



**GOVERNMENT OF KARNATAKA**

**Watershed Development Department**

**Public Private Partnership for Integrated Agriculture  
Development (PPP-IAD)  
Detailed Guidelines for the year 2017-18**

Office of the Commissioner  
Watershed Development Department  
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# **Public Private Partnership for Integrated Agriculture Development (PPP-IAD)**

## **Introduction**

The Watershed Development Department has been accorded permission to implement the project “Public Private Partnership for Integrated Agriculture Development (PPP-IAD) and Formation of Farmer Producer Organisation (FPO)” as per the 16<sup>th</sup> meeting of the RKVY, State Level Sanctioning Committee held on 15.05.2017 under the Chairmanship of the Chief Secretary, GOK.

There is a need to reduce risk in agriculture through integration of producers on one hand and retailers / processors on the other, by addressing the entire value chain, right from stage of pre-production to the consumers table through appropriate interventions. The majority of the interventions in the recent past by the Government have focused on increasing the area and production. To make use of the technologies developed by the private sector for increasing the productivity and reducing the post-harvest losses and to ensure complete value chain for farmers, the involvement of the private sector is an important tool. PPP-IAD is essential for facilitating large scale integrated projects by private sector players in the agriculture and allied sectors, with a view to aggregating farmers, creating critical rural infrastructure, introducing new technologies, adding value and integrating the agricultural supply chain.

Agriculture has the potential for enhancing the productivity and production because crop yields are still just 30% to 60% below the best sustainable crop yields achievable in the farms of developed as well as other developing countries. Additionally, a loss after harvest due to poor infrastructure and unorganized retail has led to food losses. The collaborative efforts of the Government, Farmers/Farmer groups and corporates in Agriculture sector may lead to improvement in the rate of agricultural GDP growth, thereby directly enhancing the farmer’s income. A major game changer for the agricultural sector can be the public private partnership for integrated agriculture development (PPP-IAD) model under RKVY Scheme.

## **Problems to be addressed**

Farmers as producers are unable to realize the right value of their produce. The defragmentation of land, lack of awareness, distrust in scientific practices, less inclination towards technology adoption leads to under production against the optimal potential. The absence of adequate marketing infrastructure, presence of middle man, lack of collectivization effort leads to grabbing less marketing opportunities and earnings. Collectivization of producers, especially small and marginal farmers, into producer organisations is emerging as one of the most effective pathways to address the many challenges of agriculture and most importantly, improved access to investments, technology and inputs and markets.

The project aims at supporting the farmers right from seed/ planting material up to post harvest handling with the support from corporates along with a broad objective of mobilizing farmers into groups called Farmer Interest Groups (FIGs), forming Farmer Producer Organizations (FPOs), strengthening farmers’ capacity who will play a major role in establishing infrastructure required for post-harvest management and value addition which reduces post-harvest losses. The direct marketing support will not only reduce the

involvement of intermediaries but also yields remunerative prices for their produce at their doorsteps by timely marketing. By participating in PPP-IAD, the corporates can gain in the form of assured supply of produce and Government subsidies for their infrastructural needs as permitted under the various schemes being implemented by the Government.

### **Aims and Objectives**

1. Addressing the entire value chain, right from the stage of pre-production to the consumers table through appropriate and timely interventions.
2. Promotion of good agricultural practices to enhancing production and productivity and providing nutritional security to the people.
3. Mobilising farmers into groups of between 15- 20 members at the village level (called Farmer Interest Groups or FIGs) and building up their associations to an appropriate federating point i.e. Farmer Producer Organisation (FPOs) so as to plan and implement product-specific cluster/commercial crop cycles.
4. Creating employment opportunities for skilled and unskilled persons, especially unemployed youth.
5. Improving value addition and ensuring increase in farmer's profitability.
6. Making farming a viable business proposition and improving the delivery and monitoring mechanism of government funded projects.
7. Community mobilization for better marketing facilities and income generation.

### **Strategies for implementation**

- Companies/ Private Partners should submit the proposal (Detailed Project Report (DPR) for integrated agriculture development taking responsibility for delivering all the interventions jointly with Department.
- Department would coordinate with Central Institutes / State Agricultural Universities / Private Sector to introduce innovative technologies and crop varieties as required in the area.
- Projects will be proposed by Private Partners through the concerned district Joint Director of Agriculture. The concerned Joint Director of Agriculture will scrutinize the proposal and forward the same with their opinion to Commissioner, Watershed Development Department.
- Project monitoring unit (PMU) headed by the Commissioner, Watershed Development Department will initially screen the proposals for onward submission to the Project Approval Committee.
- Project Approval Committee (PAC) headed by Principal Secretary/ Secretary Agriculture Department, Government of Karnataka to scrutinize and accord approval to the projects.
- Projects approved by Project Approval Committee (PAC) will be implemented by Watershed Development Department in coordination with private partner.
- Financial assistance will be provided by the Department to intended beneficiaries (Farmers, Farmers groups/FPOs, Private Partners etc.) as per the approved project guidelines.

