wherever required, the tribals shall be mobilized to form new Van Dhan Vikas Self Help Groups. In such a scenario, the operational progress and developmental levels of different SHGs and the constituting Kendras shall vary from one another. Therefore, all of the 6000 Kendras targeted to be set up under the Vikas Karyakram may not be transformed into pucca Kendra in the given limited timeframe.
- (ii) As majority of Van Dhan SHGs are proposed to be derived from already established network of SHGs promoted under Aajeevika mission, the rate of success of Kendras set up under Stage I to turn into pucca Kendra is assumed at 60 percent. Therefore out of the of total 6000 No. of Kendras to be set up in 2 years, about 3600 Kendras (i.e. 60% of the total) shall be supported with pucca facilities, subject to assessment of half yearly performance of such Kendra.
- (iii) Note that the above table is indicative of the number of facilities to be set up and scaled up in 2 years. About 2640 Kendra are proposed to be scaled up to pucca facilities by the end of 2nd year. The remaining 960 Kendra (out of 3600 Kendra) shall be taken up for scale up in the subsequent years.
- (iv) The Pucca Kendras shall continue to use the facilities

### 7.3 **Stage I: Establishment of 6000 Van Dhan Kendras (Phases & Timelines)**

- (i) Aligned with the policy to trigger the rapid transformation of 115 Aspirational districts, initial emphasis of the Vikas Karyakram shall be to set-up the Van Dhan Kendras in the aspirational districts with majority tribal population<sup>8</sup>. A total of 39 aspirational tribal districts have been identified. The setting-up of the Kendras would then be gradually scaled up to other Districts/States in order of percentage of tribal population and assessment of availability of MFPs with potential for value addition.
- (ii) The District-wise number of Van Dhan Vikas Kendra to be set-up has also been derived based on TRIFED's consultation with the State & District level

<sup>8</sup> Tribal aspirational districts are the districts with majority tribal population i.e. districts with more than 50% ST population and/ or districts with 2 or more blocks having 50% or more ST population.



implementing agencies with regard to the district-wise capacities to host such facilities.

- (iii) Accordingly, the tentative State-wise quarterly action plan to set-up the 6000 Van Dhan Kendra is as proposed below.
- (iv) The overall fund requirement for setting up 6000 Van Dhan Vikas Kendras will be Rs. 900 Cr. over the span of 2 years.
- (v) To summarize the coverage of Van Dhan Kendras and livelihood generation thereof:
  - (a) 27 States (excluding Haryana & Punjab where no Scheduled Tribes are notified)
  - (b) 307 districts with majority tribal population (including 39 aspirational tribal)
  - (c) 6000 Van Dhan Vikas Kendra (over 2 years)
  - (d) 18 Lakh tribal families (3000 Kendra X 10 Van Dhan SHGs per Kendra x 30 members per SHG)
  - (e) 90 Lakh tribal individual assuming tribal family size of 5 members

#### 7.4 **Stage II: Scaling up of the well performing Kendras into pucca facilities**

- (i) The State and District specific targets for scaling up of the well performing Kendra into pucca facilities shall be subject to review and assessment of half-yearly performance of the Van Dhan SHGs/ Kendras in respective regions. The assessment of respective Kendra shall be conducted by District Level Coordination and Monitoring Committee (DLCMC) and finalized by State Level Coordination and Monitoring Committee (SLCMC). Based on the assessment, the District Collector shall submit the proposal for sanction of pucca Kendra to TRIFED.
- (ii) As majority Van Dhan SHGs (forming the Kendra) would be mobilized through existing network of SHGs under Aajeevika, the rate of success of Kendras scaling up into pucca facilities (Stage II) is assumed at 60 percent of total. Of the remaining 40 percent Van Dhan Kendra set up under Stage I, a fund of Rs 5 lakhs per Kendra (i.e. Rs 50,000 per Van Dhan Vikas SHG) is proposed as a separate budget line towards resurrection of atleast 50% bonafide failure/ weak performer

**Table: Quarterly & Phase-wise scaling up of Van Dhan Kendras into pucca facilities (Stage II)**

Timeline →	Year 1					Year 2					Grand Total (in Nos.)
	Q1	Q2	Q3	Q4	Sub-Total	Q1	Q2	Q3	Q4	Sub-Total	
Phases →	Phase 1	Phase 2	Phase 3	Phase 4		Phase 1	Phase 2	Phase 3	Phase 4		
Scaling up to pucca Kendra (in Nos.)	-	-	360	480	840	480	480	360	480	1800	<b>2640</b>
Fund Requirement (Rs. in Cr)	-	-	72	96	168	96	96	72	96	360	<b>528</b>

## 8. Federation of SHGs

- 8.1 The whole activity would be carried out through the federation of SHGs placed in a pyramidal structure with Apex body at National level, State level producer companies comprising of Van Dhan Vikas SHGs and Kendras and District/Haat Bazaar level SHGs for procurement and value addition.
- 8.2 **The objective of setting up SHGs and federating them into producer companies at the state and district level. The State and District level PMUs would plan and implement this exploring the available opportunities.**



## 9. Coverage

- 9.1 The Coverage of the Scheme will be pan India and the MFPs included in the Scheme. For other items, procurement will have to be done by the local agencies to be part of the programme and shall not be budgeted under the Scheme for MSP for MFP

## **10.Operational Guidelines**

### **10.1 Setting Up Van Dhan Vikas Kendras**

- (i) Identification and setting up of Van Dhan Vikas Kendras in a district will be the responsibility of the respective District Implementation Unit.
- (ii) A typical Van Dhan Vikas SHG would comprise of
  - (a) MFP gatherers of about 30 members with at least 60% tribal members. In case 30 members are not available, an appropriate number of members may be decided (but not less than 20), provided the Van Dhan operations are viable for the SHG. However, in all cases, the SHG should have at least 60% tribal members.
  - (b) One member from one household should be part of the SHG. Efforts should be made to include preferably women members in the SHG
  - (c) The group leader of the SHG should be a tribal individual who is identified as a natural leader. The identification of the group leader should be unanimously done by all the members of the SHG. Similarly, a deputy group leader will also be identified who will preferably be a tribal.
- (iii) A group of about 10 SHGs operating in a contiguous geographical area, preferably in the same or near-by villages, will form one Van Dhan Vikas Kendra.
- (iv) The District Implementation Unit will engage a team to identify the potential tribal gatherers for the Van Dhan Vikas SHGs.
- (v) Preference will be given to adopt the already functional tribal SHGs promoted under Aajeevika and DoNER (in the North Eastern States).
  - (a) The endeavor will be to identify a cluster of 2-3 Aajeevika SHGs/ primary level societies/ collectives (as the case may be) operating preferably in the same or near-by villages as a Van Dhan Vikas SHG for the training and equipment supply.
  - (b) Each Van Dhan Vikas SHG will have a unique name and ID although the Aajeevika SHGs within the Van Dhan Vikas SHG will continue to be identified by their respective Aajeevika SHG IDs.
  - (c) The Aajeevika SHGs will also continue to use their Aajeevika bank accounts for working capital requirements for the purpose of Van Dhan operations.

