



AIF STATE CONCLAVE

Friday, March 19, 2021

Madhya Pradesh:
Crop-cluster & local
entrepreneurship led model to
develop agri infra

Farmer Welfare and Agricultural Development
Department



Mission Agri-Infrastructure Fund, MP

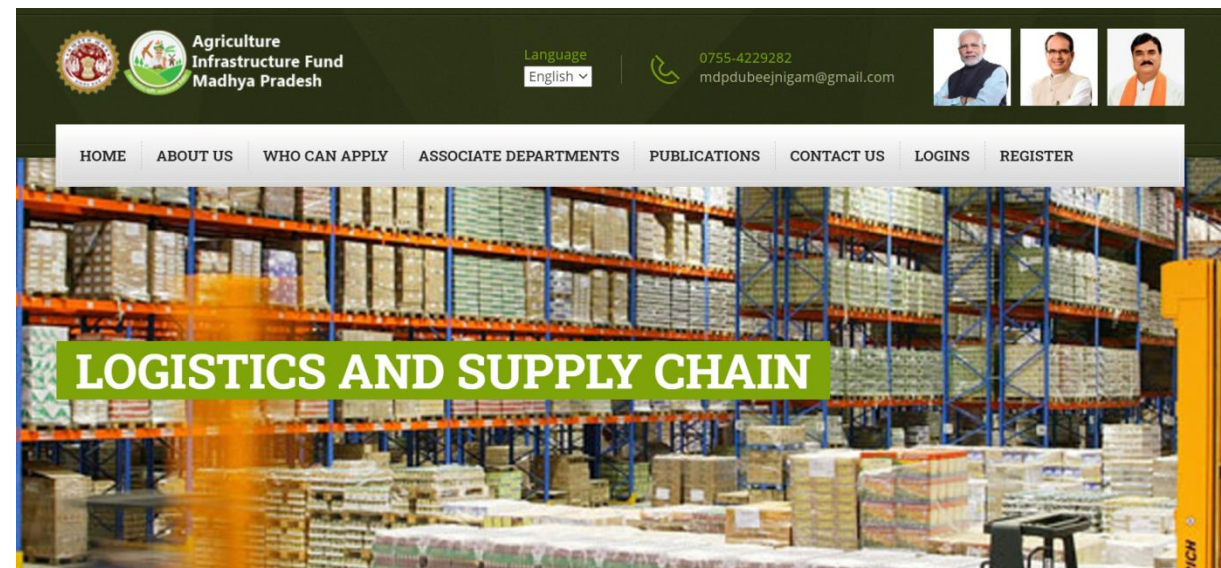


Mission

Support farmers, SHGs, FPOs, Agri-Entrepreneurs and Cooperatives with easy credit for creating farm-gate infrastructures and community farming assets to maximize primary value addition and handhold for related off-the-self activities

We have developed a dedicated website:

