



Guidelines Establishment of Cluster on vegetable production



Vegetable farming plays a crucial role in enhancing the livelihoods of Self-Help Group (SHG) women by offering a sustainable and income-generating livelihood option. With low input costs, short crop cycles, and steady market demand, vegetable cultivation is well-suited for women-led micro-enterprises in rural areas.

By engaging in vegetable farming, SHG women not only contribute to household food security and nutrition but also become active participants in the local economy. This form of agriculture empowers them to take on entrepreneurial roles and improve their family's financial stability.

Moreover vegetable farming creates diverse market opportunities—both in retail and wholesale sectors. When supported with proper training, access to quality inputs, and effective market linkages, SHG women can significantly increase their income, build self-confidence, and enhance their socio-economic status.

In this context, promoting vegetable farming among SHG women is a strategic step toward building an inclusive and resilient rural economy.

1.Objectives:

- a. Enhance income of SHG members through crop diversification.
- b. Create marketing opportunities for SHG women through clusters.
- c. Ensure nutritional security by producing various vegetable crops.
- d. Reduce cost of cultivation through cluster approach.

2. Selection of Districts

Districts where vegetables are predominately cultivated have been selected for implementation of vegetable cluster.

3. Selection of Panchayats

3.1 Selection Committee

For establishment of Vegetable cultivation cluster within each district, a **District-level selection committee** shall be formed to identify the most suitable panchayat for vegetable cultivation. The committee shall be constituted with following members:

- a. Project Director, Mathi
- b. Assistant Project Officer (Livelihood)
- c. District Resource Person (Farm)
- d. Block Mission Managers of block where vegetables are grown.
- e. Representative from Horticulture dept.

3.2 Selection Criteria

- a. **Panchayats** where SHGs are **already engaged in vegetable cultivation**, as they will have the relevant skills and knowledge to take up vegetable cultivation.
- b. Panchayats with temperature and humidity matching the vegetable crops requirement.
- c. Areas with regular and adequate water supply.
- d. Having **proximity to markets or shandies**.

4. Selection of Beneficiaries

- a. A meeting shall be convened at the panchayat level, involving representatives from the Panchayat Level Federation (PLF) and the Community Resource Person (Farm).

- b. The meeting will focus on explaining the **objectives, guidelines, and expected outcomes** of the proposed **Vegetable Cultivation Cluster Initiative**.
- c. The benefits of **collective vegetable cultivation** as a viable and sustainable income-generating activity will be highlighted.
- d. The meeting will aim to **encourage participation** and address any queries or concerns from potential beneficiaries.
- e. Following the meeting, **applications will be collected** from SHG members interested in adopting vegetable cultivation as a livelihood activity.
- f. For each cluster, **20 women farmers** will be selected from the same panchayat. Preference should be given to areas where **vegetable cultivation is already widely practiced**.
- g. The **list of selected beneficiaries** must be placed before the **Grama Sabha** and formally approved.

4.1 General criteria for selection of Beneficiaries:

- a. The applicant must be a **Self Help Group (SHG) member for a minimum of two years**.
- b. The beneficiary **must not have any Non-Performing Asset (NPA) or overdue** under any NRLM-supported fund or scheme.
- c. The beneficiary **must not hold any key position** such as **President, Secretary, Joint Secretary, or Treasurer** in the Panchayat Level Federation (PLF) or Block Level Federation (BLF).
- d. Preferably, the beneficiary **should not be engaged as a Book Keeper, Community Skill Trainer (CST), Community Book Keeper (CBC), District Resource Person (DRP), Block Resource Person (BRP), Block Mission Manager (BMM), Block Coordinator (BC), or serve in any other Community Resource Person (CRP) role**.

e. There **should be no duplication** of beneficiaries under various **farm-based livelihood schemes** implemented in the **last five years**.

f. **Priority shall be given** to SHG members who are **destitute widows, Scheduled Castes (SC), Scheduled Tribes (ST)**, or those identified as **poor or very poor in the Participatory Identification of Poor (PIP) list**.

4.2 Specific Criteria

a. **Twenty (20) women SHG members** shall be identified from each selected panchayat. Each member must possess a minimum of **0.5 acre and up to 2 acres of cultivable land**. **Leasehold landholders** may also be considered eligible.

b. Selected members must **express willingness to undergo structured training** on the following key areas:

- Improved crop varieties
- Integrated Nutrient Management (INM)
- Irrigation practices
- Post-harvest management

c. Each selected member is required to **contribute a minimum of ₹1,000/- as a membership fee** to join the cluster initiative.

d. The **member contributions** may be utilized for **administrative expenses**, as per resolutions passed and decisions made collectively by the cluster members.