- (d) The Van Dhan Vikas SHG may also open a new bank account for this purpose in case the need is felt by the SHG members.
- (vi) In case Aajeevika/DoNER SHGs are not available, a new SHG may be formed as per the criteria given in 10.1(ii). In case of new SHG, the SHG will have a unique name and ID.
- (vii) The District Implementation Unit may consult with handholding organizations/NGOs etc. to identify such SHG members for formation of Van Dhan Vikas SHGs.
- (viii) The Van Dhan Vikas SHG may also open a new bank account for this purpose in case the need is felt by the SHG members. The measures for opening a new bank as per the Aajeevika guidelines can be adopted for the same<sup>9</sup>. A brief detail of Aajeevika guidelines for opening a new bank account is given below:
- (a) The savings bank account shall be opened in the name of the group and not in the name of any individual member of the SHG
- (b) The members of the SHG shall pass a resolution with their signatures and submit it to the branch manager to open a bank account in the nearest bank branch
- (c) It is important for the SHG to get a stamp (seal) made to open an account
- (d) Appointment of office bearers to operate the saving bank account with a condition that any two Office Bearers can transact with the bank. Only members of the group should become the signatories to the bank account. No one other than a member should become a joint signatory of the group account.
- (ix) For the SHGs, the provision for required building infrastructure shall be established in one of the beneficiary's household or part of house or any available Government/ gram panchayat building. The District Implementation Unit will assist the SHG in identifying such Government/ gram panchayat building.
- (x) The team engaged by District Implementation Unit shall group about 10 such SHGs to form a Van Dhan Vikas Kendra and allot them one Govt. /

---

<sup>9</sup> A Handbook on SHG – Bank Linkage, DAY – NRLM, Ministry of Rural Development, Government of India (<http://daynrlmbl.aajeevika.gov.in/Circulars/Handbook%20on%20SHG.pdf> accessed on 12.07.2018)

Gram Panchayat/ Private building. In case 10 SHGs are not available, an appropriate number of SHGs may be decided (but not less than 7 SHGs and a total of 200 MFP gatherers), provided the Van Dhan operations are viable for the Kendra.

- (xi) Each Van Dhan Vikas Kendra shall have a unique name and ID.
- (xii) Each Van Dhan Vikas Kendra shall form a Managing Committee consisting of one representative (preferably the group leader) from each SHG in the cluster. A Committee leader shall be identified amongst the members unanimously. The managing committee shall have designated individuals for account keeping, procurement, training, value addition and marketing.
- (xiii) The Van Dhan Vikas Kendra would open a new bank account for the purpose of Van Dhan operations. The Kendra will follow the same process for opening of the bank account as that for the SHGs. A brief detail for opening a new bank account is given below:
  - (a) The savings bank account shall be opened in the name of the Kendra and not in the name of any individual member of the Managing Committee
  - (b) The members of the Managing Committee of the Kendra shall pass a resolution with their signatures and submit it to the branch manager to open a bank account in the nearest bank branch
  - (c) It is important for the Kendra to get a stamp (seal) made to open an account
  - (d) Appointment of office bearers to operate the saving bank account with a condition that any two Office Bearers can transact with the bank. Only members of the group should become the signatories to the bank account. No one other than a member should become a joint signatory of the group account.

## 10.2 **Supply of Equipment**

- (i) Each Van Dhan Vikas SHG shall be provided with basic equipment for harvesting and value addition of MFPs by District Implementation Unit based on the approved district plan.
- (ii) The District Implementation Unit shall procure the required number of equipment as per their approved District Plan in a fair and transparent

manner following procurement norms. An indicative list of equipment suppliers would also be available with TRIFED on its website for information.

- (iii) Once the equipment is procured, the District Implementation Unit will be responsible for supplying the equipment to the respective SHGs based on their requirement and District Plan.

### **10.3 Commencement of Training**

- (i) The District Implementation Unit shall make provision for a maximum of upto 7 days of training for each Van Dhan Vikas SHG with a maximum of upto 7 days training on sustainable harvesting and value addition of MFPs.
- (ii) The District Implementation Unit shall engage master trainers for training based on the requirements given in the approved Annual District Plan. The master trainers shall provide trainings to the SHG based on the approved training courses/ modules. An indicative list of Master Trainers would be available with TRIFED on its website for information.
- (iii) The master trainers shall be paid as per the budget approved for Van Dhan Vikas SHGs based on the guidelines approved by the Ministry.
- (iv) The MFP gatherers shall be compensated as per the budget of the Van Dhan Vikas SHGs based on the guidelines approved by the Ministry. The District Implementation Unit through the Zila Panchayat will release the funds to the respective SHG's bank account.

### **10.4 Commencement of Operations and Marketing**

- (i) The members of the Van Dhan Vikas SHG shall adopt the learnings from the training programme and start operations by sustainable harvesting of MFPs and their value addition. They will be using the equipment supplied for this purpose.
- (ii) MFP gatherers shall harvest and aggregate the MFP at the hub/ building of the Van Dhan Vikas SHG for primary processing and value addition. The leader/deputy leader of the SHG shall monitor the quantity of produce brought and value addition done by a particular SHG member.
- (iii) A register would be maintained where the quantity of produce brought and processed by each SHG member would be recorded on daily basis. Each entry in the register shall be signed and countersigned by the member and leader/deputy leader respectively. In case the member is the leader, the entry shall be countersigned by the deputy leader and vice-versa. Moreover,

each member will also maintain their individual register where the same entries shall be recorded daily as per the common register. The individual register shall be similarly signed and countersigned as done for the common SHG register.

- (iv) The Managing Committee of the Van Dhan Vikas Kendra shall assist the SHGs in sale and marketing of the produce of the SHGs. The Committee shall keep a SHG wise record of the produce ready for sale on a daily basis.
- (v) In case an aggregation point is available at the Kendra, the produce from different SHGs shall be aggregated at the common point for disposal. The quantity of produce brought by the SHG will be recorded in the register by the Managing Committee which will be signed and countersigned by the Accountant of the Managing Committee and leader/deputy leader of the SHG respectively. In case the accountant is the leader of the SHG, the entry shall be countersigned by the leader of the Managing Committee.
- (vi) The packaging of both the raw and value added products will be arranged by the Managing Committee to reduce wastage.
- (vii) The Managing Committee will arrange for dry and cold storage as per the requirement of the produce based on availability of such infrastructure.
- (viii) The District Implementation Unit would facilitate branding and marketing of all products in association with a mentor NGO or a marketing company. TRIFED and other national and state agencies may be contacted for sourcing of these value added products for national and international marketing.
- (ix) Once a buyer and purchase rate is finalized by the Managing Committee, it shall arrange for the transportation of the produce to be sent to the haat bazaar or any other location, if required.
- (x) The payment received from the buyer shall be transferred by the Managing Committee to the respective SHGs in cash/cheque/online payment after deducting a commission for covering its operating expenses. The percentage of commission may be mutually decided by the members of the SHGs and Managing Committee and approved by the District Implementation Unit. Once the SHG receives the payment from the Managing Committee, the amount shall be distributed by the leader/deputy leader amongst the SHG members based on the amount of MFP brought and/or processed by each member as per the register.