- In order to provide focused attention for the overall development of the FPOs an independent unit (PPP-IAD Cell) at the Department will be established to oversee the implementation of the project.
- Formation of FPO's will be supported as per Government guidelines.

### **PPP-IAD proposal features.**

- The PPP-IAD programme expects to cover at least 5000 Ha of land and about 5000 farmers in each project. However a minimum of at least 100 farmers should be covered in the initial year by the private company.
- While there would be complete flexibility in design of the project by companies it should be ensured that the project adopts an integrated value chain approach, covering all aspects from production to marketing. Project period of minimum 2-3 years would be preferred.
- Average project cost per farmer during project should be quantified, though an average of Rs.1.00 lakh per farmer will be a desirable benchmark. Government support will be restricted to 50% of the overall per farmer investment proposed, with a ceiling of Rs.0.50 lakhs per farmer through the project cycle. It may be noted that these ceilings are as strictly as per the PPP-IAD framework. The remaining investment will be arranged by the corporate through institutional financing and its own resources and farmers contributions. All subsidies will be directly routed to farmers or reimbursed to project leaders after verification of asset distribution to farmers / utilization by FPO farmer members.
- Key interventions which must feature in each project are ,
  - Mobilizing the farmers into formal groups.
  - Technology dissemination.
  - Value addition.
  - Marketing solutions – Buying back the produce of the farmers.
  - Project management.
  - Addressing environmental concerns
- Measures for minimizing cost of production and enhance productivity by adopting improved cultivars, production technologies, seed village, INM, IPM, micro irrigation etc.
- Measures for minimizing the post-harvest losses by adopting proper post-harvest management practices viz., sorting, grading, washing, packaging, primary processing and value addition facilities and marketing facilities.
- Addressing issues in the credit supply chain with the support from NABARD.
- Project proposal to involve end users (Exporters, Processors and Retailers) for providing alternate markets to farmers.
- Proposer Company can choose to partner with the FPO formed or can identify group of farmers who will be mobilized into commodity interest groups. It is expected that the proposer company will motivate the farmers to form producer companies. The corporate shall coordinate with the resource institutions identified for this purpose and extend technical support to the producer company.

## **Crops and Beneficiaries and Area of Operation**

**Crops:** The Watershed Development Department will encourage investment and formation of FPO's especially in Millets, pulses and soyabean crops.

**Beneficiaries:** The target beneficiaries of FPOs are Small & Marginal farmers. The FPOs are registered & administered by farmers under the Companies Act & the organisation must be focused on activities in the agriculture and allied sectors. Farmers / members of all the FIGs and FPOs and the corporate company are the beneficiaries under PPP-IAD.

**Area of Operation:** Entire State.

## **Scheme Components, Cost Norms and Pattern of Assistance:**

The Project Approval Committee (PAC) headed by Principal Secretary/ Secretary Agriculture Department, Government of Karnataka to scrutinize and accord approval to the projects submitted by the Private Partners. Projects approved by Project Approval Committee (PAC) will be implemented by Watershed Development Department in coordination with private partner. Financial assistance will be provided by the Department to intended beneficiaries (Farmers, Farmers groups/FPOs, Private Partners etc.) as per the approved project guidelines.

For various components proposed by the Private companies to enhance production, the financial assistance will be provided as per ongoing schemes/programmes of Central Govt./ State Government. The subsidy availed by farmers for these components should be within the Rs. 50,000/- ceiling per farmer.

In cases where no Central/State Govt. norms are available, a certificate of reasonableness of the proposed project cost along with reasons / justifications thereof shall invariably be given by proposer private partner in each such case. In such cases, financial assistance shall not be more than 25% of cost of that component of the project.

## **Major Components Involved in the Project**

### **1. Capacity building on specific technical knowledge to Stake holders:**

- a. **Institutional training programme:** Training programmes will be organized by Department in collaboration with SAU's for FPO members / farmers for need based trainings under RKVY.
- b. **Field level Training Programmes:** Need based crop specific training programme will be organized at FPO / cluster level for updating knowledge and skills on crop production and pre and post-harvest management.
- c. **Organizing exposure visits:** Exposure visits to farmer members to the fields of progressive farmers / research institutes / private R & D units etc. for up gradation of knowledge and skills in the specific crops / post-harvest management practices / innovative technologies.
- d. **Organizing seminars / workshops** on the selected crop specific technologies / post-harvest management practices.

