



Guidelines on Establishing Cut Flowers Clusters



The cultivation of cut flowers by Self-Help Group (SHG) women presents a promising opportunity for rural entrepreneurship and economic empowerment. With rising demand for fresh flowers in weddings, events, religious offerings, and the floral retail industry, SHG women can tap into this lucrative market to establish sustainable businesses.

By adopting advanced cultivation techniques, precision harvesting methods, and efficient post-harvest handling, they can enhance the quality, vase life, and market appeal of their flowers. Organizing into clusters enables them to access specialized training, financial assistance, and direct market linkages, scaling their enterprises and increasing profitability.

1. Objectives

- a. Enable SHG members to earn stable incomes by producing multiple flower varieties, throughout the year.
- b. Organize SHG women into production clusters to optimize resources, improve collective bargaining power, and establish shared facilities such as storage, packaging, and transportation units.
- c. Implement modern horticultural practices such as greenhouse farming, precision irrigation, and organic cultivation to enhance flower quality, extend shelf life, and increase market competitiveness.
- d. Facilitate direct market linkages with florists, event planners, wholesalers, and online platforms to ensure fair pricing and consistent demand.
- e. Provide access to training, credit, and Government subsidies to enable SHG women to start their flower enterprises and improve economic sustainability.

2. Selection of Districts:

Considering the **higher number of cut flower units**, Krishnagiri, Nilgiris and Dindigul districts were selected for the implementation of Cut Flower Clusters.

During the financial year 2025–26, **six cut flower clusters** will be established in these three districts of **Krishnagiri, Dindigul, Nilgiris** - **two cut flowers clusters** each at an estimated cost of Rs.30 lakhs per cluster.

3. Selection of Panchayats:

3.1 Selection Committee:

A district-level committee should be formed to choose the most suitable panchayat for cut flower cultivation. The committee should include:

- a. Project Director, Mathi
- b. Joint / Deputy Director of Horticulture or his representative
- c. Assistant Project Officer (Livelihood)
- d. District Resource Person (Farm)
- e. DSMS Manager
- f. Block Mission Managers of all blocks where cut flower cultivation is predominant.

3.2 Selection Criteria

The following points should be considered:

- a. **Present trend of cut flower cultivation** (approximate number of units).
- b. Demand from SHG members for establishing clusters.
- c. Types of cut flowers currently cultivated and production levels.
- d. Competitive marketing avenues available at the Block/Panchayat.

4. Selection of Beneficiaries:

Upon identifying the Panchayat, a **meeting** should be held **with all PLF** office bearers, APO (LH), DRP (Farm), BMM along with Horticultural Officer / Assistant Horticultural Officer to have a detailed discussion on guidelines of

this Cut flower cluster, present trend, assistance proposed to be given, understand the types of support needed from each SHG member and identify the benefits expected from cut flower cluster.

- a. Once the meeting is conducted, application needs to be obtained from the SHG members interested in taking cut flower cluster as livelihood activity.
- b. For each cluster, **select 10 women farmers** who are interested in cut flower cluster from the same panchayat.

4.1 General Criteria for selection of beneficiaries:

- a. Should be SHG member for **at least two years**.
- b. The beneficiary **should not have NPA / overdue in any NRLM fund** support.
- c. The beneficiary **should not be the President, Secretary, Joint Secretary or Treasurer of PLF / BLF**.
- d. The beneficiary **preferably not be book keeper, CST, CBC, DRP, BRP, BMM, BC or any other CRP**.
- e. There **should not be repetition of beneficiaries** under various farm livelihood schemes in the last five years.
- f. **Priority** may be given for those **SHG members who are destitute, widow, SC, ST and poor and very poor in PIP list**.

4.2 Specific Criteria for selection of Beneficiaries:

- a. **10 interested women farmers** should be identified.
- b. In case of more women express interest for establishment of cut flower production, priority should be given to those SHG members with prior experience in cut flower cultivation & maintenance of poly house.
- c. All the ten members should **reside in the same Panchayat / hamlets**.
- d. Each beneficiary should give **Rs.1,000/- as the beneficiary contribution** for becoming a member of cut flower cluster. The

- amount collected as member contribution may be used for administrative reasons which may be decided by Cluster members.
- e. **At least one selected member** must possess a **minimum of 50 cents of land** with proper irrigation facilities and should be ready to give the 50 cents of her **land on lease for joint establishment of two polyhouses in an area of 25 cents** each for **collective cut flower production by the selected 10 women**.
 - f. If **two women with prior experience** in cut flower cultivation **express interest to give 25 cents of land each** for establishment of cut flower cluster, two polyhouses **may be established in each woman's land in an area of 25 cents** each under one Cut flower cluster.
 - g. Selected members must be ready to undergo structured training and adopt modern cultivation techniques to improve yield, quality, and profitability in cut flowers production.