#### 10.5 **Mentoring of Van Dhan Vikas Kendras**

- (i) The District Implementation Unit may engage NGOs/Development Agencies, who are already working with tribal SHGs, for mentoring and providing handholding support to Van Dhan Vikas Kendras.
- (ii) The identified NGOs/Development Agencies may also support the Van Dhan Vikas Kendras in developing business plans to form market linkages for the processed and value added products and assist the SHGs to access financial support for working capital, thus, transforming Kendras into a successful business venture.

#### 10.6 **Plantation of MFPs**

- (i) In order to maintain a sustainable model, replenishment of MFPs within the cluster is required to maintain their supply. The Van Dhan Vikas SHGs through resolution of Gram Panchayat shall select an area for plantation of MFPs within the cluster (say, 5 km radial distance from the village).
- (ii) Based on the resolution, the Gram Panchayat shall coordinate with the Forest Department for plantation of MFPs in that area.
- (iii) The Gram Panchayat shall periodically review the harvesting rate and replenishment rate of MFPs for sustainability and availability of MFPs and inform the District Implementation Unit about the same. The District Implementation Unit may also conduct random site visits to monitor the same.

#### 10.7 **Elevation of Van Dhan Vikas Kendras to Pucca Kendras as an incentive to best performing VDVks**

- (i) The performance indicators and benchmarks will be decided by the District Implementation Unit in consultation with the Kendra members and these should be documented before the start of the implementation of the Kendra. After 4-6 months of setting up a Van Dhan Vikas Kendra, the District Implementation Unit shall evaluate the progress status against the pre-set parameters and benchmarks and then decide whether the Kendra shall be elevated to a Pucca Kendra based on its performance.
- (ii) Once the decision to elevate a Kendra to Pucca Kendra is made, the Kendra will submit to the District Implementation Unit, a written willingness and proposal for its elevation to Pucca Kendra. Based on the submissions, the District Implementation Unit will release the funds to the Kendra for developing Pucca Kendra as per the guidelines approved by the Ministry.



- (iii) In case a Kendra does not progress enough for elevation, the District Implementation Unit shall submit a report to TRIFED giving reasons for the Kendra's underperformance and necessary requirements and recommendations for resurrection funds (if required) for improvement. The recommendations for resurrection funds for a Kendra will be made only for bona fide failures and in cases where there is a potential for improvement.
- (iv) TRIFED shall examine the proposal for resurrection and if found acceptable, shall approve the resurrection proposal and release the fund to the Zila Panchayat.
- (v) TRIFED will inform the State Nodal Department regarding the funds sanctioned and released to each of the Zila Panchayats in the State for resurrection of Kendras.
- (vi) Once the funds are received by the Zila Panchayat, the District Implementation Unit will release the funds to the Kendra for resurrection purposes as per the guidelines approved by the Ministry.

#### 10.8 **Advocacy Drive**

- (i) A strong Advocacy drive shall be implemented in each state, district and block level to engage MFP gatherers under Van Dhan Vikas Karyakram.
- (ii) **TRIFED, State Nodal Department and District Implementing Agency will conduct advocacy at the central, state, district, panchayat and the haat bazaar levels respectively.**

#### 10.9 **Working Capital Requirement**

- (i) District Implementing Units shall make efforts to tap CSR funds available with PSUs/ private sector firms for working capital requirements of the SHGs/ Kendras.
- (ii) District Implementing Units shall make efforts to facilitate tie-ups with financial/banking institutions for working capital loans for the SHGs/ Kendras.

## **Annexure 6: Operational Manual**

### **Operational Manual for Preparation of Annual Plan, Allied Activities, Procurement and Disposal**

#### **1. Annual Action Plan for procurement of MFP under MSP scheme**

- (i) District Implementing Units (DIU) shall prepare a comprehensive procurement plan for the selected MFP to be procured during the next financial year (showing quarter-wise procurement and fund requirement) for the district for submission to the State Nodal Department (SND).
- (ii) The procurement plan should clearly specify the following details MFP-wise:
  - a. Procurement season
  - b. Total production potential in the targeted areas
  - c. Total quantity estimated to be procured in the season and value thereof to be calculated as per the last year's procurement rates
  - d. List of Procurement Centres/Haats to be operated along with the expected arrivals (quantity) at each of such Centres/Haats
  - e. List of aggregated godowns/central godown corresponding to procurement centres
  - f. Details of estimated expenses to be incurred on the following :
    - Handling charges (Loading/ Unloading/ Bagging/ Stitching/ Weighment/ Stacking/ Labour charges etc.)
    - Packing materials (Gunny bags etc.)
    - Transportation from procurement centre to aggregated godown (if involved)
    - Transportation from procurement centre to Central Godown
    - Storage charges
    - Cost of Capital, if any
    - Insurance charges
    - Statutory charges
    - Any other incidental charges to be specified clearly.
    - Service charges payable to grass-root level agencies, if engaged for procurement.

In order to maintain uniformity, the above details are to be furnished in the prescribed format.

District wise details shall be submitted to the State Nodal Department by the DIU.

(iii) The procurement plan prepared by DIU on the above lines shall be submitted to State Nodal Department for their concurrence and recommendation by 30th September every year.

(iv) Thereafter the SND will submit the proposal for procurement of MFP in the State to TRIFED Head Office, New Delhi with a copy to the Regional Office concerned by 31st October of the current financial year.

## **2. Minimum Support Price for Selected MFP**

(i) Minimum Support Price would be determined based on the baseline survey of price for each of the MFP, its cost of collection, cost of cleaning and primary processing, packaging and transportation cost for each state. A Pricing Cell constituted within TRIFED would recommend the Minimum Support Price to the Ministry of Tribal Affairs based on the survey and keeping view the parameters of Commission for Agricultural Cost & Prices, Ministry of Agriculture and Farmer Welfare

(ii) The Ministry will finally approve and announce state wise MSP for specified quality of each MFP taken up for that State.

(iii) MSP declared by Govt of India shall be reference MSP for fixing MSP and State Government shall have latitude of 10% of MSP declared by GOI i.e., State can fix MSP upto 10% higher than MSP declared by GOI.

