

## **Operational procedure for Value Chain Partner ( VCP) under 'National Mission on Edible Oils-Oilseeds (NMEO-OS)'**

Government of India has sanctioned a new mission namely 'National Mission on Edible Oils-Oilseeds (NMEO-OS)' as a Centrally Sponsored Scheme (CSS) under Krishonnati Yojana (KY) of the Department of Agriculture & Farmer's Welfare (DA&FW) from 2024-25 to 2030-31. The Mission will support boosting production of oilseed crops with a primary focus on Rapeseed-Mustard, Groundnut and Soybean and making targeted interventions in other oilseed crops including secondary oilseeds and tree-borne oilseeds (TBOs). 'Sub Mission on Minor Vegetable Oil' will also form a part of the NMEO-OS Mission to improve oil extraction from secondary sources like cottonseed, rice-bran, and TBOs through targeted interventions.

### **Objective:**

The National Mission on Edible Oils – Oilseeds (NMEO-OS) is strategically designed to reduce India's reliance on imported edible oils, and drive towards *atmanirbharta* by boosting domestic oilseed production and improving farmer incomes. This will be achieved through addressing the significant yield gap (~60%) in oilseed crops and targeting multiple key areas to ensure sustainable growth in the sector.

### **The mission aims to:**

1. **Harness innovations:** Utilizing already available and early-maturing innovations and technological breakthroughs for addressing the yield gap.
2. **Accelerate dissemination:** Promoting the rapid dissemination of improved seed varieties (released in the last five years) and technologies within crop-specific clusters involving cooperatives, FPOs, and the private sector.
3. **Targeting expansion:** Encouraging the expansion of oilseed cultivation in fallow areas specially in eastern states and promoting intercropping through demonstrations.
4. **Increasing availability of improved seeds:** Addressing deficiencies in the seed production and distribution system to ensure availability and accessibility of quality seeds.
5. **Enhance market access:** Linking oilseed farmers and value chain partners (VCPs) with processors to improve their market access and ensure better returns.
6. **Support extraction and collection of secondary oilseeds:** Bolstering the production of secondary oilseeds and Tree Borne Oils (TBOs) through targeted interventions.

### **Value Chain Clusters**

#### **1. Cluster Formation:**

- 1.1. The cluster approach under NMEO-OS aims to accelerate the adoption of newly released crop varieties and recommended practices. States must ensure that the total area designated for clusters for each crop aligns with the cluster area targets assigned to the State/UT under the mission, as outlined in Annexure 3.

1.2. The minimum cluster size should be maintained as follows:

- **Major oilseed crops** (Soybean, Groundnut, Rapeseed-Mustard): 500 ha (250 ha for Northeast and hilly states).
- **Minor oilseed crops** (Sesame, Sunflower, Niger, Safflower): 200 ha (100 ha for Northeast and hilly states).
- **Exclusive clusters for FRA holders** : 100 ha for any major/minor oilseed. However, FRA patta holders can also be part of any other cluster.

1.3. Clusters must be entirely within the boundaries of a single district. Overlapping clusters across districts are not permitted. Similarly overlapping of clusters within the district should also not be there. Efforts should be made to keep the number of clusters to be minimum and farmers of one geographical area or administrative unit (block/tehsil /taluka) should be in one cluster only.

1.4. The overall area of all the clusters in the district should not be more than the ceiling prescribed by the SOSM.

1.5. A suggested list of districts for cluster formation is provided in Annexure 4. However, states may propose and establish clusters in other districts with prior approval from SOSM, ensuring state-specific cluster area targets are met.

1.6. Each crop cluster should include a minimum of 200 farmers (100 farmers in North-eastern and hilly states). While these farmers do not need to be in a contiguous area, they must reside within the same district. However, the same farmer should not get the assistance under a cluster for more than one year in one crop.

1.7. If a district lacks sufficient area for a single crop cluster, a multi-crop cluster can be formed. However:

- i. Multi-crop clusters should ONLY be created when forming a single crop cluster is not feasible.
- ii. The total cluster size must still meet the minimum requirement of 500 ha (250 ha for Northeast and hilly regions).