5. Formation of Cluster

- a. **All the identified 10 SHG women farmers** should join together to form a cut flowers cluster.
- b. The details of formation of Cut flower clusters with the identified **10 women farmers** should be placed in the Grama Sabha and get approval.
- c. Secretary and Treasurer are to be elected by all ten members of cluster to manage administrative, technical and accounting works of the cluster.
- d. A bank account should be opened **in the nearby Indian Bank** in the name "**Panchayat Name – TNSRLM Cut Flower Cluster 2025**"

6. Implementation strategies for Cut flower cluster:

- a. **Cut flower production** should be taken up in the **poly house** which should be established in **common Panchayat land/leased land** after getting concurrence from Village Panchayat/lessee.

- b. **PD Mathi**, should **co- ordinate with JD/DD (Horti)** for availing **subsidy under MIDH scheme** for cut flower cultivation, Micro irrigation, and construction of poly House.
- c. In each cluster, **two poly houses covering minimum 25 cents** (1,000 Sq.m) each should be constructed in the **land owned by a single woman member of the cluster. Type design is attached** in the annexure.
- d. Poly house should be **mandatorily insured**.
- e. **Lease rent** should be **fixed based on the prevailing rate** in the panchayat.
- f. **Lease agreement** should be **signed between land owner and the Cluster office bearers** for utilization of land for establishment of cut flower cluster for a period of **minimum of 5 years** and **should be registered in Registration Department**.
- g. Poly house **should have drip irrigation, sprinkler systems, and mist chambers** to provide controlled environment for cultivation of cut flowers throughout the year.
- h. **All inputs** – Seeds, seedlings, mulching sheets, bio-fertilizers, farm yard manure, vermi compost, neem cake and other plant protection chemicals should be **purchased collectively** by the cluster members to minimise production cost and ensure quality.
- i. **Technical guidance** involved in seed treatment, planting, weeding, fertilizer application, etc., should be provided to the members by the **DRP Farm/SPARKs** in coordination with Horticulture dept.
- j. Monthly meetings should be conducted to monitor progress on expenditure made, number of cut flowers produced & marketed, price of each cut flower, total income received, savings in the cluster account, repayment of loan etc.,
- k. Meeting discussions and decisions should be recorded in a resolution book.

7. Registers to be maintained by the cluster

- a. Beneficiaries Basic Data Register
- b. Resolution Register
- c. Cash Book
- d. Loan Recovery Register
- e. Cut flower Production & Sales Register (Individual)
- f. Asset Inventory Register
- g. Visitor register.

8. Fund Allocation

1. A sum of Rs. 30 lakhs is allotted for each cut flower cluster with two poly houses each 1000 m² with tentative fund breakup as given below:

S. No.	Details	Amount in Rupees
	Infrastructure Support	
1	Setting up of two polythene sheds, each with 1,000 Sq.m area (Approximately Rs.1,000/- per Sq.m)– Rs.10 Lakh per poly house which includes structures like Iron pipes, shade net and other structure.	20,00,000
2	Installation of Micro-irrigation facilities for two sheds	2,50,000
3	Training and field visits	40,000
4	Purchase of Registers & name boards	10,000
	Sub-total	23,00,000
	Revolving Fund – working capital	
5	Cost for mulching, and formation of Raised bed, etc.	2,00,000
6	Purchase of implements like sprayer, weeder, spade, scissors, knife, water can,	50,000

	secateurs, hand pruner etc	
7	Working capital for purchase of planting materials, fertilizer, mulching materials, wages for women members etc.,	4,00,000
8	One-year land lease (tentative) for two land parcels 25 cents each	50,000
	Sub-total	7,00,000
	Total	30,00,000

8.1. Fund release

- a) The amount shall be released from SMMU to DMMU
- b) On receipt of fund from SMMU, an **Implementation team** of APO (LH), DRP (Farm) and BMM concerned should visit the panchayat and ensure formation of cluster with **10 women as per eligibility**, opening of bank account, availability of land, registration of lease deed by land owner, quotation for establishment of two poly houses, readiness of all women, etc., and submit report to PD, Mathi in the format specified in annexure 2 & 3.
- c) On confirmation of above parameters, fund should be released as detailed below in tranches:

Tranche 1:

- a) **Installation of polythene shed & Micro Irrigation:** DMMU should **release 50% of fund allocated for polythene shed & Micro Irrigation** in each cluster to BLF within 7 days with narration with cluster name and BLF should release the fund to Cut flower **cluster through ECS**, within 7 days, following the execution of **a bipartite agreement between BLF and the Cluster** (agreement model given in annexure – 3), which consists clause stating
 1. Shall utilize the funds for cultivation of cut flowers in the designated village.