(iv) If a State fixes its MSP higher than MSP declared by GOI as mentioned above and sale price/ proceeds falls below that then difference between State MSP and MSP declared by GOI will be borne by concerned State Government only.

(v) The price review would be carried out based on revision in cost of collection.

## **3. Infrastructure Development**

### **To be developed by DIU**

(i) DIU will ensure arrangement of adequate infrastructure facility for storage, transport, primary processing, value addition etc. of MFP to be procured at MSP by efficiently utilizing the existing ones. However, if need arises DIU may submit separate proposal for establishing Warehouse/Cold storage /processing centers,

giving full justification for their optimum utilization for implementation of the scheme.

- (ii) DIU may also submit proposal for modernization of Haats like construction of sheds, platforms/small room, drinking water facilities etc. if not already available which may cost not more than Rs. 5.00 lakh each haat and establishment of storage of 50 MT capacities at each aggregation points.
- (iii) The above proposal should be prepared and authenticated by qualified technical person/Engineer of the concerned department.

#### **4. Procurement Operational Arrangement**

- (i) Deployment of adequate staff at procurement centers and Procurement Channels:
  - a. DIU shall deploy adequate staff in consultation with the Gram Panchayat at the procurement centers matching with the scale of operations. The procurement centers must be functional well before the start of the actual procurement.
  - b. DIU may undertake procurement through their existing set up or may engage Primary Procuring Agencies (PPA) like Co-operative Societies/ LAMPS/ Mahila Samities/ SHGs/VDCs/ JFMCs/ reputed NGOs etc. in consultation with Gram Sabha concerned as its procurement agents whose services could also be utilized for awareness generation, value addition etc. Suitable charges may be paid for such services. For this purpose, the DIU may also identify and engage tribal SHGs from the existing network of SHGs formed under Aajeevika Mission, Forest Samitis etc. for undertaking procurement at Haat level, after appropriately training them in the process.
- (ii) Direct expenses incidental to procurement & storage:

The following direct expenses incidental to procurement & storage shall be included in the procurement plan by DIU:

- a. Labour charges involved in weighing, stitching, loading at the procurement centre
- b. Cost of Gunny / packing material (Indicate quantity of Bags)
- c. Transportation Charges up to the Aggregation point if required
- d. Labour charges involved in unloading, stacking
- e. Loading charges at the Aggregation point

- f. Transportation charges upto the Central Godown
- g. Unloading & Stacking charges
- h. Statutory levies if any,
- i. Primary Procuring agency charges

DIU shall ensure that the charges for the above are in consonance with the prevailing market rate.

## **5. Mode of Procurement**

- (i) The DIU shall procure MFPs through its procurement centres at Haat Bazar.
- (ii) The DIU may also appoint Forest Samities and tribal SHGs (i.e. SHGs with majority tribal population) as primary procurement centre to facilitate procurement of stock from MFP gatherers
- (iii) DIU shall also make efforts for converging of tribal SHGs formed other scheme/ initiatives of Centre/ State Government
- (iv) Efforts should be made for linking of beneficiary Aadhar numbers with the procurement records

## **6. Area of operation**

DIU shall define the area of procurement for each procurement centre. MFP purchase will be made from only those MFP Gatherers who resides into the area of operation of that particular purchase centers.

## **7. Average yield district wise**

The DIU to ensure that the procurement of produce takes place only from the MFP Gatherers in defined area of operation, For the purpose, area wise estimates of average yield and production of MFP to be provided by DIU.

## **8. Display of Information for procurement operation**

The procurement centre shall prominently display the MSP, bonus, operating hours & days, period of procurement, mode & time of payment to MFP Gatherers

## **9. Transportation arrangements:**

- (i) Arrangement for transportation of the stock from the procurement centre to the storage point and/or to the destination by cheapest and safest mode shall be made by DIU in a transparent manner as per the approved rates and procedure of the Government, well in advance.

- (ii) DIU shall ensure that the stocks are not permitted to be stored in the godowns of the transporter and should be straightaway dispatched to the destination.
- (iii) DIU shall be responsible for the quality & quantity and also safety of the stocks from the point of procurement up to the point of final storage.

**10. Quality parameters:**

- (i) DIU shall ensure that the stocks procured under this scheme shall conform to the Fair Average Quality (FAQ) parameters. The staff deputed at the procurement centers shall be made aware of the quality parameters.
- (ii) Necessary directions/guidelines shall be issued by DIU to the field staff about the assessment of the quality during procurement operation.
- (iii) For the items for which FAQ are not given in this guidelines, DIU shall adopt the FAQ adopted by their State Govt. or prescribed by other Govt. Authorities.

**11. Packaging material:**

Commodity specific packaging material as per trade practice shall be arranged by DIU in a transparent manner as per the approved procedure well in advance.

**12. Storage Arrangements:**

- (i) Storage shall be restricted to the nearest Warehouses owned by DIU only or Central Warehousing Corporation/State Warehousing Corporation (CWC/SWC) godowns. However, DIU may hire godowning facilities if space is not available or sufficient as per the standards prescribed by CWC/SWC. But in all cases, responsibilities of selecting the storage space and consequences arising out of storing in a new place shall lie on DIU. It shall be ensured that the stock is stored safely and scientifically so that it does not suffer any preventive loss.
- (ii) Depending upon the nature of the commodity Cold Storage facilities may be hired wherever required. Some of the commodities like Tamarind, Chironjee kernel are required to be stored in cold storage.
- (iii) Sometimes Honey, Gum karaya etc. are also required to be kept under controlled atmosphere to prevent deterioration of quality.
- (iv) Allocation of funds towards infrastructure development will be performance-based i.e. dependent on procurement status. Central Warehousing Corporations, State Warehousing Corporations and private players already have a very good network of warehouses and cold storage facilities across the country. This can be quite easily utilized at prevailing marketing rates by State Procuring agencies with proper tie-up.

- (v) Public Private Partnership (PPP) model may also be considered for facilitating infrastructure.

### **13.Short recovery**

The common storage norms like Moisture Adjusted Weight (MAW) for the procured stock must be accounted for by the DIU.

### **14.Verification of weights, measures and quality**

- (i) DIU must ensure that stocks brought by individual MFP gatherers are properly weighed at the Procurement Centre and upfront payment as per the MSP is made.
- (ii) All the bags should be filled having uniform weight on net basis irrespective of trade practice.
- (iii) In case of Honey, it shall be packed in appropriate food grade container.
- (iv) The bags should be properly stencilled with details like
  - (v) Name of commodity
  - (vi) Batch / lot number
  - (vii) Date of storage
  - (viii) Net weight of the material
- (ix) Driage/shortage shall be normatively accounted for in case of MFP to be stored in warehouse.
- (x) The procurement center must insist that the warehousing agency, at the time of finalizing the warehousing arrangement, take responsibility for the weight deposited.
- (xi) The weight deposited must correspond to the weight delivered after deducting shortage/driage as per standard norms.
- (xii) A random sample must be taken to verify weights within 15 days of their being deposited in the warehouse.
- (xiii) Quality check should also be performed by drawing the sample and conducting test to see conformity with quality specifications laid down at the time of procurement.