5. Cluster- Formation

a. A **group of 20 SHG women farmers**, each owning or leasing **0.5 to 2 acres of land**, and **interested or experienced in vegetable cultivation**, will be integrated from the **same village** to form a **Vegetable Cluster**.

- b. Each cluster must ensure **a minimum total cultivation area of 10 acres** under vegetable crops.
- c. The cluster members shall **elect a Secretary and Treasurer** from among themselves to handle the **administrative, technical, and accounting functions** of the cluster.
- d. A **dedicated bank account** shall be opened in the nearby **Indian Bank**, named as:

“[Panchayat Name] TNSRLM Vegetable Cluster 2025”

Example: "Kattur TNSRLM Vegetable Cluster 2025"

6. Implementation Strategy

- a. **High-quality seeds or seedlings** of the **same crop (preferably same variety)** shall be procured for all cluster members through the **Department of Agriculture** to ensure uniformity and productivity.
- b. **Seeds/seedlings and essential inputs** such as **bio-fertilizers, organic manures, and eco-friendly pesticides** shall be **procured in bulk** for all members to promote **cost-effectiveness and input consistency**.
- c. **Simultaneous planting** across all farms within the cluster shall be encouraged to enable **synchronized harvesting and streamlined marketing**.
- d. The **CRP (Farm)** and **Block Coordinator – Livelihoods (BC-LH)** shall monitor the cultivation progress. Regular **technical support and field guidance** shall be provided by the **District Resource Person (Farm), Community Farm School (CFS) trainer, or SPARK (Skilled Professionals for Agriculture Resource and Knowledge)** identified by **VKP**.
- e. **Harvesting activities shall be synchronized** to enable **efficient aggregation and collective marketing**, maximizing returns for the cluster.

7. Registers to be Maintained

- a. Beneficiaries basic Data Register
- b. Resolution Register
- c. Cash Book
- d. Loan disbursement and collection register
- e. Vegetable crop production and sales register
- f. Visitor Register

8. Fund Allocation

Each vegetable cluster will receive a total of Rs.10 lakhs.

a. Table-1 Fund allocation breakup

Sl. No	Expenditure	Amount (Rs.)
1	For crop cultivation (To be repaid) Rs.40,000/- to each member	8,00,000
2	Value addition (to be repaid)	1,80,000
3	Training to beneficiaries (need not be repaid)	19,500
4	Registers (need not be repaid)	500
	Total	10,00,000

*As per above table Rs.9, 80,000/- to be repaid

8.1 Fund Release

- a. The **CRP–Farm** shall verify and confirm the **selection of office bearers** and the **opening of the cluster’s bank account**.
- b. Fund releases to the **Panchayat Level Federation (PLF)** must include a **narration with the cluster name** for clear tracking and transparency.
- c. The **formation of the cluster** and **eligibility verification** of selected members shall be carried out jointly by the **Block Coordinator – Livelihood (BC–LH)**, **Block Mission Manager (BMM)**, and **Assistant Project Officer – Livelihood (APO–LH)** as per **Annexure 2 and 3**. A formal

recommendation will then be submitted to the **District Mission Management Unit (DMMU)**.

d. A **revolving fund of ₹8.00 lakh** shall be disbursed from DMMU to the **Block Level Federation (BLF)** within **7 days** of recommendation. The **PLF will then transfer** the amount to the cluster within the **next 7 days**, following the execution of a **Tripartite Agreement** (model in **Annexure 4**) among the **BLF**, the **cluster**, and the **beneficiary**, which includes the following commitments:

1. Utilize the funds exclusively for **vegetable cultivation** in the designated village.
2. Adhere to a **cluster-based approach** for procurement of fertilizers and plant protection inputs, and ensure **aggregation, marketing, and value addition** of produce.
3. **Repay the loan with 6% interest**, beginning from the **third month**.

e. The **remaining ₹1.80 lakh** will be released based on the **business plan** submitted by the cluster and verified by the **APO (Livelihood)**, **DRP (Farm)**, and **District Supply Marketing Society (DSMS)** Manager.

f. Fund releases to the **BLF** must also carry **narration with the cluster name** for clarity and audit purposes.

g. Under this initiative, **₹0.40 lakh per acre** will be provided to **each member** as a **revolving fund for vegetable cultivation**.

h. If the **cost of cultivation exceeds ₹0.40 lakh per acre**, the **excess cost must be borne by the member** individually.

i. **All financial transactions** under this scheme must be conducted **only through Electronic Clearing Service (ECS)** – either **RTGS or NEFT** – to ensure transparency and traceability.