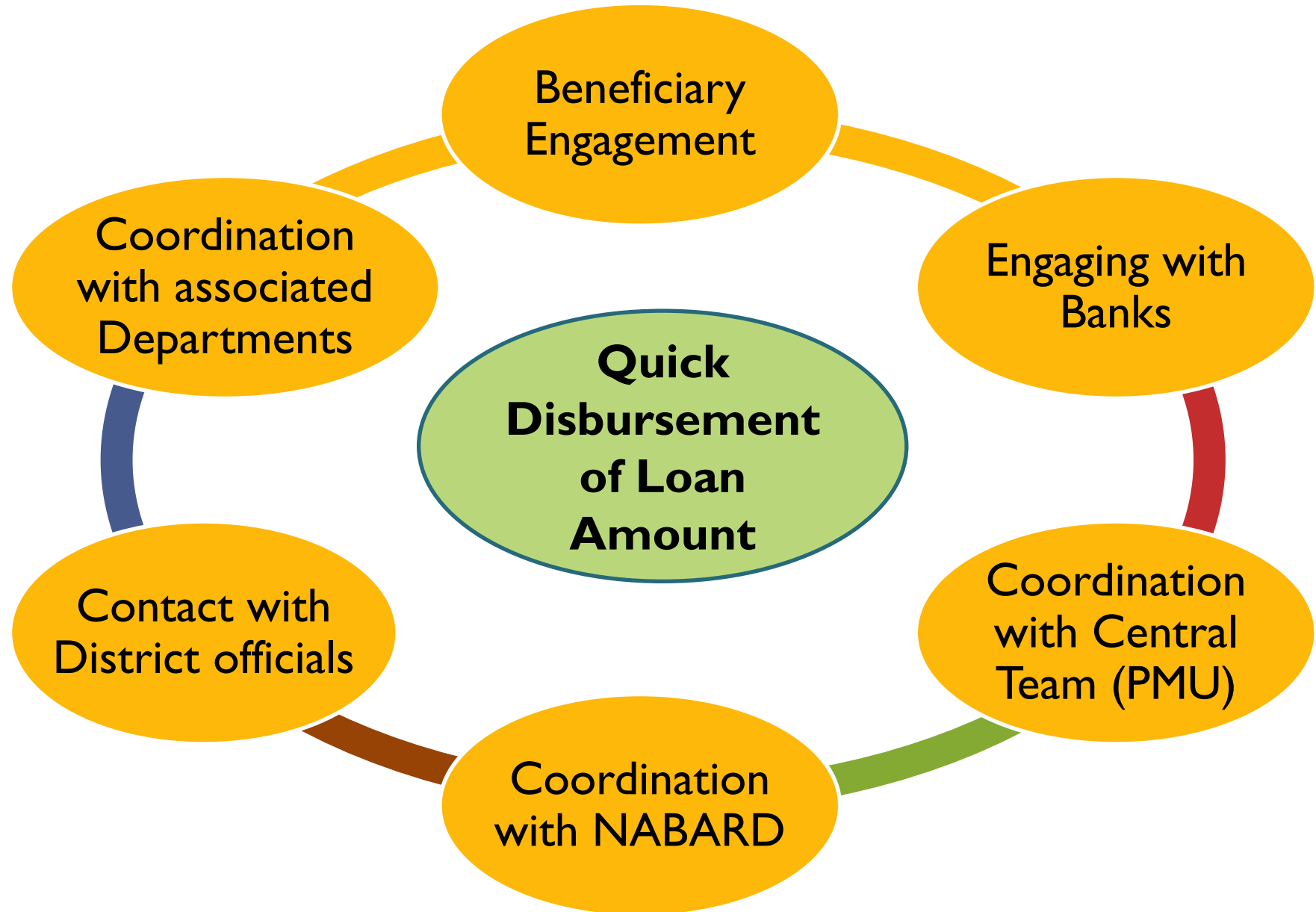
<https://mpaif.org>



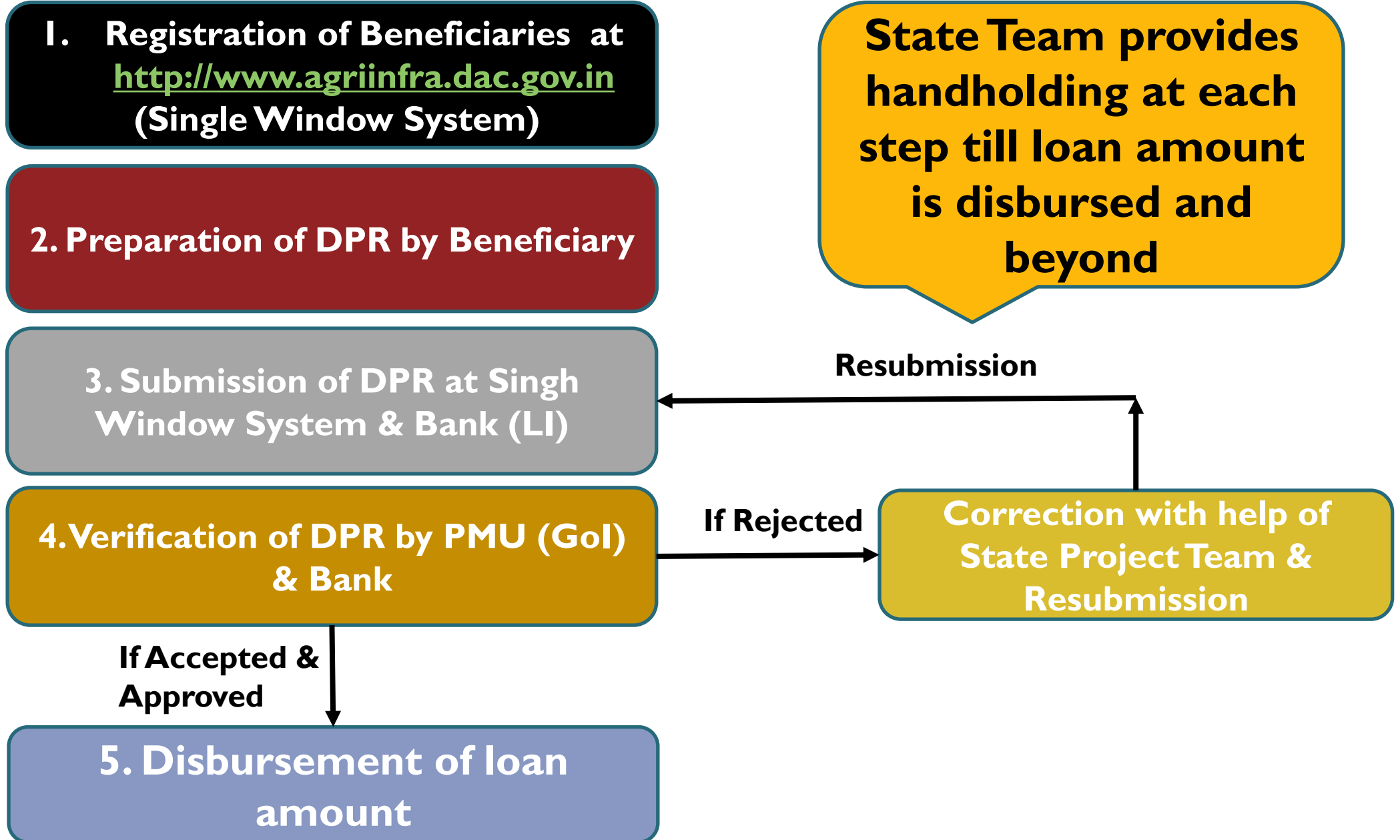
Mission AIF MP Team

- State Level & District Level Monitoring Committees formed which meets regularly
- State Project Development Unit (PDU) formed with existing resources pooled from different departments (Sept 2020)
 - State Nodal Officer
 - Nodal Officer/ Representative from Horticulture Dept.
 - Nodal Officer/ Representative from Agriculture Dept.
 - Nodal Officer/ Representative from Cooperative Dept.
 - Nodal Officer/ Representative from Industry Dept.
 - Representatives from Beej Ewam Farm Vikas Nigam

Role of Mission AIF MP team



Handholding Beneficiary till loan disbursement



Conducted intensive stakeholder outreach

Outreach done

- Webinar with officials of District Industries Centres (DICs)
- Webinar with MSMEs & Big Industries in food processing sector
- Webinar with Cold storage owners
- Meeting with FPOs & FPO Promotion Agencies
- Meeting with Bankers on AIF project financing
- Webinar with Agri-Start-Ups
- Webinar with potential agri export players

Next round of outreach

- Webinar with FPOs (FPCs and Farmer Cooperatives)
- Webinar with JLGs, SHGs and SHG Federations
- Webinar with Organic input manufacturers

Cooperative Societies in AIF implementation

- Conducted 2 rounds of assessment of all PACS (4500) and finalized 226 for applying under AIF in first round
- Developed a detailed process guideline including do's & don'ts for availing AIF
- Engaged NABCONS for DPR preparation
- 169 PACS registered as Beneficiary on the AIF portal
- 108 PACS submitted DPRs to District Bank for financing
- 108 DPRs (worth INR 33 Cr) of PACS approved by District Banks
- Districts Committee formed under chairmanship of District Collector for construction and purchase of machinery as per the approved DPR
- Weekly follow-up with NABARD for DPR preparation and other related functions