2. To follow cluster approach for procurement of cut flowers cuttings and fertilizers, Plant Protection inputs and aggregation, marketing and to carry out value addition in the cut flower cluster.
- 3.a) To repay the loan with **6% interest**, starting from the **seventh month**.
- b) Only the actual cost incurred for cut flower cluster will be provided as a loan. If the incurred cost is less than the sanctioned amount, only the actual cost will be disbursed. Any additional cost beyond the sanctioned loan amount shall be borne by the beneficiary.

Tranche 2: Balance 50% may be released **after installation of polythene shed & Micro Irrigation**.

Guidelines for establishing poly house:

- i. The **procurement process** should be followed as per community procurement guidelines of TNVKP.
- ii. The polythene house should be installed at the supervision of the **CRP Farm** and in the absence of CRP Farm BC LH should be responsible. **BC LH should conduct a field visit** and certify that the erection of polythene house with micro irrigation is completed and the cluster is ready for operation.
- iii. The **Asst. Project Officer (LH) should conduct a super check** through a physical field visit and recommend a release of balance second tranche based on satisfactory completion of the work.

Release of Working capital – (funds earmarked for mulching, raised beds, planting material, tools and implements, inputs etc.)

Tranche 1: 50% of fund should be released on **seeing the readiness for these agronomic activities**.

Tranche 2: 50% to be released **once the 50% is spent** and expenditure is **verified by the implementation team**.

9. Training to beneficiaries

- a. **A three-day training program** should be organized, including an exposure visit (Preferably to the Centre of Excellence for Cut Flowers in Thali Block, Krishnagiri District or to some nearby private cut flower producers) to provide hands-on learning and exposure to best practices in cut flower production.
- b. Session should be handled by DRP (Farm), Horticultural Officer and experts for the successful operation of the cut flower unit in the block.
- i. Indoor session giving insight on nature of poly house, maintenance of poly house, types of cut flowers which can be grown, modern cultivation practices, harvesting, packaging and marketing.
- ii. **Exposure visit to nearby private cut flower production** unit on cultivation, maintenance of poly house, harvesting and packaging and marketing may also be preferably arranged.
- iii. An amount of **Rs.40,000/-** is earmarked for training for three days as given below.

S. No.	Activity	Unit cost	No of units	Amount (Rs)
1	Resource person fee to DRP Farm & Horticultural Officer & expert for 3 days (3 x Rs.2,500 x 3 days)	7,500	3	22,500
2	Food & Refreshments	250	39	9750
3	Transport charges	5,750	1	5,750
4	Stationery, Projector, leaflets	2,000		2,000
	Total			40,000

If any amount is needed for additional activities for training, it may be incurred from beneficiary contribution.

10. Marketing Strategy

Before the cut flower comes for harvest, the District Team of **APO (LH), DRP Farm, DSMS manager and CRPs concerned** in collaboration with the Horticulture department should **support the Cut flower cluster team** members on the following aspects for remunerative marketing of cut flowers.

- a. For Marketing of Cut flowers, **DRP Farm & DS MS Manager** to jointly study **marketing scope, identify traders and marketing tie-up** first time and afterwards, DSMS, Manager to follow the marketing of cut flowers after each harvest.
- b. **CRP Farm / BC (LP)** to facilitate **timely mobilization** of cut flowers for supply to marketing avenues.
- c. The amount received from sale of flowers should be **directly credited in the cluster account** and **repayments to BLF should be made from this account.**

11. Loan Repayment

- a. Loan repayment should be **made at 6% interest rate.**
- b. **The sum of Rs.7 lakhs** shall be utilised as **revolving fund** for purchase of planting materials and other inputs; **Rs. 22.5 lakhs should be utilised as a fixed fund** for setting up polythene sheds and providing micro irrigation facilities.
- c. **Entire fund needs to be repaid to the BLF** except training, registers and name board expenses.
- d. A **moratorium period of 6 months** should be fixed, during which only interest is to be repaid.
- e. Following the moratorium period repayments should be made in monthly instalments. The repayment amount, along with the

applicable interest, should be paid on or **before the 5th of every month** to the BLF account.

- f. Repayments should be recorded in a cash Book of BLF and proper receipts should be given to the Cluster.
- g. **Repayment period may be maximum of 60 months** after the moratorium period.
- h. **Repaid loan amount** may be used for **establishing a new cut flower** Cluster in that Block.
- i. BLF, with the approval from DMMU, should release the fund to another Cluster willing to take up cut flower cultivation as a cluster activity.