1.8. Areas under intercropping of oilseeds should be included when calculating the total area for a cluster.

1.9. Each cluster will be managed by a Value Chain Partner (VCP), which can be a Farmer Producer Organization (FPO), Cooperative, or Public/Private Corporation operating in the oilseed sector.

1.10. The District Executive Committee (DEC) is responsible for identifying and selecting VCPs for these clusters within their respective districts, following the scheme guidelines. Priority should be given to farmers' collectives such as FPOs

and Cooperatives. If no eligible FPO or Cooperative is available in a district, other public or private corporations may be appointed as VCPs, adhering to the procedures detailed in subsequent sections.

## **2. Eligibility criteria for VCPs**

- 2.1. The DEC shall invite applications from eligible FPOs and Cooperatives and public/private corporations to form crop-specific clusters following the scheme guidelines.
- 2.2. The DEC shall finalize the application based on the eligibility criteria mentioned here by adopting a marking system based on defined parameters (details of the scoring parameters are mentioned in Annexure 5).
- 2.3. Oilseed farmers within the clusters shall be given priority under convergence schemes such as Sub-Mission on Agricultural Mechanization (SMAM) and Per Drop More Crop (PDMC). Special emphasis will be placed for support under the National Beekeeping and Honey Mission.
- 2.4. Eligibility criteria For FPOs / Cooperatives: FPOs and Farmers' Cooperatives fulfilling the following criteria shall be eligible:
  - a) Should be registered under the Companies Act or Cooperatives Act.
  - b) Should have an experience of at least 3 years working in the district where the cluster is formed.
  - c) At least 200 farmers (100 for Northeast and Hilly regions) should be registered in the FPO or Cooperative.
  - d) Average annual turnover in the past 3 years should be greater than Rs 9 lakhs.
  - e) Equity of at least Rs 3 lakhs by the farmers in the FPO. Recipients of any Equity Grant by the Government shall be given preference.
- 2.5. FPOs formed under the 10000 FPOs scheme, FPOs associated with oilseeds registered with public agencies such as NAFED, NSC-OS etc. shall be given preference subject to fulfilling of eligibility criteria prescribed in 4.2.6.

## **3. Eligibility criteria for Public or Private Corporations**

- i. Centre or State Public Sector Undertaking working in the seeds, edible oil, fertilizer sector, and Private Corporations registered with The Solvent Extractors Association of India (SEA), The Soybean Processors Association of India (SOPA), Mustard Oil Producers Association of India (MOPA), Indian Vegetable Oil Producers' Association (IVPA), National Seed Association of India (NSAI), Federation of Seed Industry of India (FSII) shall be considered for forming VCPs.

ii. Public or Private Corporations fulfilling the following criteria shall be selected based on the performance matrix given at Annexure 5.

- Minimum annual turnover of Rs 10 Cr
- No defaults of taxes in last 3 years
- Working as a producer of seeds, fertilizers, and edible oil for at least the last 5 years.