Gol supported MP by sending BCG as knowledge support agency (in November 2020- for 16 weeks)

- **Proposal of BCG-**

- Conduct 1-2 value chain studies
- Conduct 1-2 Road Shows at district level to attract local investment
- Create Sample investor Pitch Book for ready reference
- Create basic template and capacitate state team for further activities

- **State proposed-**

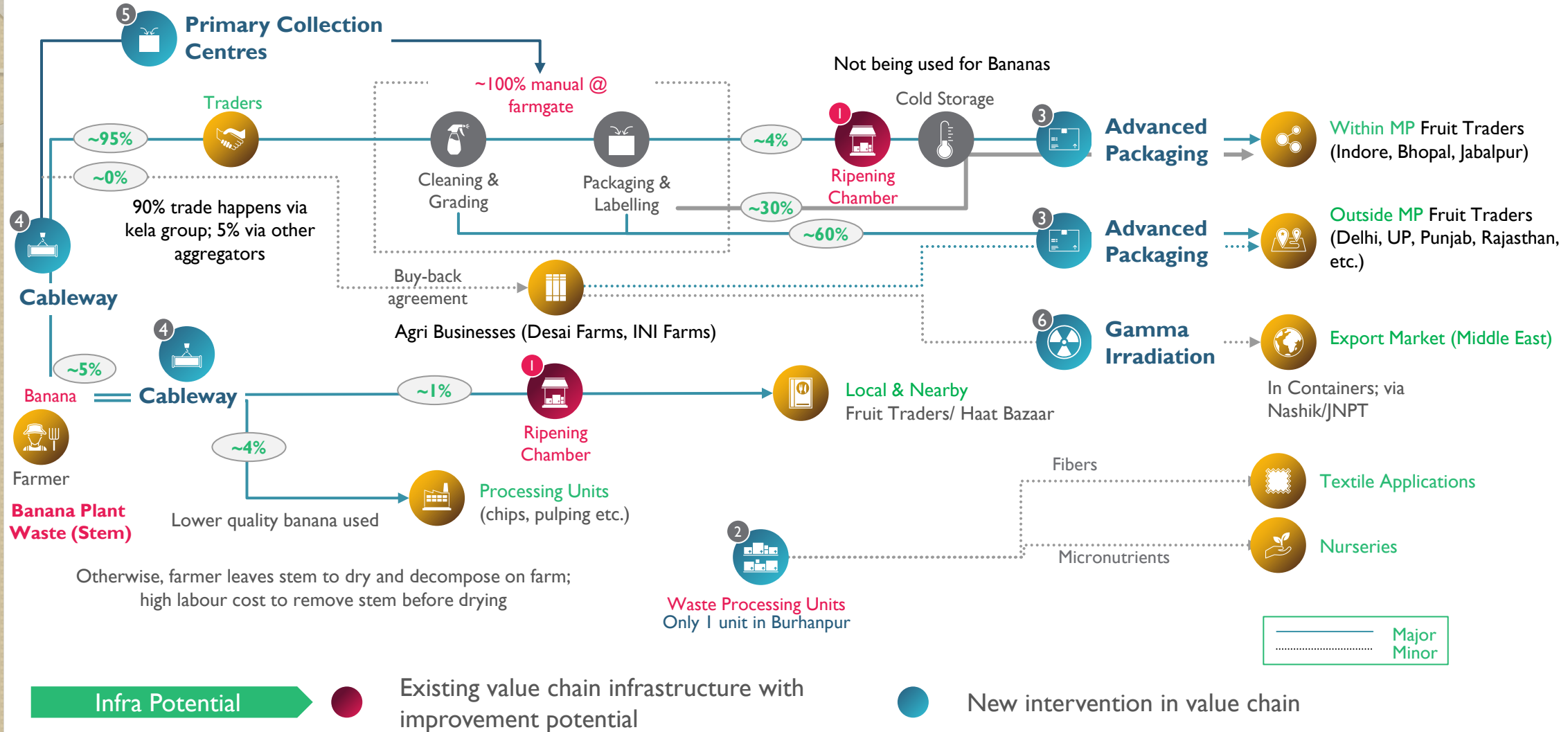
- Conduct value chain study for 7 key crops in 7 districts
- Conduct As-Is Study of existing agri-infra and gap for further agri-infra development through anecdotal approach
- Conduct As-Is Study of production, handling & Storage and marketing of 7 crops
- Produce State Action Plan for Agriculture & Horticulture