## **2. Soil test based technology adoption:**

Soils are one of the most important resources for agriculture. Soil sample analysis at FPO level will be carried out by department / corporate. Soil organic carbon is an indicator of general soil health and specifically soil nitrogen, phosphorus and potassium and other micro nutrients. Based on the analysis of soil samples the fertilizer recommendations will be developed for major and micro nutrients at FPO level for integrated nutrient management.

## **3. Seed village concept.**

Seed is the important agricultural input. There need for increased seed replacement with quality seeds for sustained yield increase. Hence strengthening the seed multiplication chain through assistance to public and private sector, popularizing new varieties to encourage varietal replacement, promoting new technologies and methodologies in seed production, processing, testing etc., strengthening and modernizing infrastructure for seed production, storage, certification and quality control , ensuring availability of seed in contingent situations is pertinent. Farmers have to be trained in seed production and the seeds produced in the Seed Villages can be preserved/stored to be used as seeds in the next sowing season or contingent season thereby making the farming community self-reliant.

## **4. Organizing large Scale demonstrations on cluster approach and innovative technologies:**

- a. Cluster wise crop specific large scale demonstration will be established at FIG level.
- b. The integrated crop management practices will be encouraged for higher production and productivity.
- c. Integrated nutrient management, integrated pest management, soil conservation and water management will be encouraged for higher production.
- d. Season wise crop planning to reduce post-harvest loss.
- e. Promotion of climate smart agriculture.

## **5. Input Supply:**

- a. All FPOs will be encouraged through Resource Institutes to get the input licenses / marketing licenses from the concerned authorities. The related companies will supply quality inputs such as seed, seedlings, saplings, manures, fertilizers, micro nutrients, plant protection chemicals, etc. The marketing licenses from the APMC / Marketing Board, GOK.
- b. The corporate will also be encouraged to supply quality seeds / saplings etc. on contractual farming basis.

## **6. Post-Harvest Management and Value addition**

- a. Educating the post-harvest management techniques storage, grading, sorting etc.
- b. Promoting value addition such as preparation of dhal, malt vermicelli, flakes etc.

## **7. Man Power Requirement:**

- a. The man power management is very important at all levels. The persons working will be trained on required management skills for effective management of PPP – IAD project.
- b. The corporate will identify suitable man power for quality performance of post-harvest management and value addition practices and marketing.
- c. The Departmental man power will be trained for suitable management skills in the PPP – IAD projects for effective performance.
- d. The FPO will identify suitable man power for PPP – IAD project management including post-harvest management and marketing.

## **Roles and Responsibilities of Stakeholders**

Following are the roles and responsibilities of the different stake holders enlisted to facilitate the proposer companies. However these may be varied to suit the needs of different proposals.

### **1. Farmers / group of farmers**

- a. Farmers have to work in the peer group in a specific location for specific crops on the needs of the end users.
- b. They have to cooperate for contractual farming (if required as per DPR) with mutual understanding between the corporate and Watershed Development Department/ Department of Agriculture, Government of Karnataka.
- c. The farmers will sell at least 50% of the produce to the buyer company
- d. They should also share the required finance in the project.

### **2. Farmer Producer Organisation (FPO)**

- a. The Farmers Producer Organization (FPO) has to organize farmers for specific crop wise clusters for the entire crop cycle with hi-tech package adoption.
- b. Collection Center, Cold Storage facility, Refrigerated transport facility, processing and value addition centers may be set up based on the needs by FPO and shared with company if felt appropriate
- c. The FPO would or may suggest corporate for specific crops and specific location.
- d. The FPO would vet the Memorandum of Understanding (MOU) between corporate and FPO members. The MOU should specify the terms and condition of prices of the produce and responsibilities of breaching of MOU.

### **3. Watershed Development Department ,Government of Karnataka:**

- a. To provide technical support to the farmer members either directly or through suitable technical organizations / institutions.
- b. To provide basic data on area, production and productivity of the crops, varieties grown in each district etc. to the companies.
- c. To extend subsidy support to the Farmers /FPO/Corporates for quality produce and establishment of post-harvest management infrastructure facilities for produces as per the DPR submitted by the corporates.
- d. To monitor the success of the programme for the entire crop cycle.
- e. To organize crop seminars, exposure visits and human resource development activities to update the technology of the growers and staff of the department.
- f. Department would provide the required finance in the project as per approved DPR.
- g. Baseline data of the districts to be provided to private companies.

