



Guidelines on Establishing Sericulture Clusters



Sericulture is an agriculture-based, easy-to-adopt, and profitable livelihood activity that provides a reliable source of income and employment at regular intervals. It particularly benefits women Self-Help Groups (SHGs) in rural areas, offering them a sustainable means of livelihood close to their home.

Women SHG farmers engaged in sericulture can produce silk cocoons within a short cycle of 25 to 27 days, enabling them to earn a steady monthly income through cocoon sales. This income is especially significant for small and medium-scale women farmers, helping them achieve financial stability and actively contribute to their household economy.

The activity is predominantly practiced in districts such as Erode, Coimbatore, Dharmapuri, Salem, Tiruppur, Krishnagiri, Namakkal, Dindigul, Theni and Tenkasi, where the climatic conditions and soil quality are highly conducive for mulberry cultivation and silkworm rearing.



1. Objectives

- a. To enable women self-help group members to undertake sericulture as a collective livelihood activity and earn additional income.
- b. To promote integrated farming through mulberry cultivation.

- c. To increase productivity and produce high-quality silk cocoons.
- d. To create direct market opportunities by aggregation and increase the income of women farmers.

2. Selection of District:

Districts have been selected based on the following criteria to ensure viability, scalability, and sustainability of sericulture clusters:

- a. Districts with moderate temperature, humidity and rainfall.
- b. Areas with well drained red loam, laterite, sandy loam soils are preferable.
- c. Regions with good well water / canal irrigation are favourable as mulberry requires frequent irrigation especially in dry seasons.
- d. Districts where sericulture is already practiced by SHG women farmers.

During the financial year 2025–26, 10 Sericulture clusters will be established in ten districts of Tamil Nadu - Erode, Coimbatore, Dharmapuri, Salem, Tiruppur, Krishnagiri, Namakkal, Dindigul, Theni and Tenkasi, One cluster each at an estimated cost of Rs.20 lakhs per cluster.

3. Selection of Panchayats

a. Selection Committee

For establishment of sericulture cluster in the district, **a district-level selection committee** will be formed to choose the most suitable panchayat with more potential for mulberry cultivation and silkworm rearing. The committee will include:

- 1) Project Director, Mathi
- 2) Assistant Project Officer (Livelihood)
- 3) District Resource Person (Farm)
- 4) Block Mission Managers of those blocks where sericulture is predominant.
- 5) Representative from Sericulture department.

b. Selection of Panchayats – Criteria

- a. **Panchayats** where SHGs are **already involved in mulberry cultivation and silkworm rearing**, as they will have the necessary skills and knowledge on sericulture activity.
- b. Areas with reliable irrigation sources like canals, borewells or rainwater harvesting.
- c. Regions with moderate temperature, humidity and rainfall.
- d. Having **proximity to Grainages** (Silkworm egg production units), **Reeling units and Cocoon markets**.

4. Selection of Beneficiaries

- a. A **meeting** will be conducted **at the panchayat level** involving representatives from PLF and Community Resource Person (Farm).
 - 1. To explain the project objectives, guidelines, and expected outcomes of the mulberry cultivation & sericulture cluster initiative.
 - 2. To highlight the benefits of collective mulberry cultivation as a viable income-generating activity.
 - 3. To encourage participation and address queries or concerns from potential beneficiaries.
- b. Once the meeting is conducted, application needs to be obtained from the SHG members interested in taking mulberry cultivation as livelihood activity.
- c. For each cluster, **select 10 women farmers** who are interested in mulberry cultivation from the same panchayat or from neighbouring panchayats in the area where mulberry cultivation is extensively practiced.
- d. The details of selected beneficiaries to be placed in Grama Sabha and got approved.

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. Select **10 women farmers** who own **one to two acres** of land; women without land who wish to cultivate mulberry on **leased land may also be selected as members**. Also, they should have sufficient space for constructing sericulture shed (800 sq.ft).
- b. Each cluster must cultivate mulberry in an area of minimum 10 acres; the selected women farmers must either be practicing mulberry cultivation and silkworm rearing or possess knowledge of its cultivation and rearing techniques.
- c. Selected members should be willing to contribute minimum **Rs.1000/- as membership fee**. The amount collected as member contribution may be used for administrative reasons which may be decided by the Cluster.
- d. Selected members must be willing to undergo structured training and adopt modern mulberry cultivation and silkworm rearing techniques to improve

mulberry crop yield and as well as cocoon yield, quality, and profitability.