**15. Warehouse Receipts (WHR):**

DIU shall ensure that Warehouse Agency give a fortnightly statement of stocks received by the agency indicating details of WHRs date wise and quantity covered therein. A copy of the same shall be sent to the local Regional Office of TRIFED.

**16. Insurance:**

DIU shall ensure that procured and stored socks are comprehensively insured at all times against theft, fire, SRCC (strike, riot, civil commotion), natural calamities (earth quake, flood etc.) terrorist and malicious damages etc.

**17. Sampling:**

- (i) Representatives samples of stock procured shall be collected and sealed with proper signatures of authorized persons. Possibility of involving independent agencies for drawing of samples may also be explored.
- (ii) The samples so drawn can be sent by the DIU to the nearest reputed Testing Laboratory. The number of samples to be drawn can be decided by DIU depending upon the requirement. For this purpose, DIU may empanel a few testing laboratories and send the samples for testing as and when required.

**18. Payment of MSP to MFP gatherers:**

- (i) In case of procurement through SHGs, the DIU shall pay commission to the SHGs at the rate not exceeding 7.5% of the value of MFP procured through them for purpose maintaining records on purchases from tribal beneficiaries, stock register etc. This shall form part of the 20% overheads calculated at basic procurement price
- (ii) It shall be the responsibility of DIU to ensure that individual MFP gatherers get upfront payment as per the notified MSP for the stocks which he/she brings and delivers at the procurement centre and a simple and transparent procedure to this effect shall be put in place by DIU.
- (iii) The payments to the MFP gatherers shall be preferably be made by Account Payee Cheques or electronic mode of transfer through NEFT/RTGS by the DIU. The bank account of one individual MFP gatherer shall not be used for making payments of other MFP gatherers. Payments may also be allowed to be made in cash. Proper accounting records to be maintained for the purpose. Efforts should be made to gradually upgrade to cashless payment system.



(iv) DIU will also work to ensure that Aadhar numbers are seeded in the beneficiary account at the earliest. Periodic reviews will have to be undertaken in the initial period for linkage of Aadhar numbers with the system.

**19. Documentation of Procurement & Distribution of profit amongst the Gatherers:**

- (i) DIU will maintain a proper/correct up to date record of samples drawn, checking of FAQ parameters including the moisture content, quantity and value of commodity wise MFP procured daily at each procurement centre from individual gatherer with the name and address of gatherers, village, quantity procured and payment made in respect each transaction, produce rejected, expenditure incurred, ruling market price of the commodity etc.
- (ii) DIU may consider issuing cards to the individual gatherers as has been done by MPMFP & CGMFP Federations for Tendu Patta operations. Any other suitable system in this regard may also be considered.

**20. Visit & Inspection**

DIU shall be responsible to closely monitor the MSP Scheme operations and ensure the strict compliance of the provisions and conditions of the scheme and its guidelines

**21. Completion/Concluding of procurement operations**

All procurement operations of a commodity need to be concluded once it is felt that

- (i) The benefits of the procurement operation is not reaching to the target group;
- (ii) The arrivals/purchases in a particular season stop or become negligible;
- (iii) The prevailing market rate is higher than the MSP.

**22. Limitation on holding the stock**

- (i) The procured material shall be stored only to its biological life but not exceeding six months from the closure of procurement operation to avoid increasing holding cost and quality deterioration. Biological life is referred as Future Expiry Date (FED) in the parlance of commodity exchange, is the life of the commodity after which it must be re-assessed/ consumed in order to remain fit for human consumption. Further, while holding the stock, the seasonality/durability of that particular crop shall also be kept in mind.
- (ii) It will be the responsibility of the DIU to ensure that the goods are properly stored. The procurement agency must submit a storage ageing report on quarterly basis to TRIFED through SND, every quarter clearly mentioning the

ageing of the stored material. Any material that is stored for a period of more than six months must be put or disposal on priority basis.

### **23.Publicity of the Scheme:**

- (i) Before commencement of the procurement, the MFP gatherers shall be made aware about the scheme with particular reference to Minimum Support Price fixed for MFPs by the Government of India, fair average quality specifications, post-harvest techniques to be adopted for ensuring quality produce, purchase centers opened, MSP operations etc through publicity by media (including Radio, TV, Press etc.) and other publicity materials as Posters/Banners, Pamphlets, drum beating etc
- (ii) Notices, posters, banners etc. shall also be put up in the offices of the Gram Panchayat, Panchayat Samities/Mandals and District Head Quarters before commencement of procurement operations. The campaign must start well before start of the season and information through said modes shall be displayed at the Haat Bazars and other places frequented by the MFP gatherers.
- (iii) Adequate publicity of MSP for MFPs covered under MSP Scheme shall be given. A copy of requisite information in local languages may be provided to Gram Sabhas concerned, and same may be uploaded in website of Agency authorized to undertake MSP operation.
- (iv) TRIFED shall coordinate preparation & implementation of a detailed advocacy plan at Central level to bring clarity to State stakeholders in respective roles & responsibilities.
- (v) The SND and DIU shall also proactively participate and engage in making adequate publicity of Scheme operations at field level like MSP for MFP and address of procurement centers, procurement period, documents required, contact details of authorized person of central/state/primary procuring agencies

### **24.Capacity Building of Gram Sabha/ Panchayati Raj Institutions:**

- (i) States shall ensure that Gram Sabhas are involved in implementation of the proposed Scheme and build their capacity to play meaningful role in the implementation of this Scheme.
- (ii) In order to ensure transparency and participatory decision-making at the village level, the DIU shall share information about MFP operations and local accounts with Gram Sabha. Representatives of the DIU shall attend Gram Sabha meetings on the MFP related issues.

- (iii) DIU shall encourage participation of MFP gatherers by organizing them into Self Help Groups, Producer Companies, Cooperatives or other Collectives & support them through Non-Government Organizations to improve their bargaining power. DIU may also identify and engage tribal SHGs from the existing network of SHGs formed under Aajeevika Mission, Forest Samitis etc. for undertaking procurement at haat level, after appropriately training them in the process.
- (iv) Modernization of haats shall be done by DIU in consultation with Gram Sabha/ Panchayat

## **25. Development of Market Information System**

- (i) In order to ensure fair returns to the MFP collectors on a long term basis, MFP market information system will be developed. An advance information and communication technology based Scheme (MFPNET) shall be established for speedy collection and dissemination of market information. To start with, trade information through IT facility for quoting daily prices of the commodities traded along with quantity traded at major mandis like Khadi Baoli of Delhi through messaging and web based services would be created by TRIFED in collaboration with state level agencies. Daily prices and quantity traded at major mandis/bazaars would also be displayed on the web of TRIFED and state level agencies. TRIFED will establish a trade information system for broadcasting daily prices through web and web enabled SMSs. Such information will be collected and forwarded to the TRIFED by market correspondents
- (ii) The portal shall also be used for generating State/ National level reports. For the purpose, the State Nodal department as well as State Implementing agencies to register themselves on this portal and upload information about MSP operations.
- (iii) Closed User Group (CUG) shall be formulated. This would include representatives from Central/ State level Government Ministries/ Departments/ Institutions/ State Agencies/ Nodal Department/ SHGs associated with Haat Bazaars/ Panchayats etc.
- (iv) Efforts would be made towards development of digital/ IT enabled monitoring system & feedback mechanism.