#### 4. Role of Value Chain Partners (VCPs)

- 4.1. **Registration of Farmers:** VCPs shall identify eligible farmers within the cluster to participate in seed distribution and training programs. These farmers must be registered on the Krishi Mapper Application to ensure streamlined coordination. In cases where the state is already mapping farmers on a different state portal, the required information must be shared with DA&FW via API integration into the **Krishi Mapper portal**. Additionally, registration on the e-Samridhi portal will be mandatory to facilitate seamless procurement processes.
- 4.2. **Mandatory Soil Health Testing:** Before seed distribution, VCPs shall ensure that all registered farmers undergo mandatory soil health testing. This step is essential to align seed selection with local soil conditions and enhance productivity.
- 4.3. **Selection and Distribution of Seeds:** DOSM and VCPs shall finalize the type and quantity of seeds to be distributed in the value chain clusters, selecting from the prescribed list for the respective district/state. VCPs will have the autonomy to choose seed varieties from the approved list shared by NSC-OS. VCPs shall estimate the seed requirements of registered farmers and communicate these to the DOSM for inclusion in the State Action Plan. Any additional cost for procuring seeds beyond the financial support provided under the mission shall be borne by the farmers or VCPs.
- 4.4. Seed distribution shall be conducted by State agencies in presence of VCPs. VCPs shall be responsible for organizing the distribution. Seeds shall be distributed using devices such as Point-of-Sale (POS machines) for verification of beneficiaries.
- 4.5. VCPs shall also be responsible for ensuring forward linkages of sale-of-produce either by setting up their own processing units or coordinating with other agencies. Support for setting up of post-harvest infrastructure as prescribed under NMEO-OS should be utilized. Besides VCPs should also take benefit of schemes such as Agriculture Marketing (AMI), Agriculture Infrastructure Funds (AIF) and similar other programs for creating post-harvest infrastructure like storage or processing.

#### 4.6. **Farmer Training and Field Schools:**

- VCPs shall coordinate with Technical Support Agencies (TSAs) within the cluster to organize training sessions for farmers, while ensuring that all training activities are documented in the Krishi Mapper App.
- VCPs will also organize Farmer Field Schools (FFS) for unregistered farmers who have farms within the cluster area, ensuring these sessions are likewise recorded in the Krishi Mapper app.

4.7. **Dissemination of Advisory Services:** VCPs shall facilitate the dissemination of advisories to farmers through platforms such as WINDS, Gramin Krishi Mausam Seva, VISTAAR, and any other prescribed methods.

4.8. **Management and Outreach Assistance:** VCPs shall receive management and outreach assistance equivalent to 1.5% of the total expenses incurred on seeds and training within the cluster. This amount shall be included in the State Annual Action Plan and debited from the PME/Admin component of KY, adhering to the permissible limits of the state. The assistance shall only be disbursed to VCPs upon the successful sowing of the seeds provided.

### 5. Procedure to be followed in Value Chain Clusters

#### 5.1. **Advance Procurement and Supply Arrangements:**

- The State Mission Director shall consolidate seed requirements for all varieties and make advance procurement and supply arrangements with seed agencies as part of a 3-year advance arrangement, specifying the varieties to be supplied to each VCP in each district.
- For FY 2024-25 and 2025-26, the availability of certified seeds shall be assessed in advance from various seed agencies, as the production of certified seeds on short notice may not be feasible. Assistance for seed procurement shall be determined based on the availability of seeds. VCPs will be linked with seed supply chains in consultation with the DOSM to ensure timely availability to farmers.
- For the following two years, advance procurement tie-ups with seed agencies must be finalized by or before June 2025. These tie-ups shall be based on seed requisitions received from DOSM, ensuring that seed varieties are available in time for the cropping seasons.

5.2. **Tri-Partite Agreements:** Each implementing district shall establish a tri-partite agreement between the designated seed-producing agency, the identified VCP, and the DOSM. State Governments will pre-identify crop-wise seed suppliers for each district based on requisitions submitted by the districts. District

missions must ensure availability of the allocated seeds in a timely manner as stipulated in the agreements. To avoid delays, all advance procurement tie-ups with seed suppliers must be completed at least six months prior to the start of the cropping season.

5.3. **Performance Guarantees and Payment to Seed Suppliers:** The seed supplier shall submit a performance guarantee, as determined by the State Government, to the District Executive Committee (DEC). Payments to the seed supplier shall be disbursed in the following stages:

- **First Instalment (50%):** Released upon receipt of a certificate from the VCP confirming the delivery of seeds.
- **Second Instalment (25%):** Released upon receipt of laboratory reports certifying the quality of the seed samples.
- **Final Instalment (25%):** Released after post-harvest evaluation, ensuring satisfaction with the seed quality and performance. The criteria for determining post-harvest satisfaction shall be established by the State Government in consultation with Technical Agencies.