12. Monitoring & Evaluation

- a. **CRP (Farm)** should ensure **prompt loan repayments**.
- b. The name of the cluster, year, beneficiary details, internal loan given details, Setting up Polythene sheds, etc., to be **maintained by the PLF in the Livelihood register**.
- c. **BMM, Zonal BC & BC (LH)** should **inspect the cluster**, ensure regular meetings, and oversee the expenditure made, number of cut flowers produced and income generated besides maintenance of registers.
- d. BLF also to maintain a register with the cluster name and year.
- e. **DRP (Farm)** should check the successful running of cut flower cluster once in a month & provide **technical support**.
- f. **APO (Livelihood)** should inspect the cluster monthly to **monitor fund utilization** and record maintenance.
- g. PD, TNSRLM to visit the cluster once in two months and super check proper implementation of the scheme & marketing of cut flowers.

- h. The **PD Mathi** should conduct **monthly review** on functioning, repayment and earnings of the cluster with APO LH, DRP Farm, BMM and BC LH.
- i. **Once in six months** progress can be reviewed in **convergence meeting** with the Line departments under the chairmanship of **District collector**.

13. Expected Benefits

- a. Stable income to the members by production of multiple flower varieties throughout the year.
- b. Integrated modern techniques that reduce cultivation costs and improve yields.
- c. Creation of employment opportunities in the rural area.

14. Way Forward

- a. Encourage SHG members to engage in value-addition activities such as bouquet making and flower-based handicrafts to help create additional income.
- b. Promote inclusion of new members in the cut flower production cluster by providing support, thus expanding the cluster and boosting overall production capacity.

Annexure – 1 – District wise Targets

No.	Districts	Target
1	Dindigul	2
2	Krishnagiri	2
3	Nilgiris	2
Total		6

Approved by
Managing Director

Annexure - 2

Format for recommendation for fund release from DMMU to BLF

S. No.	Particulars	Details
1	Name of the Block	
2	Name of the Cluster	
3	Name of the Panchayat	
4	Grama Sabha approval date of selected Beneficiaries	
5	Date of Account opening	
6	Bank Name	
7	Branch Name and IFSC code	
8	Account Name as per bank passbook	
9	Account Number	
10	Secretary Name and Mobile Number	
11	Treasurer Name and Mobile Number	
12	Beneficiary eligibility (Sub format enclosed) for number of Beneficiaries whether verified	
13	Per member contribution in (Rs.)	
14	Conduct of Regular meeting	
15	Name of the Register Maintained	
16	Nearby Cut flower markets (mentioned name and distance)	

Cluster formation and selection of beneficiaries are verified as per guidelines. Recommended for release of funds to the _____ cluster of _____ PLF in _____ Block through BLF.

**Block Coordinator
(LH)**

**Block Mission
Manager**

**Asst. Project Officer
(LH)**

Annexure -3

Sub Format for Eligibility of Beneficiary Identified***

S. No.	Particulars	Details
1	Name of the Beneficiary	
2	Name of the Husband/ Guardian	
3	Address	
4	Date of Birth/Age	
5	Mobile Number	
6	Name of the SHG	
7	Number of years as an SHG member	
8	NRLM member ID No.	
9	Community(SC/ST/MBC/BC/Others)	
10	Whether comes under special category (Diff. abled / Widows/Destitute widows)	
11	Aadhar card Number	
12	Smart card Number	
13	Do you have MGNREGA card? If yes, provide card number	
14	PIP Number and Category	
15	Total area of Land owned / leased(Acres)	
16	Whether the member presently cultivates spices?	
17	Experience in Cut flower cultivation	
18	Area of land where Cut flower cultivation is proposed (in cents)	
19	Any loan availed under livelihood activities a. Name of the scheme: b. Loan amount availed in Rs.	
20	Any overdue / NPA in Rs.	

I declare that the above details are correct and in line with my consensus.