## **26. Funding:**

- (i) Release of Funds

Revolving funds in 75:25 ratio between the Central Government and the State Governments shall be released by MoTA for disbursement to SND/DIU. While sanctioning the schedule of providing funds for the operations, the benchmarks

to be completed for utilization of the initial amount provided to the State will be specified.

SHGs to raise working capital from the financial institutions or through the own funds. In case SHGs do value addition to MFPs gathered by the member from forests, working capital requirements will be negligible.

(ii) Opening of Separate Bank Account:

A separate bank account(s) shall be opened by the DIU for such MSP operations which shall be subject to verification by Government of India or its authorized representative at all times. All the funds transferred by Government of India and State Government for MSP operations and also sale proceeds for the stocks disposed of shall be routed through the bank account(s).

(iii) Release of subsequent Funds:

Funds to be utilized efficiently and expeditiously and should not be blocked up with the inventory which may affect business operation.

Subsequent funds shall be released to DIU on submission of utilization statements duly supported by the statement of goods procured commodity-wise and centre-cum-district-wise, its storage details at the designated godowns and also mid-term inspection reports conducted by DIU or by TRIFED's authorised Officials. Request for funds shall have to be presented as per the prescribed format.

(iv) Idle Funds/Diversion of Funds

State agency will ensure that:

There are no idle funds lying at procurement centers.

Fund is not diverted for the activities other than it is approved

(v) Efficient and appropriate utilization of funds will be monitored by TRIFED/ State Nodal Department as authorized by the Ministry.

(vi) All requests for release of funds for MSP operations shall be made through SND to TRIFED duly supported by the requisite documents authenticating achievement of benchmarks set at the time of approval by MoTA endorsing a copy of the same to MoTA in the prescribed format.

(vii) The release of funds shall be made to the bank account(s) of SND/DIU depending upon progress of procurement operations.

(viii) DIU shall maintain proper accounts of the funds received, payment made to gatherers, and expenses made towards incidentals and other costs.

(ix)DIU shall make available for inspection by the representative of MoTA/ TRIFED/Government of India from time to time or whenever required the aforesaid resister/account/document.

**27.Supervision & Monitoring:**

It is important to ensure that the scheme is strictly implemented as per the guideline & benefit of the scheme is extended to the target group i.e. tribals/ forest dwellers. The main responsibility for monitoring the scheme rest with State.

**28.Constitution of State level Coordination & Monitoring Committee:**

SND shall issue necessary notification about constitution of State Level Monitoring Committee (SLCMC). SLCMC shall invariably be headed by Chief Secretary of the State and comprise:

- (i) The concerned State Nodal Department,
- (ii) Regional Manager, TRIFED
- (iii)Converging Departments and Ministries

**29.Constitution of District level Coordination & Monitoring Committee (DLCMC):**

- (i) SND shall issue necessary notification about constitution of DLCMC to be headed by District Collector and comprise local MPs, MLAs, CEO of Zila Parishad, District Forest Officer, Tribal Welfare Officer, Weight & Measurement officer, District Heads of the Procurement Agencies, prominent NGOs dealing with the welfare of tribals etc.

The monitoring committees constituted by the State Government at District and State Levels shall monitor the entire operations and share the relevant information with TRIFED and MoTA on monthly basis.

**30.Constitution of Central Apex Committee & Executive Committee (EC) at Central level:**

- (iv)A Central Apex Committee will be formed within the Ministry under Chairmanship of Secretary, MoTA (**Annexure 2**).
- (v) The Executive Committee will be formed within TRIFED under Chairmanship of Managing Director, TRIFED comprising of representatives from different institutions (**Annexure 2**)

### **31. Post Procurement Inspection:**

- (i) TRIFED, SND and DIU shall conduct inspection of stocks at different locations at suitable intervals to check whether adequate measures like proper storage, fumigation etc. are being taken to preserve and maintain quality of the stocks.
- (ii) Representative samples may be drawn by TRIFED directly or through DIU from all the storage godowns and sent for testing. The report shall be shared with the concerned SND for initiating appropriate action in case of any major difference.

### **32. Online Reporting/Intimation**

- (i) Beginning & Closure of Procurement Operation

Date of beginning and closure of the operation shall be intimated to TRIFED and SND by DIU immediately on commencement and closure.

- (ii) Weekly Report on Procurement Status

A weekly report on the status of procurement shall be sent by DIU to the SND and TRIFED Regional Office every Monday who shall forward the same to TRIFED HO with comments.

- (iii) Monthly Procurement-cum- Stock Statement

Monthly Report on MFP procurement as per prescribed format may be sent to TRIFED and SND by DIUs by 7th of every month. TRIFED shall forward the same to the Ministry and Ministry will review the same by 15th of every month.

DIU should also send copy of the Procurement-cum-stock statement to SND, TRIFED Head Office and Regional Office concerned in the prescribed format

- (iv) Final procurement Accounts:

After completion of procurement and its storage, accounts of each commodity should be finalized by the DIU so as to arrive at landed cost for calculation of costing of each commodity and also service charges admissible. The statement of landed cost at Central godown of each commodity should be submitted to SND and TRIFED Regional Offices within 15 days of closure of procurement for onward submission to TRIFED HO and MoTA.

- (v) A report on cost and related aspects of procurement shall be submitted by DIU to the TRIFED HO in the prescribed format after closure of procurement of each commodity.

### **33. Incentives/ Service Charges to State Implementing Agencies:**

DIU shall be eligible for service charges not exceeding two percent of MSP.

### **34.Audit and Certification Of Utilization Of Funds:**

- (i) DIU shall maintain separate Accounts/ Record for MSP operations which shall be open to auditing, verification.
- (ii) DIU shall submit an audited accounts statement duly certified by Auditing Agency appointed by the State Government/SND in the prescribed format under Government Financial Rules (GFR) within three months of closure of procurement operation of each commodity. The audited Statement of Accounts and certified Utilization certificates shall be submitted by SND to MoTA.
- (iii) All the claims & expenses are also subject to spot verification by representative of MoTA.