- e. In case of more women express interest for establishment of sericulture cluster, priority should be given to those SHG members with prior experience in mulberry cultivation & silkworm rearing.

5. Formation of Cluster

A group of 10 SHG women farmers with minimum 1 acre to 2 acres land and interested / experienced in mulberry cultivation and silkworm rearing from same or neighbouring villages but without any infrastructure facilities (shed, chawki, trays etc.,) will be integrated to form a sericulture cluster.

- a. Each cluster **must cultivate mulberry** in a total extent of **minimum 10 acres**.
- b. Secretary and Treasurer to be elected by all 10 members of cluster to manage administrative, technical and accounting works of the cluster.
- c. **A bank account** to be opened in the nearby Indian Bank in the name '**with Panchayat Name as prefix - TNSRLM Sericulture Cluster 2025.**' (Ex. Kattur TNSRLM Sericulture Cluster 2025)

6. Implementation Strategy

- a. The basis for sericulture is mulberry leaves. Therefore, sericulture should be undertaken only after **cultivation of mulberry** begins.
- b. Each beneficiary must cultivate mulberry on a minimum of 1 acre.
- c. Each beneficiary must set up a thatched roof shed in 800 sq.ft land area with the fund (Rs.1.30 lakhs) for silk worm rearing provided from the scheme.
- d. If the cost of the silkworm rearing shed exceeds the given amount of Rs.1.30 lakhs, then the additional cost to be borne by the member.
- e. All farmers in the cluster must perform other cultivation operations—like **transplanting, crop protection, fertilization, etc., collectively and simultaneously**.
- f. All the required inputs such as mulberry crop saplings, silkworm eggs, chawki, trays, etc., should be collectively purchased to reduce the

cost.

- g. DRP (Farm) & CFS Trainer / SPARK identified by VKP should provide technical guidance to the members in coordination with Sericulture dept during the implementation of the cluster activities.

7. Registers to Be Maintained

- a. Beneficiaries Basic Data Register.
- b. Resolution Register
- c. Cash Book
- d. Loan disbursement and Collection register
- e. Cocoon Production and Sales Register
- f. Asset, Repair and maintenance register.
- g. Visitor Register.

8. Fund Allocation

Each sericulture cluster will receive Rs.20 lakhs with the following break-up:

S. No	Expenditure	Amount in Rs.
1	Assistance for mulberry crop cultivation – Rs.30,000/- per acre for 10 members (to be repaid)	3,00,000
2	For construction of silkworm rearing shed with thatched roof in 800 sq.ft land (to be repaid) @ Rs.1.30 lakh per member	13,00,000
3	Land lease rent (to set up value addition unit) for one year (to be repaid)	30,000
4	Purchasing silkworm egg @ Rs.5,000/- per member (to be repaid)	50,000
5	Purchasing of other equipments like chawki, trays, etc. @ Rs.25,000/- per member (to be repaid)	2,50,000
6	Purchasing medicine kit for silkworm rearing @ Rs.1500 /- per member (to be repaid)	15,000
7	Training cost (need not to be repaid)	50,000
8	Registers and name board (need not to be repaid)	5,000
	Total	20,00,000

**Out of Rs.20 lakhs, a sum of Rs.19.45 Lakhs to be repaid*

9. Fund release

- a) The amount shall be released from SMMU to DMMU.
- b) The CRP-Farm will verify and confirm the selection of office bearers and the opening of cluster's bank account.
- c) On receipt of fund from SMMU, a **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 for mulberry cultivation and silk worm rearing & cocoon production, quotation for silk worm eggs, required of equipments and medicine kits, readiness of all women, etc., and submit report to PD, Mathi in the format specified in annexure - 2.
- d) On receipt of recommendation, DMMU should release 100% of fund allocated for sericulture cluster to BLF within 7 days.
- e) BLF should release the fund to sericulture cluster within 7 days, following the **execution of a tripartite agreement** between BLF (agreement model given in annexure – 4), Cluster and the Beneficiary which consists clause stating
 - i. Shall utilize the funds for cultivation of mulberry and silk worm rearing in the designated village.
 - ii. To follow cluster approach for procurement of mulberry cuttings and fertilizers, Plant Protection inputs, silk worm eggs and aggregation, marketing and to carry out value addition in the sericulture cluster.
 - iii. To repay the loan with 6% interest, starting from the fourth month.
- f) Only the actual cost incurred for sericulture 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.