BCG helped us in-

- Pilot value chain study of 7 crops in 7 districts
- Mapping of existing agri-infra in value chain
- Map potential investment opportunities for AIF and beyond for 7 crops
- Develop State Action Plan for Agriculture & Horticulture



6 infra interventions in banana farmer value chain to benefit stakeholder



Source: Field Visits, Discussions with Farmers, Traders and other stakeholders along the value chain , Expert Interviews

Identified 4.5-6k Cr of investment potential (~60% of initial allocation) from 7 value chains; Potential to increase net farmer income in value chain by 15-25%



Wheat, Soybean
Rs. 3,000-4,000 Cr
(State potential)
15-20% increase in average farmer value chain income



Banana
Rs. 150-200 Cr
(State potential)
15-20% increase in average farmer value chain income



Orange
Rs. 500-600 Cr
(State potential by)
20-25% increase in average farmer value chain income



Chilli
Rs. 200-300 Cr
(State potential)
15-20% increase in average farmer value chain income



Garlic
Rs. 400-500 Cr
(State potential)
10-15% increase in average farmer value chain income



Kodo & Kutki
Rs. 10-20 Cr
(State potential)
10-20% increase in average farmer value chain income

1. Avg. wheat farmer produces 12 quintals in Ujjain; earns Rs. 1.8 Lakh annually; Avg soybean farmer income at Rs. 70k; 2. Avg farmer earns Rs. 2,40,000-3,00,000 annually at 70-80 ton avg produce; Rs. 10-15k of average value addition in farmer value chain; 3. Avg. orange farmer earns Rs. 20-30k from orange, producing 6.5 ton of orange; 4. Average chilli farmers earns Rs. 90,000-1,00,000 annually; 5. Average kodo kutki farmer earns Rs. 16,000 to 20,000 annually; 6. Average garlic farmer earns Rs. 100,000 annually

15+ infra types eligible identified that has potential to unlock value

Existing infrastructure types with improvement potential:

New, innovative infrastructure types



Sorting & Grading unit

5-10% (from reduced costs)

250-300 Cr



Custom Hiring Centre

2-5% (from reduced costs)


400-500 Cr



Warehouse

2-5% (from reduced waste)


500-700 Cr



Farmgate storage

1-2% (from price premium)

1,000-1,500 Cr



Smart farming

5-10% (from reduced costs)


800-1,200 Cr



Primary Collection Centre

4-8% (from reduced costs)

100-120 Cr



Cold storage

2-4% (from price premium)


60-100 Cr



Advanced packaging

3-5% (from reduced costs)


50-70 Cr



Chilli transplanter

5-7% (from reduced cost)

30-40 Cr



Solar cold rooms

2-3% (from price premium)

50-70 Cr



Ripening Chamber

5-10% (from price premium)


80-100 Cr



De-husking

5-10% (from cost savings)


8-10 Cr



Modern drying

2-5% (from price premium)

60-80 Cr



Gamma irradiation unit

1-2% (additional revenue)

15-20 Cr



Waste processing unit

2-3% (additional revenue)