9. Training to beneficiaries

a. A **two-day training program** will be conducted for all selected beneficiaries of the vegetable cultivation cluster.

b. The training program will consist of:

- **Day 1 – Indoor Training Session** covering topics such as:
 - Improved crop varieties
 - Integrated Nutrient Management (INM)
 - Irrigation techniques
 - Post-harvest management
 - Primary processing and value addition
 - Marketing strategies
- **Day 2 – Exposure Visit** to a nearby **private or government vegetable cultivation farm**, providing practical insights and learning from best practices.

c. An amount of **₹19,500/-** is allocated for the two-day training program and exposure visit, drawn from the **₹10.00 lakh total allocation** for each vegetable cultivation cluster.

Sl. No.	Activity	Unit cost (Rs.)	No of units	Amount (Rs.)
1	Resource person fee to DRP Farm & Agriculture Officer expert for 2 days (Rs.1,500 x 2 days)	1,500	2	3,000
2	Food & Refreshments @ Rs.250/- per head for 20 members	250	44	11,000
3	Field Visit	4500		4500
4	Stationery, Projector, leaflets	1000		1000
	Total			19,500

10. Marketing Strategy

Before initiating marketing efforts, priority must be given to ensuring the **production of high-quality vegetable crops** through effective input management and cultivation practices.

a. The **District Supply Marketing Society (DSMS) Manager** and **District Resource Person (Farm)** shall jointly **identify various marketing avenues** for the sale of raw vegetable produce.

b. The **DSMS Manager** shall ensure that the produce is:

- Brought to **Natural Bazaars** for local consumer access
- Sold through other established marketing platforms such as **Poomalai Vaniga Valagam**

c. The **DSMS Manager** shall also **facilitate marketing through e-commerce platforms**, enabling broader reach and better price realization.

d. The **CRP (Farm)** and **Block Coordinator – Livelihood Promotion (BC-LP)** shall be responsible for **timely mobilization of produce** to the identified marketing channels, ensuring efficient aggregation and distribution.

11. Value addition

a. As **value addition enhances market value** and reduces wastage, each cluster intending to take up such activities shall submit a **detailed proposal along with a business plan** to the **District Mission Management Unit (DMMU)**.

b. The **services of 'Mathi Siragugal Thozhil Maiyam'** may be availed by the cluster for preparing the proposal and the business plan.

c. The **business plan** shall be **evaluated by the Block Mission Manager (BMM), DSMS Manager, and Assistant Project Officer (Livelihood)**. A consolidated **evaluation report** must be submitted to the **Project Director (Mathi)**.

d. All activities of the Vegetable Cluster shall be conducted **under the supervision of the CRP-Farm**. In the **absence of the CRP-Farm**, the **Block Coordinator – Livelihood (BC-LH)** will be responsible. The **BC-LH**

must conduct a field visit and certify that all cluster activities have been completed and the cluster is **ready for value addition**.

e. The **Assistant Project Officer (Livelihood)** shall perform a **super-check through a physical field visit** and, based on findings, recommend the **release of the second tranche** of funds.

f. Upon successful evaluation of the proposal and verification of cluster readiness, the **DMMU shall release funds** to the cluster **through the BLF**, following the execution of a **Bipartite Agreement (Annexure 5)** between the **BLF and the cluster** for the **procurement of machinery** related to value addition.

g. All procurement must be undertaken **as per the Community Procurement Guidelines of TNVKP**.

12. Repayment

All members of the cluster shall **repay the loan with an interest rate of 6%** as per the following repayment framework:

a. A **moratorium period of 2 months** is granted, during which only the **interest component** must be repaid by the beneficiaries.

b. After the moratorium, **monthly instalment repayments** (principal + interest) shall begin. The due amount must be **paid on or before the 5th of every month** into the **cluster's bank account**.

c. From the cluster account, the **monthly due amount (principal + interest)** shall be transferred to the **BLF Farm Cluster Account** through **ECS (RTGS/NEFT)**.

d. All repayment transactions must be:

- **Properly recorded** in the **Cash Book**
- **Receipted and acknowledged** to each beneficiary

- **Promptly deposited** into the cluster's designated bank account
- e. The **repayment period is 12 months**, excluding the 2-month moratorium.
- f. The **repaid principal and collected interest** may be **reused** by the cluster for:
- Cultivation in the **next cropping season**
 - **Expansion of cultivation** over additional land by **existing members**
(*This may continue for up to **two repayment cycles**.*)
- g. If **existing members are unwilling** to continue vegetable cultivation in subsequent cycles, **new eligible SHG members** from the same panchayat may be included, subject to **verification by the BC (Livelihood), BMM, and APO (Livelihood)**.
- h. If **no eligible SHG member** in the panchayat is willing to continue after **two cycles**, the **DMMU may approve** the **transfer of the revolving fund** to a **new vegetable cluster** willing to take up the activity.