g) On confirmation of above parameters, fund should be released as detailed below:

i) Release of Working capital – (funds earmarked for cultivation of mulberry)

1. Entire 100% of fund for mulberry cultivation should be released on seeing the readiness for all preparatory cultivation and subsequent agronomic activities.
2. Under this scheme, a sum of Rs.30,000/- per acre will be provided as revolving fund from Tamil Nadu State Rural Livelihoods Mission for cultivation of mulberry crop.
3. If additional cost incurred for mulberry crop cultivation more than Rs.30,000/- per acre, then the additional cost should be borne by the member.

ii) Construction of Silkworm rearing shed and Equipment:

BLF should release 100% of fund allocated for construction of Silkworm rearing shed and Equipment (after confirmation of availability of sufficient mulberry leaves) to cluster within 7 days.

- a. The silkworm rearing shed should be constructed 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 construction of silk worm shed and purchase of all equipments are completed and the cluster is ready for operation.
- b. The Asst. Project Officer (LH) should conduct a super check through a physical field visit and ensure satisfactory completion of the work.
- c. All the transaction should be only through ECS (RTGS / NEFT)

10. Training to beneficiaries

- a. **A five days** training will be provided to the beneficiaries.
- b. Four days training will be imparted on mulberry varieties, cultivation practices, pest & disease management, silk worm types, rearing techniques, micro climate requirements of silkworm, maintenance and harvesting of cocoon, etc., by the DRP Farm in coordination with the Horticulture & Sericulture dept. and the beneficiaries will be taken on a **one-day exposure visit** to nearby private or Government mulberry cultivation farm and silkworm rearing unit.
- c. Out of the fund of Rs.20 lakhs allocated to each sericulture cluster, a sum of **Rs.50,000/-** is allocated to training.

S. No.	Activity	Unit cost	No of units	Amount
1	Resource person fee to DRP Farm & Horticultural Officer & sericulture expert for 5 days (2 x Rs.1,500 x 5 days)	3,000	5	15,000
2	Food & Refreshments @ Rs.250/- per head for 15 members for five days	250	5	18,750
3	Transport charges	14,250	1	14,250
4	Stationery, Projector, leaflets	2,000		2,000
	Total			50,000

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

11. Marketing Strategy

Before the commencement of production of Cocoon, the District Team of APO (LH), DRP Farm, DSMS Manager and CRPs concerned in collaboration with the Sericulture department should support the Sericulture cluster members on

the following aspects for remunerative marketing of cocoons produced by all 10 members of Sericulture cluster.

- a. For Marketing of cocoon, **DRP Farm & DSMS Manager** to jointly discuss with Sericulture Department officials and study marketing scope, identify traders and marketing tie-up first time and afterwards, **DSMS, Manager** to follow the marketing of cocoon after each harvest.
- b. CRP (Farm) / **BC (LP)** to facilitate **timely harvesting, aggregation, grading, and delivery** of cocoons to identified market channels.

12. Repayment

- a. All members should repay the loan with an interest rate of **6%** .
- b. A sum of Rs.3.65 lakhs shall be utilized as revolving fund for cultivation expense for mulberry and purchase of silk worm eggs and medicines; Another Rs.15.80 lakhs should be utilised for construction of silk worm rearing shed, land lease of cocoon storage and purchase of other equipments.
- c. **Entire fund needs to be repaid** to the cluster except the sum of Rs.55,000/- spent for training, registers and name board expenses.
- d. **A moratorium period of 3 months** is fixed, during which only **interest is to be repaid**.
- e. Following the moratorium, 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 cluster account**.
- f. Repayments should be recorded in a cash Book and proper receipts should be given to the beneficiary. Repaid amount should be deposited promptly into the Cluster's bank account.

- g. From the Cluster account, **the due amount (principal & interest) for that month should be transferred to the BLF Farm Cluster Account through ECS.**
- h. **Repayment period should be maximum 24 months** after the moratorium period.
- i. Repaid loan amount may be used for paying lease amount and working capital for next year/season and further expansion of sericulture cluster by the existing members **up to 2 repayment cycles.**
- j. If the existing members are **not willing to continue** sericulture in the next season or on additional land, **eligible new members** who are interested in joining the cluster may be included **after verification by the team consisting of BC (LH), BMM and APO (LH).**
- k. If no SHG member in the panchayat is willing to take up sericulture in later year or after two more repayment cycles, and with the approval from DMMU, should release the funds to a **new cluster** willing to take up sericulture as a cluster activity.