8-10 Cr

XX Avg Value Release

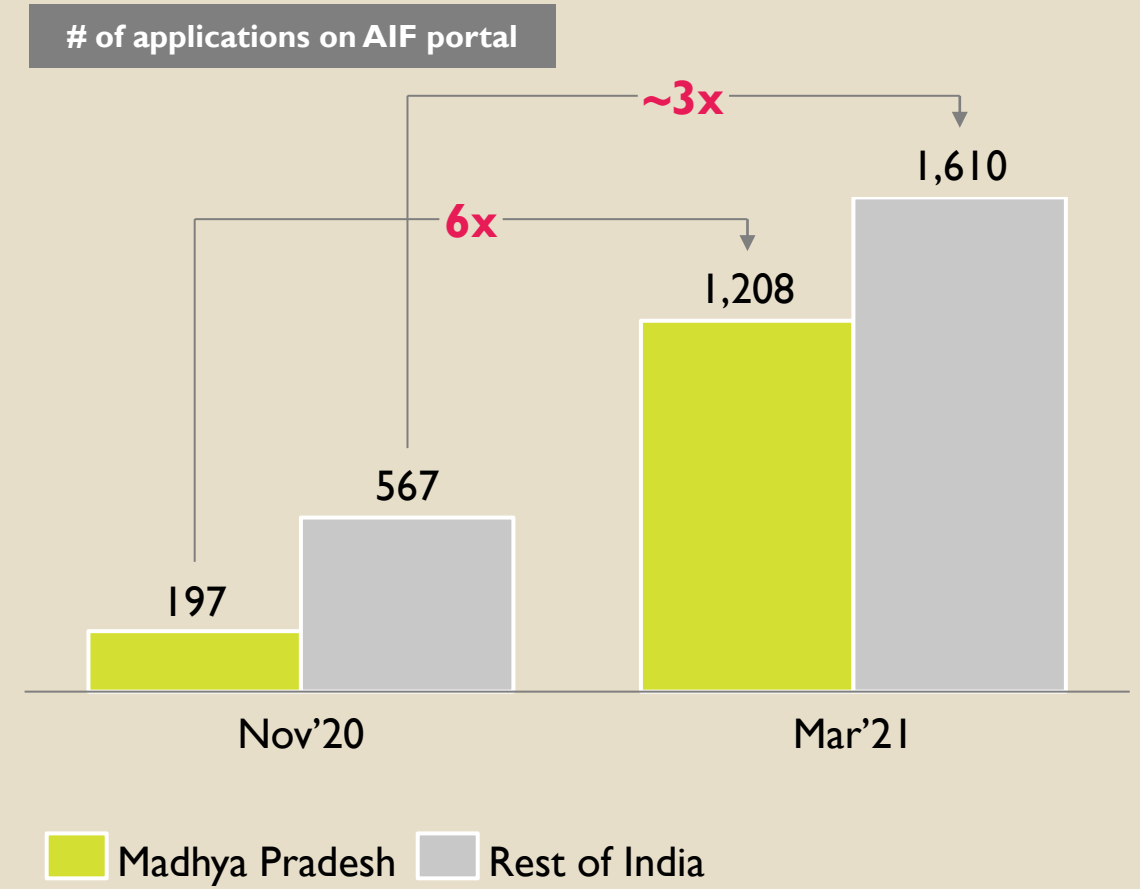
XX Investment Potential by FY30

Source: Expert interviews; Dept. discussions; primary research through farmers, traders; BCG analysis Value Release has been adjusted for % farmer adoption by FY30

As a result, steps taken by the state has helped drive private investment by mobilizing grass root level entrepreneurs

New applications received in last 3 months in MP is nearly same as that of rest of India in non-PACs category

6x increase in AIF applications in Non-PACS category since start of the project



Way Forward-

- Appoint **District level Accelerators** to expedite the whole process of AIF and handhold beneficiaries
- **Replicate pilot study** in other districts for potential/ major crops
- Field trial of Farm-gate Storage in Ujjain and then replicate to other districts
- Intensive value chain approach for **niche crops** viz., Basmati Rice, Sweet Pea, Organic Cotton, other organic produce, etc by collaborating with corporates and other potential investors
- Develop **One-Click Package** ready for investments in agri-infra
- Create State and District AIF office as **Walk-in Facilitation Units** for Farmers and investors

Farmer is the main focus of our approach

- Major emphasis is on creating farm-gate infrastructure
- Maximum advantage of value chain to farmers and farmer groups
- Encourage primary value addition at farm-gate for better price realization
- Strive to shift value from intermediaries to farmers



Thank You

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