### **35.Grievance Redressal**

For grievance redressal, DIU shall institute appropriate mechanism. TRIFED being the nodal agency shall have a Grievance redressal cell at its HO. Phone numbers/ addresses/ email details etc. of officials responsible for grievance redressal shall be placed on TRIFED's website.

### **36.Sales Guidelines-Disposal Of Stocks Procured Under MSP Scheme (Online):**

- (i) The main objective of the Minimum Support Price Scheme (MSP) for MFP is to ensure that a remunerative price can be ensured to the tribals/forest dwellers. As a part of the scheme, it is envisioned that Govt. of India shall announce a Minimum Support Price (MSP) for different MFP at which state level agencies are expected to purchase. In case the State level agencies incur any loss on the commodities procured under this scheme, the same shall be reimbursed by Govt. of India and the State Government Concerned in the ratio of 75:25.
- (ii) Accordingly, while a remunerative price shall be fixed to be paid to the MFP gatherers, the overall success of the scheme shall depend on how efficiently and at what price the items are sold. It is therefore essential that all out efforts are made to maximize sales so that losses, if any, can be minimized.
- (iii) All SND/DIU shall make all out efforts to dispose off the stock procured under MSP during the season and before the start of the next season by following a transparent and fair procedure and system.
- (iv) SND/DIU shall try to bring qualitative improvement in the process being followed by them for disposal of stock. It has been observed that if the competition is increased, the price realization increases and it results in minimization of losses. In view of the above, SND/DIU are advised to make earnest efforts to improve

competition by ensuring that maximum number of interested buyers participate in the sale.

(v) For dissemination of the information about sale, SND/DIU shall do the following

- a. Upload the tenders on their website.
- b. Share information about the tenders with other organizations including TRIFED which can also upload the same on their website.
- c. Create a mailing list and update it regularly so that a database of interested traders is created. This mailing list may have details about the traders and the product/ product group in which they are interested. All advertisements must be brought to the notice of parties listed in the mailing list timely to enable them to inspect the materials and submission of offer.
- d. Share the database with agencies in different States engaged in trade of MFP.
- e. Bring to the notice of prospective buyers availability of commodities through personal contact, emails, SMS in addition to regular mailing to provide equal opportunity to all and generate healthy competition.

(vi) All SND/DIU shall introduce online tendering process. The stocks shall be disposed through competitive bidding like e-auctions, open auction, using online platform of commodity exchanges etc. wherever applicable. The procured stock may be disposed within the State or outside.

(vii) In case the procured stock is more than six months old, a reason/justification must be given as to why the same could not be disposed within the stipulated time.

(viii) The stock position, centre, quantity, value, variety etc. and disposal statement, ruling price shall be kept updated by the DIU, placed on line on the website of the procuring agencies/ updated with MFPNET (maintained by TRIFED)/ sent to State Nodal Department on daily basis.

(ix) As implementing agency for implementing the MSP scheme for MFP, records pertaining to the transaction under the scheme shall be open for inspection by Ministry of Tribal Affairs / TRIFED. They may seek information about any transaction on random basis in the interest of successful implementation of the scheme.



- (x) SND/DIU shall inform about the prevalent market rates in the identified markets on a regular basis in prescribed format on fortnightly basis. The information so received shall be uploaded on MFPNET being developed by TRIFED.
- (xi) SND/DIU shall also keep TRIFED informed about the disposal status of different commodities on monthly basis.
- (xii) At the time of submission of accounts, SND/DIU shall specifically inform about the efforts made to increase competition and the methodology of inviting offers.
- (xiii) All SND/DIU shall strive to undertake value addition wherever possible to increase per unit realization.

### **37. Profitability Analysis**

- (i) After disposing off the stock preferably in a year, commodity-wise profit/ loss shall be worked out by DIU and final account will be prepared within 30 days from the date of sale of stock of each commodity to ascertain profit / loss in the transactions.
- (ii) The system of calculation of profit / loss shall be as follows:
  - Profit – If amount received as sale proceeds is more than all cost including MSP, the statutory taxes i.e. the market/mandi sale/purchase tax, commission payable to the agents, grading, labour and packing charges, loading/unloading charges, interest, bank charges, handling charges, transportation cost, storage cost, insurance coverage, service charges to state implementing agencies, etc. and any other charges directly attributable to the operations under the scheme.
  - Loss – If amount received as sale proceeds is less than all cost including MSP, the statutory taxes i.e. the market/mandi sale/purchase tax, commission payable to the agents, grading, labour and packing charges, loading/unloading charges, interest, bank charges, handling charges, transportation cost, storage cost, insurance coverage, service charges to state implementing agencies, etc. and any other charges directly attributable to the operations under the scheme.
- (iii) In case of loss, the same shall be shared by the Central and State Govts. In the ratio 75:25.
- (iv) Each state will submit the proposal for reimbursement of loss giving full justification for the same.

### **38. Sharing the Profit:**

- (i) In case SND/DIU earns profit on a commodity, entire profit shall be passed on to the gatherers of the said commodities who are its owners.
- (ii) For the purpose of returning the profit to the gatherers it is essential to maintain a proper record of procurement
- (iii) Efforts should be made to link the operation with Aadhar No. as early as possible.

### **39. Submission of Final Account**

The DIU will finalize the accounts based on established accounting principle, related to each commodity on yearly basis and submit the commodity-wise statement of account in respect of transaction of procurement and disposal, duly audited by Audit agency appointed by State, through their State nodal department to the TRIFED. Each State will submit the proposal for reimbursement of loss giving full justification for the same. The losses shall be reimbursed for the actual quantity sold during the year.

### **40. Other Programme Activities**

Training of MFP gatherers, Knowledge base expansion of MFP, publicity of the scheme etc. will be simultaneously taken by TRIFED

### **41. Concluding the Scheme**

The scheme is likely to continue in the next Plan period however, at the time of concluding the scheme MoTA will take a suitable decision about appropriation of the balanced funds.

## **Annexure 7: Checklist**

### **1. Checklist for MSP Activities**

- i. The Ministry of Tribal Affairs (MoTA) will be the nodal Ministry assisted by the Tribal Cooperative Marketing Development Federation (TRIFED), which will be entrusted with the responsibility for implementing the Scheme through the SND/DIU.
- ii. The pricing cell within TRIFED will suggest State wise MSP for each non-nationalised MFP in the state concerned.
- iii. MSP will be determined on the basis of cost of collection + cost of cleaning and primary processing + grading + packaging + transportation etc.
- iv. MoTA will announce the state wise MSP for selected non-nationalised MFP.
- v. Implementation of the Scheme will be the responsibility of the State Governments.
- vi. The State Government will designate a nodal department (preferably the Tribal Welfare Department) for the purpose.
- vii. The State shall constitute state level & district level coordination and monitoring committee headed by the Chief Secretary & the concerned District Collector to ensure effective implementation of the Scheme.
- viii. For effective implementation, state level coordination & monitoring committee (headed by the Chief Secretary) would monitor the implementation during harvest season and district level coordination & monitoring committee will periodically monitor the operation at district level.
- ix. The SND will designate the DIUs to undertake the procurement operations.
- x. TRIFED, SND and DIUs would keep close watch on the market prices during procurement season.
- xi. During the season, the DIUs shall undertake procurement of MFP at MSP. TRIFED will establish a trade information system for broadcasting, daily prices through web & web enabled SMSs. Such information will be collected and forwarded to the TRIFED by market correspondents.
- xii. DIUs will develop procurement plan by assessing number of purchase centres required, estimated quantity of each MFP likely to be purchased, arrangement of

funds, arrangement of storage & transportation, arrangement of manpower and involvement of agencies/ experts.