13. Monitoring & Evaluation

- a. **CRP (Farm)** shall be responsible for ensuring **timely loan repayments** by the SHG members and providing regular handholding support at the cluster level.
- b. The name of the cluster, year, beneficiary details, internal loan given details, no. of cocoon produced, etc., to be maintained by the **PLF in the Livelihood register.**
- c. **BMM, Zonal BC & BC LH will inspect the cluster,** ensure regular meeting, and oversee the expenditure made, number of cocoons produced and income generated besides maintenance of registers.
- d. BLF also to maintain a register with the cluster name and year.

- e. The **District Resource Person (Farm)** must visit members' sericulture unit, and provide necessary **technical advice** in coordination with Sericulture Department officers.
- f. The **Assistant Project Officer (Livelihood)** will conduct monthly inspections to **monitor Utilization of cluster funds**, Maintenance of records, Adherence to planned activities and timelines.
- g. The Project Director, Mathi, shall randomly visit the operational cluster.
- h. The **PD, Mathi** should conduct **monthly review** on functioning, repayment and earnings of the sericulture 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**.

14. Expected Benefits

- a. Sericulture requires relatively low capital investment but offers high returns, making it suitable for small and marginal women farmers.
- b. SHG members will earn a steady income throughout the year by engaging in mulberry cultivation and silkworm rearing, with cocoon harvesting cycles in every 25–27 days.
- c. Practicing sericulture alongside other agricultural activities (Integrated Farming Practice) optimizes land use and increases overall farm income.
- d. Collective purchase of required equipments and other inputs and adoption of Integrated modern techniques besides aggregation in cocoons collected will reduce cultivation costs and improve yields.
- e. Creates more employment opportunities in the rural area.

15. Way Forward

- 1. Connecting clusters to textile industries and international markets to ensure demand for produced silk.
- 2. Promote inclusion of new members in the Silk worm production

cluster by providing support, thus expanding the cluster and boosting overall production capacity.

3. Value addition activities.

Annexure – 1 – District wise Targets

S. No	Districts	No. of clusters
1	Coimbatore	1
2	Dharmapuri	1
3	Dindigul	1
4	Erode	1
5	Krishnagiri	1
6	Namakkal	1
7	Salem	1
8	Theni	1
9	Tiruppur	1
10	Tenkasi	1
Total		10

**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 cocoon markets (mentioned name and distance)	

Cluster formation and selection of beneficiaries are verified as per guidelines and 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 practices sericulture ?	
17	Experience in mulberry cultivation & silk worm rearing	
18	Area of land where mulberry 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
TRIPARTITE 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";

AND

3. Selvi/Smt. _____, daughter/wife of _____, residing at _____, a member of the Self Help Group _____ under the jurisdiction of the above-mentioned BLF, hereinafter referred to as the "Third Party" or the "Beneficiary".

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.
- The Third Party is a beneficiary of the scheme, participating through her Self Help Group (SHG).

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 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.
- Release of Rs. _____ against activities such as to the Third Party's bank account within 7 days of receiving funds from the First Party.
- Monitor the utilization of the fund released to the Third Party for the above-mentioned purposes.
- Collect 6% interest from the Beneficiary starting from _____ month onwards and transfer the loan due amount (principal & interest) to the 1st party's Cluster Bank account.

1.3 Third Party (Beneficiary) Shall:

- Utilize the funds strictly for the purposes they are meant for and shall not divert the funds for consumption or personal purposes.
- Repay the loan with 6% interest starting from the _____ month from the date of receiving funds from the Second Party and pay only interest during the _____ months.
- Properly maintain all assets acquired under the scheme and shall not sell or transfer them to outsiders without prior approval from the Second and First Parties.
- 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 repayment schedule.

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 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 or Third Party;
- By the Third 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: _____

Signature of Third Party (Beneficiary)

Name: _____

SHG Name: _____

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				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
	Total			

**Signature of the BLF
Secretary & Treasurer**

**Signature of Cluster
Secretary & Treasurer**

Signature of the Beneficiary