13. Monitoring & Evaluation

- a. The **CRP (Farm)** shall be responsible for:
- **Ensuring timely loan repayments** by SHG members
 - Providing **regular handholding support** at the cluster level
- b. The **Panchayat Level Federation (PLF)** shall maintain a **Livelihood Register** with the following details:
- Cluster name and year
 - Beneficiary details
 - Internal loans given
 - Vegetable cultivation area, etc.

c. The **Block Mission Manager (BMM)**, **Zonal Block Coordinator (BC)**, and **BC (Livelihood)** shall:

- Conduct regular inspections of the cluster
- Ensure **regular meetings** are conducted
- Oversee **expenditures and income** generated
- Verify **proper maintenance of records**

d. The **Block Level Federation (BLF)** shall also maintain a **separate register** indicating the **cluster name and operational year**.

e. The **District Resource Person (Farm)** shall:

- Visit the cluster along with **officers from the Horticulture Department**
- Provide **technical guidance** to members as needed

f. The **Assistant Project Officer (Livelihood)** will conduct **monthly inspections** to monitor:

- **Utilization of cluster funds**
- **Record maintenance**
- **Adherence to planned activities** and timelines

g. The **Project Director (Mathi)** shall conduct **random visits** to operational clusters to assess progress and compliance.

h. The **PD (Mathi)** shall also hold **monthly review meetings** on:

- Functioning of the cluster
- Loan repayment status
- Income generation
- With participation from **APO (LH), DRP (Farm), BMM, and BC (LH)**

i. **Once every six months**, a **convergence review meeting** with all relevant **line departments** shall be held under the **Chairmanship of the**

District Collector to assess cluster progress and plan cross-departmental support

14. Expected Benefits

a. **Enhanced income generation** for SHG women farmers through **collective farming**, leading to:

- Increased production
- Improved market access
- Better price realization

b. **Bulk procurement** of inputs such as seeds, fertilizers, and pesticides results in:

- Reduced individual input costs
- **Cost savings** through shared use of **farm equipment and resources**

c. **Aggregation and value addition** of the produce enables:

- **Stronger price negotiation** power with traders and institutional buyers
- Opportunities for entry into **premium and organized markets**

15. Way Forward

a. **Encourage wider participation** of SHG members in **vegetable cultivation** as a **sustainable and income-generating activity**, thereby:

- Fostering **local employment opportunities**
- Strengthening **economic resilience** in rural areas

b. Promote the **inclusion of new eligible members** into existing vegetable cultivation clusters within the village, ensuring **assured income** and continued **cluster sustainability**.

Annexure -1_District wise Targets

Sl. No	District	No. of Clusters
1	Dindigul	2
2	Krishnagiri	2
3	Tiruvallur	2
4	Kancheepuram	2
5	The Nilgiris	2
6	Chengalpattu	1
7	Coimbatore	1
8	Kallakurichi	1
9	Madurai	1
10	Theni	1
11	Tiruppur	1
12	Tiruvannamalai	1
13	Trichy	1
14	Vellore	1
15	Villupuram	1
	Total	20

**Approved by
Managing Director**

Annexure -2
Recommendation for fund release from DMMU to BLF.

Sl. 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	Near by vegetable market and shandies. (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***

Sl. 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	Bank Name	
7	Branch Name and IFSC code	
8	Account Name as per bank passbook	
9	Account Number	
10	Name of the SHG	
11	Number of years as an SHG member	
12	NRLM member ID No.	
13	Community(SC/ST/MBC/BC/Others)	
14	Whether comes under special category (Diff. abled / Widows/Destitute widows)	
15	Aadhar card Number	
16	Smart card Number	
17	Do you have MGNREGA card?,If yes provide card number	
18	PIP Number and Category	
19	Total area of Land owned / leased(Acres)	
20	Whether the member presently cultivates vegetable?	

21	Experience in vegetable cultivation	
22	Area of land were vegetable cultivation(in cents)	
23	Any loan availed under livelihood activities a. Name of the scheme: b. Loan amount availed in Rs.	
24	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 a 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-2 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 Shri/Smt. _____, hereinafter referred to as the "Second Party";

AND

3. Shri/Smt. _____, son/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 Husbandary)
- 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.
- Release of Rs._____ against cultivation activities like _____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 the ____ month onwards, and transfer the loan due amount (Principal and interest) to the 1st party's Farm 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 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 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 detailed 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 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 and Treasurer)

Name: _____ Name: _____

Designation: _____ Designation: _____

Seal: _____ Seal: _____

Signature of Second Party (_____ Cluster Secretary and 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:

Sl. No.	Month	Repayment Amount (Rs.)		Total amount to be repaid (Rs.)
		Principal	Interest	
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
	Total			

**Signature of the BLF
Secretary and treasurer**

**Signature of Cluster
Secretary and treasurer**

Signature of the Beneficiary