

Pradhan Mantri VanDhan Yojana

Promoting Tribal Enterprise through
Value Addition, Branding and Marketing of Forest Produces



Pradhan Mantri VAN DHAN Yojana (PMVDY)

“Scheme Guidelines”

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Pradhan Mantri Van Dhan Yojana

"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. PMVDY

- 3.1 Van Dhan 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 PMVDY

- 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 15 tribal Van Dhan Vikas Self Help Groups (SHG), each comprising of upto 20 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 members¹.
 - (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 PMVDY 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 PMVDY

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 PMVDY 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 PMVDY shall focus on scaling up the well performing Kendras into *pucca* facilities with enhanced facilities i.e. storage, primary processing, packaging facilities etc.

¹ 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 PMVDY 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.

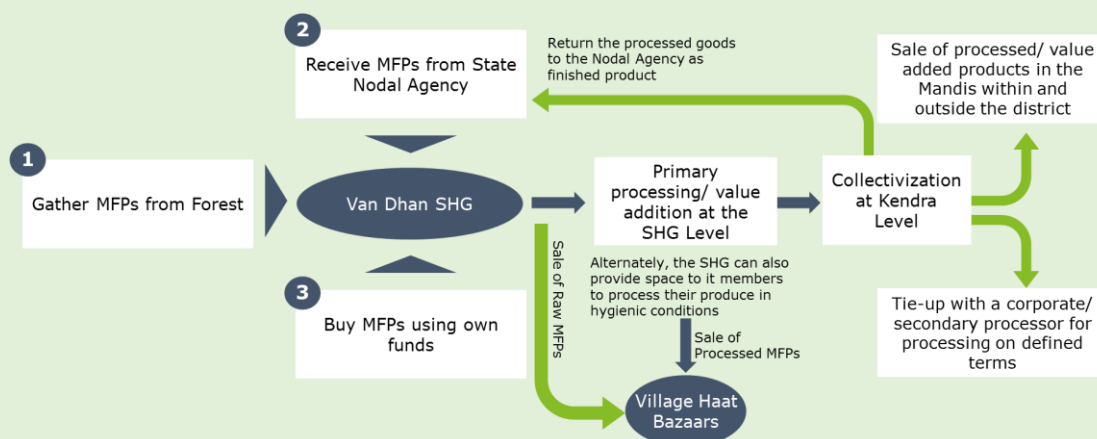
- (iii) Under the PMVDY, each Van Dhan Vikas SHG shall be supported with following facilities/ components:
 - (a) Building/ infrastructure support to be established in one of the beneficiary's house/ part of house or Government/ gram panchayat building
 - (b) Primary processing equipment/ tool kit comprising 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 20 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.²
- (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.

² 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 PMVDY 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 Project³ (NERLP) and North Eastern Region Community Resource Management Project⁴ (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 lakhs per Van Dhan Vikas SHG for cluster of 15 such SHGs per Kendra
 - (b) The cost mainly includes the cost of training (for a batch of 20 trainees for 4 days) and cost of equipment.

³ 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

⁴ 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).

- (ii) PMVDY 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 0.75 lakhs per Van Dhan SHG for cluster of 15 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

S. No.	Description of Expenditure	Total (Rs.)
1	TRAINING & FACILITATION EXPENSES	
a.	Hiring of Master Trainers (2 No.s)	2667
b.	Lodging and Boarding Charges for the Master Trainers	1333
c.	Arrangement for training (such as training board, banners, posters, etc.)	667
2	TRAINEE EXPENSES	
a.	Wage compensation to the trainees/ members (20 trainees X 4 days x Rs. 150/ day)	12,000
b.	Food & Refreshment Expenses (Breakfast, Lunch, Tea / Snacks) (Rs. 100/ trainee/ day X 20 trainees X 4 days)	8,000
3	ADVOCACY EXPENSES	
a.	Advocacy materials, photography etc.	3000
4	COST OF RAW MATERIAL @ about 14 kg per person @Rs.20/- per kg	5667
I	Total cost of training (excluding supply of toolkit)	33,333
II	TOOL KIT*	66,667
III	Total cost for one batch (excluding working capital) (I+II)	1,00,000
IV	WORKING CAPITAL**	50,000
	Total Cost for setting up 1 Van Dhan Vikas SHG (III+IV)	1,50,000
	Cost for 15 Van Dhan SHGs i.e. One Van Dhan Vikas Kendra (Rs. 1.5 lakhs x 15 SHGs)	Rs. 22.50 Lakhs including Rs. 7.5 Lakhs Working Capital.

** 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. 0.66 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

Cost Component	Amount (in Rs)
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
Total	Rs 20 Lakhs

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 PMVDY.
- 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

Pradhan Mantri Van Dhan Yojana

											(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	6000
Stage II: Scaling up to pucca Kendra*	-	-	360	480	840	480	480	360	480	1800	2640

*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 PMVDY 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 PMVDY shall be to set-up the Van Dhan Kendras in the aspirational districts with majority tribal population⁵. 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 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.

⁵ 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.

- (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.)
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	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	2640
Fund Requirement (Rs. in Cr)	-	-	72	96	168	96	96	72	96	360	528

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 20 members with at least 60% tribal members. In case 20 members are not available, an appropriate number of members may be decided (but not less than 10), 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 15 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 same⁶. 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 15 such SHGs to form a Van Dhan Vikas Kendra and allot them one Govt. / Gram Panchayat/ Private building. In case 15 SHGs are not available, an appropriate number of SHGs may be decided (but not less than 10 SHGs)

⁶ 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)

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 PMVDY.
- (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.