- xiii. DIUs will prepare proposal and detailed action plan for each season and commodity for procurement and submit it to the SND well in advance.
- xiv. DIUs will prepare budgetary requirement and submit it to the State Nodal Department.
- xv. State nodal department will ensure timely approval of the procurement plan submitted by the DIUs.
- xvi. State Nodal Department will submit their detailed action plan to TRIFED no later than 31<sup>st</sup> October every year for undertaking the procurement operations of MFP in the States from April to March for the next financial year.
- xvii. TRIFED will examine the proposal within 7 days of receipt and recommend it to Central Apex Committee which shall approve it as per pre-determined schedule.

Illustrative Roll Out Plan enclosed below:

Recommendations of the proposal to the Central Apex Committee as per announced schedule

<b>Days</b>	<b>Agenda</b>
T (30 <sup>th</sup> Sep)	<ul style="list-style-type: none"> <li>• Preparation of Annual Plan by DIU and Submission to SND</li> </ul>
T + 30 (31 <sup>st</sup> Oct)	<ul style="list-style-type: none"> <li>• Collation of plans by SND received from DIUs and submission to TRIFED</li> </ul>
T + 45 (15 <sup>th</sup> Nov)	<ul style="list-style-type: none"> <li>• Receipt and review of proposals by Executive Committee</li> <li>• Recommendations of the proposal to the Central Apex Committee as per announced schedule</li> </ul>
T + 75 (15 <sup>th</sup> Dec)	<ul style="list-style-type: none"> <li>• Approval of Proposals by Central Apex Committee in a time bound manner through meeting with state delegations as per pre-notified schedule.</li> </ul>
T + 85 (25 <sup>th</sup> Dec)	<ul style="list-style-type: none"> <li>• Disbursement of funds to State Agencies for procurement and TRIFED for training and value addition (Van Dhan Vikas Karyakram)</li> </ul>

- xviii. Fund for meeting the loss, if occurs will also be met provided in the same ratio 75:25.
- xix. States will duly budget and release pro-rata the State's share of funds required for implementation of the MFP-MSP Scheme to the DIUs

- xx. DIUs will maintain a separate account of working capital and utilize the funds only for procurement of operations at the fixed MSP. Interest accrued on the working capital amount & profit (if any generated) will also be accounted for in this account.
- xxi. Profit (if value of (sales price) – (MSP + loading charge) + transportation cost + manpower cost) is positive) on the operations will be shared equally by the agencies and the gatherers.
- xxii. Loss (if value of (sales price) – (MSP + loading charge) + transportation cost + manpower cost) is negative), if occurs, will be compensated by both the central & state government on 75:25 basis through a separate fund.
- xxiii. SND/DIUs will ensure sufficient infrastructure for the operations along with manpower support.
- xxiv. SND/DIUs will ensure that Gram Sabhas are involved in implementation of the proposed Scheme.
- xxv. SND/DIUs will ensure that Gram Sabha/ PRIs are consulted by the Forest Department in formulation of their working plans of re-generation, conservation & management of MFP.
- xxvi. SND/DIUs will ensure setting up of adequate no. of procurement centres with necessary manpower and storage facility to meet the needs of MFP gatherers.
- xxvii. Procurement agencies will share information about their operations and local accounts with Gram Sabha. Representatives of the procurement agencies will attend Gram Sabha meetings on the issues relating to trade of MFP.
- xxviii. SND/DIUs will be encouraged to identify business advisor who will help them with marketing and will act as advisory group to suggest how more, lucrative market can be access. Every State shall establish PMUs with the State Nodal Department at State level as well as at district level, which would be dedicated to the MFP-MSP scheme and would work in sync with the implementing agency. The PMUs must have specialists in the fields of social development, marketing, MIS etc.
- xxix. After Sales Operations & Audit: The DIUs will finalise the accounts related to each commodity on yearly basis and submit the commodity wise statement of account in respect of transaction of procurement and disposal, duly audited by Auditing Agency appointed by State, through their state nodal department to the TRIFED.
- xxx. Each SND/DIUs will submit the proposal for reimbursement of loss giving full justification for the same.

- xxxi. The proposal will be examined by the TRIFED for the appropriateness before releasing the amount to the DIUs.
- xxxii. TRIFED will provide supports to the SND/DIUs in following manners:
- a. Collect information on MFP potential, market rates, quality specification etc.
  - b. Prepare guidelines for procurement and sales operations.
  - c. Undertake advertisement and wide publicity about the scheme to create awareness amongst beneficiaries about the prices, good collections practices etc.
  - d. Obtain progress of the operations from state agencies on fortnightly bases, examine the same and give suggestions to Ministry. Conduct random monitoring and inspection of the operations at procurement centres through its regional offices.
  - e. Check the deposits of stock in warehouse/cold storage.
  - f. Prepare detailed product profile of each MFP covering marketing, regeneration, end uses etc.
  - g. Find new uses of MFP through R&D activities.
  - h. Computerisation of operations so that they can be undertaken on a large scale.
  - i. Training of MFP gatherers on cultivation, scientific collection, primary processing value addition, storage, marketing etc. by way of developing training module, organizing training of trainers etc.
  - j. Initially primary processing centres shall be set up at grassroot level under the Van Dhan Vikas Karyakram. Setting of up secondary/ tertiary Multipurpose centres in above direction shall be reviewed and may be taken up after the primary level value addition centres take firm roots in concerned States.





Collection of MFP



Procuring SHGs  
(in Haat Bazaars)



Primary Processing  
Van Dhan SHG



Advance level processing at VDVK & TRIFOOD



Marketing

**TRIFED (Head Office)**

NCUI Building, 2nd Floor, 3 Siri Institutional Area, August Kranti Marg, New Delhi-110016.

Tel.: +91-11-26968247, 26569064, 26514854 • E-mail: [trifed.mfpdivision@gmail.com](mailto:trifed.mfpdivision@gmail.com)

[www.trifed.in](http://www.trifed.in) • [www.tribesindia.com](http://www.tribesindia.com)

@VanDhanSeVikas @VanDhanSeVikas