5.4. Performance guarantees shall NOT be required for government agencies such as central and state seed agencies, central and state seed cooperatives, seed hubs and ICAR institutions.

5.5. **Seed Quality Assurance:** State officials distributing seeds shall ensure that samples of the supplied seeds are collected in the presence of VCPs and sent to empanelled, accredited laboratories designated by the State Government for quality testing.

5.6. **Provision of Free Seed:** Farmers will be provided free seeds for cultivation, limited to a maximum of 1 hectare per farmer.

## 6. Technical Support Agencies (TSAs)

6.1. Each VCP will be supported by a Technical Support Agency (TSA) identified by the DOSM to facilitate farmer training and capacity-building activities. Preferably, the KVKs within the district will serve as TSAs, or any other public institution (such as Central Agricultural Universities (CAUs), State Agricultural Universities (SAUs), State Agricultural Management and Extension Training Institutes (SAMETIs), or ICAR institutions) as determined by the DOSM within the overall direction of SOSM. These TSAs will provide assistance to farmers within the value chain cluster through the following activities:

- i) Conduct training of farmers registered in the Value Chain Cluster on Good Agricultural Practices (GAP)
- ii) Organize Farmer Field Schools (FFS) to engage and train farmers not registered in the value chain cluster but located in the vicinity.
- iii) Assist in creating and disseminating timely weather, soil, and pest advisories to farmers.
- iv) Leverage forecasting tools and integrated pest management systems such as Gramin Krishi Mausam Sewa (IMD) and WINDS (DA&FW) to provide data-driven insights.
- v) Use the VISTAAR platform to disseminate customized and contextual advisories and information in the local language for better accessibility and impact.
- vi) Support the verification of seed quality to be distributed within the cluster by sending seed samples to accredited seed testing laboratories. The verification report shall be uploaded on the Krishi Mapper application for transparency and record-keeping.
- vii) Funds for farmer training and farmer field schools (FFS) shall be transferred to the TSA by DEC as per the norms detailed in sections 9 and 10 of the guidelines.

#### **7. Advisory support:**

- Farmers registered in the cluster shall receive weather, soil health and pest management advisories utilizing existing systems and digital applications. The VISTAAR/GKMS/NPSS and other available infrastructure shall be utilized for generating and disseminating advisories.
- TSAs will create SOPs for dissemination of customized advisories to the farmers in the cluster using various communication modes.

#### **8. Handholding support to VCPs:**

Cluster-Based Business Organizations (CBBOs), major cooperatives, federations of cooperatives, FPOs, private agencies, and oil industry associations established at the state or cluster level under the 10,000 FPO Scheme or other relevant Central or State Government schemes, as identified by the DEC, shall be encouraged to provide handholding support to VCPs in developing the agricultural value chain for respective oilseeds.

#### **9. Performance Monitoring of VCPs:**

Regular performance audits shall be conducted for all VCPs through a committee constituted by District Collector. This evaluation/ audit will be conducted based on the KPIs prescribed by the Government of India, supplemented by any additional parameters deemed necessary by the SOSM. Non-performing VCPs shall be blacklisted from receiving government grants, subsidies, or support under any other schemes, including NMEO-OS.

<b>Scoring matrix for the selection of FPO / Cooperative as VCP.</b>		
<b>S.no</b>	<b>Parameter</b>	<b>Weightage (%)</b>
1	Years of operation	30
2	Number of farmers	30
3	Average revenue	30
4	Market / Industry Linkages	10

**\*In case of a tie of score,** FPOs formed under the 10000 FPOs scheme, FPOs associated with oilseeds registered with public agencies such as NAFED, NSC-OS etc. shall be given preference.

**Scoring matrix for the selection of Public / Private Corporation as VCP.**

<b>S.no</b>	<b>Parameter</b>	<b>Weightage (%)</b>
1	Years of operation	25
2	Average Revenue	25
3	Experience in Oilseeds / Edible Oil sector	15
4	Past experience in cluster development	15
5	Capability to address the value chain concerns of the farmer including procurement.	20