Date:

Beneficiary Signature

Place:

The above details were verified by me and found correct

Name of the CRP(Farm):

CRP(Farm) Mobile Number:

Signature of CRP(Farm):

Attachment:

1. Aadhar Card Xerox Copy
2. Smart Card Xerox Copy
3. MGNREGA Xerox card
4. SHG Resolution copy for the number of years as an SHG member
5. SHG Resolution copy not to be an office bearer in BLF/PLF
6. SHG Resolution copy for No overdue or NPA in any Bank/institution
7. Patta copy/Lease agreement copy
8. Selected Member grama saba approval copy

*** This format to be collected for each beneficiary separately and attached to the Annexure-1 for fund release to BLF.

Annexure-4
BIPARTITE AGREEMENT

This Tripartite Agreement is made on this ____ day of _____, 20__ at _____

Among:

1. Block Level Federation (BLF), a community-based organization constituted under the guidelines of the [Tamil Nadu State Rural Livelihoods Mission], having its office at _____, represented herein by its President/Secretary, Shri/Smt. _____, hereinafter referred to as the "First Party" (which expression shall, unless excluded by or repugnant to the subject or context, include its successors and permitted assigns);

AND

2. _____ Cluster, a collective of _____ cultivating SHG women farmers functioning under the aegis of the First Party, with its registered/recognized office at _____, represented by its Cluster Leader/Representative Selvi/Smt. _____, hereinafter referred to as the "Second Party";

WHEREAS:

- The First Party is responsible for facilitating and overseeing Cluster initiatives at the Block level.
- The Second Party manages implementation and support at the cluster level.
-

NOW, THEREFORE, THIS AGREEMENT WITNESSETH AS UNDER:

1. Roles and Responsibilities

1.1 First Party (Block Level Federation) Shall:

- Facilitate capacity building, training, and support services for _____ (Agriculture/Horticulture/Sericulture/Animal Husbandry)
- Mobilize and release funds/grants/subsidies received under any government or non-governmental scheme to the Second and/or Third Party, as per approved norms.
- Release the _____ cluster funds of Rs. _____ received from the District Mission Management Unit to the Second Party's bank account within 7 days from the date of receipt of funds.
- Participate (through any one of its representatives) in the monthly meeting of the cluster and monitor the cluster activities and progress.
- Monitor the proper maintenance of registers by the cluster.
- Provide conflict resolution support and maintain oversight over operations.

- Monitor and evaluate the implementation of the project and ensure adherence to prescribed guidelines.

1.2 Second Party (_____ Cluster) Shall:

- Coordinate procurement, input supply, training, and market linkages.
- Maintain records of disbursements, training, production, and sales.
- Utilise the amount of Rs._____ against activities such as within 7 days of receiving funds from the First Party.
- Utilize the funds strictly for the purposes they are meant for and shall not divert the funds for any other purpose.
- Repay the loan with 6% interest starting from the 7th month from the date of receiving funds from the first Party and pay only interest during the first six months.
- Properly maintain all assets acquired under the scheme and shall not sell or transfer them to outsiders without prior approval from the First Party.
- Participate in training, share production data, and allow inspections as required.
- Ensure cleanliness in _____ units, and follow standard protocols.

2. Duration

This Agreement shall remain in force till the repayment of loan unless extended by mutual consent or terminated earlier as per Clause 5.

3. Financial Terms

Disbursement and utilization of funds shall follow the installment structure detailed in Section 1.2.

All repayments with interest shall be made as per the repayment schedule.

Refer to Annexure A for detailed repayment schedule. (Model repayment schedule attached for reference)

4. Dispute Resolution

Disputes, if any, shall be resolved amicably at the Panchayat level first. If unresolved, they shall be escalated to the Block Level Federation and DMMU under the [TNSRLM].

5. Termination

This Agreement may be terminated:

- By mutual consent of all parties;
- By the First Party upon breach or non-performance by the Second Party;
- By the Second Party upon return of all assets and repayment of funds as applicable, with 30 days written notice.

6. Miscellaneous

The Agreement does not constitute an employment or agency relationship.

All annexures, rules, guidelines, and communications relating to the scheme are binding components of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

Signature of First Party (BLF Secretary & Treasurer)

Name: _____	Name: _____
Designation: _____	Designation: _____
Seal: _____	Seal: _____

Signature of Second Party (_____ Cluster Secretary & Treasurer)

Name: _____	Name: _____
Designation: _____	Designation: _____
Seal: _____	Seal: _____

Witnesses:

1. _____ (Name & Address)
2. _____ (Name & Address)

Annexure A:

Repayment Schedule

Name of the cluster or Activity:

Name of the Beneficiary with Father or Husband Name:

Name of the SHG:

Total Loan Amount:

Interest rate:

Repayment period:

S. No.	Month	Repayment Amount (Rs.)		Total amount to be repaid
		Principal	Interest	
1				
2				
3				
4				
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28				

S. No.	Month	Repayment Amount (Rs.)		Total amount to be repaid
		Principal	Interest	
29				
30				
31				
32				
33				
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35				
36				
37				
38				
39				
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55				
56				
57				
58				
59				
60				
	Total			

Signature of the BLF

Secretary and Treasurer

Signature of Cluster

Secretary and Treasurer