#### **4. Corporate / Proposer Company:**

- a. Provide the inputs that are absolutely necessary for proper growth and development of the crop so as to encourage the farmers to reduce the cost of cultivation.
- b. Prepare the crop calendar procurement plan (month wise and crop wise).
- c. To buy back at least 50% of the estimated produce from the farmers.
- d. The Corporate can also provide required inputs if need be at price not higher than the market price.
- e. Providing marketing linkages along with extension should be the main focus. Involvement of the companies both in providing backward as well as forward linkages is important.
- f. Building of trust between the farmers and the private companies forms the foundation of the PPP-IAD projects.
- g. The private partners will motivate the farmers to form producer companies.

#### **Companies identified for the Project**

- Companies which can integrate the entire value chain, right from stage of pre-production to the consumers table through appropriate interventions.
- The companies in agriculture business will be given priority. Any company which extends support to the farmers/ FPO in end to end approach will be identified for the project.
- Technology companies with promising/innovative technologies which can lead to increase in productivity and make value chain for a particular crop or group of crops and increase net income of farmers.
- End user Companies: Companies who are processors, exporters or retailers and are ready to procure end product of project.
- Farmer Producer Organizations (FPOs): On behalf of producer farmer members, FPOs can participate in PPPIAD. Apart from activities of production they themselves or along with another end user company they should provide the marketing linkage.
- Thus PPP partners should invariably procure the end product (farm produce) in the project so as to complete the value chain (end to end solution).
- However preference would be given to partners who will invest in creation of new infrastructure in the state, along with activities related to extension for increasing productivity.
- Proposer Company shall indicate activities and make commitments regarding their share in the project. The proposer would also sign memorandum of understanding & mechanism for determining the share should be elaborately mentioned in MoU.
- Use of CSR funds in the area of operation will be encouraged and preference will be given to such companies.

#### **Steps for PPP IAD Project Implementation:**

- Consultative Conference with the intended companies interested in participating in this scheme.
- Submission of detailed project proposal (DPR) by private partners to concerned District Joint Director of Agriculture. Onward submission to Watershed



Development Department along with opinion of the concerned district Joint Director of Agriculture.

- Presentations by the corporate company to the Project Monitoring Unit (PMU)
- Screening of projects with reference to the activities and the infrastructures proposed to suit the local needs by (PMU)
- Submission of projects to State level Project Approval Committee (PAC) for approval.
- Issuance of Govt. Order after due approval from Project Approval Committee (PAC)
- Signing of MOU and Issuance of Guidelines.
- Rolling out of project.

### **Details to be included in DPR submitted by the Private /Corporate Companies**

Companies/Private Partners will identify the regions they wish to take up and develop the project for integrated agriculture development. The strategy & road map formulated by companies/Partners should invariably address the issues pertaining to crop production, post-harvest handling and marketing. The DPR should contain information on geography & climate, potential of agriculture development, availability of land, SWOT analysis, and strategy for development and plan of action proposed to be taken to achieve goals in the identified region. The document should focus on adoption of cluster approach for production and linking with available infrastructure, or to be created, or post-harvest management, processing and marketing.

The proposer company shall in its DPR clearly mention stage of critical interventions anywhere from planting to post harvest management and marketing with the desirable parameters for evaluation. Crop insurance should also be made part of DPR. The DPR should also focus on adoption of Good Agricultural Practices, seed village concept, mechanization and proper utilization of existing natural resources.

Each DPR shall clearly verifiable indicators for tracking the progress of the project during the project period. At the end of project period, the impact of the project should be visible which shall be assessed by a third party.

It is expected that the broad area to be covered in terms of villages would be mentioned in the DPR. However, the exact identification of farmers can be done post approval of the project by the State Government. The DPR may have a clear mention of all cost involved from seed to produce / marketing and indicative share of partners of PPP-IAD i.e., Corporate, Farmers and Government.

The template for DPR would essentially include (not limited to) information on following.

- Introduction & Background
- Baseline data
- Company/Private Partner profile
- SWOT analysis
- Objectives
- Scope of project
- Implementation plan- Component wise details, Interventions proposed for end to end value chain, Strategy for rolling out the project with availability of man power in project area
- Procurement plan
- Roles & Responsibilities of different stake holders
- Innovations proposed
- Private companies will provide Results Framework Document (RFD), giving clearly the verifiable indicators for tracking the progress of the project during its implementation.
- Monitoring & Evaluation
- Expected Outcomes.

### **Submission of the Project**

Duly attested Detailed Project Report (3 copies) enclosed with relevant documents, along with covering letter should be submitted to the concerned District Joint Director of Agriculture.

### **Review of the Project**

The progress of the project implementation will be reviewed every month by the Project Monitoring Unit (PMU) and once in three months by the Project Approval Committee (PAC).