

GOVT OF ANDHRA PRADESH
DEPT OF AGRICULTURE

STANDARD OPERATION PROCEDURE (SOP) GUIDELINES FOR
GROUNDING CUSTOM HIRING CENTRES AND HUBS DURING 2021-22

The Govt has taken a decision to establish Custom hiring centres at Village & Cluster level and FM Hubs at *Assembly Constituency level* with an objective to promote Farm Mechanization in all the villages in the state and to bring High cost specialized machinery to the access of small and marginal farmers on hiring basis. It is proposed to take up Farm Mechanization during 2021-22 with the budget provisions under CSS-SMAM scheme and CSS-RKVY Direct Benefit Transfer method as envisaged under CSS-SMAM.

FM (2021-22)- TARGETS AND OUTLAY

Rs. in Crores

Sl. No	Particulars	Unit Cost in lakhs	Target (No of Units)	Total Project Cost	Subsidy (Upto 40%)	Bank Loan (50% of Project Cost)	Beneficiary group share (min 10% project cost)
1	Custom Hiring Establishment of Custom Hiring Centres at RBK level (Under SMAM)	Rs. 15 lakhs	10750	1612.5	645	806.25	161.25
2	Establishment of Hitech Hivalue FM Hubs at Assembly Contituency level (Under SMAM)	Rs. 150 lakhs	175	262.5	105	131.25	26.25
3	Establishment of CHCs with Combined Harvester at Cluser level @5 per mandal in 4 Paddy districts viz., East Godavari, West Godavari, Krishna and Nellore with subsidy Rs. 10 lakhs per unit (Under RKVY)	Rs. 25 lakhs	1035	258.75	103.5	129.375	25.875
TOTAL			11960	2133.75	853.5	1066.875	213.375

The SOP and step wise procedure for grounding CHCs and HUBS is furnished below.

A. Establishing Custom Hiring Centres through Farmer Group:

1. Formation of one farmer groups per RBK with minimum 5-6 members.
2. The Group details shall be registered at RBK.
3. Farmer Group members(5-6 farmers of the village) finalized by Village advisory committee shall establish the CHC per RBK village.
4. Group shall elect two persons to act as Convenor and Co-convenor to represent the group in all the correspondence and transactions.
5. This group shall be recommended by ADA of the Division to the DCCB Bank Branch for verification of credibility of the group and for opening bank account in the name of group.
6. Credit from DCCB Bank branch is mandatory.

B. Establishing Hitech Hivalue FM Hub through PACS/FPOs:

7. Dept of Agriculture shall identify one willing, eligible and well functioning PACS/FPO in each mandal for establishment of FM Hubs.

C. Unit cost and financial resources:

8. Project cost of CHC at RBK villages is Rs .15 Lakhs

Components	Maximum Unit cost	Subsidy under CSS-SMAM
CHC at RBK level	Rs. 15.00 lakhs	Upto 40%* (Upto Rs. 6.00 lakhs)
FM Hub	Rs. 150 lakhs	Upto 40%* (upto Rs. 60 lakhs)
CHC with Combine Harvesters	Rs. 25.00 lakhs	Upto 40%* (Upto Rs.11.00 lakhs)
CHC with Post Harvest Machinery	Rs. 25.00 lakhs	Upto 40%* (Upto Rs.10.00 lakhs)
*Subsidy allowed as per the Annexure-IIC of CSS-SMAM guidelines viz., 40% of machinery cost(or) the maximum subsidy amount indicated for the machinery which ever is less is applicable		

D. Adoption of DBT Method for subsidy Transfer:

State Govt stipulated to ground the CHCs and Hubs by the beneficiary group with 50% of unit cost through loan as mandate to have transparency and accountability. Dept of Agriculture entered into MoU with APCOB to provide loan to the CHC farmer groups/PACS/FPOs for 50% unit cost Under these arrangements, the payment terms for procurement of machinery under DBT method is stipulated as below.

9. Purchase/procurement of machinery by the farmer group with payment of 50% of machinery cost to the supplier along with purchase order from their own resources.
10. Farmer group shall make payment of 50 % machinery cost to the supplier by online payment from the bank account of Farmer group.
11. Balance 50% machinery cost will be paid to the supplier by the Banker APCOB/DCCB after delivery of the machinery and confirmation of the Department of Agriculture along with Joint inspection report and other documents (Purchase order, document proof showing the payment of 50% cost by the group, invoice, delivery challan, joint inspection report along with Photo)
12. Subsidy will be transferred to the beneficiary group bank account by the state Govt on processing of subsidy claim.

E. Empanellment of suppliers and machinery:

13. As per SMAM guidelines, there shall be **empanellment of FM manufacturers, their machinery and dealers at State level** in the DBT portal designed and developed by M&T division, DAC&FW, GOI, New Delhi.
14. State Govt constituted Price Monitoring Committee vide a Price Monitoring Committee vide Govt Memo No.AgrifMS/41/Agri.I(2)/2020 dt: 11.09.2020 with the following (5) members to guide the Dept of Agriculture in approving the prices of machinery.

Sl.No	Committee members
1	Commissioner of Agriculture
2	Commissioner of Horticulture
3	VC & Managing Director, AP State Seed Development Corporation Ltd (AP SEEDS)
4	VC & Managing Director, AP State Agro Industries Development Corporation Ltd (Agros)

5	DEAN (Agriculture Engineering), ANGRAU
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15. Dept of Agriculture will approve the prices of machinery indicated by manufacturers in the DBT portal as per the recommendations of Price Monitoring Committee.

16. District level Price Monitoring Committee to be constituted in districts under the chairmanship of Joint Collector (Rythu Bharosa) with the following members.

Sl.No	Committee members
1	Joint Collector (Rythu Bharosa)-Chairman
2	Joint Director of Agriculture as convenor
3	Asst Director of Horticulture-Member
4	DM, AP Agros-Member
5	Representative from ANGRAU-Member

The District level Price Monitoring committee role is to define the upper threshold prices of firm wise machinery.

F. Implementation in phases:

17. Since, the supply of machinery by the manufacturers can not be made to all the units at a time, Govt issued targets to ground the CHC s gradually in 3 phases as below.

The Phase wise targets approved by the state Govt

Phase	No. of units to be grounded		
	RBK level CHCs	Cluster level CHCs with Combined Harvester	Assembly Constituency level FM Hubs
Phase I- By June'2021	3220	-	-
Phase-II By September'221	3220	500	85
Phase-III By December'2021	4300	535	90
Total	10740	1035	175

18. The farmer groups are permitted to ground allocated outlay of the unit i.e., Rs. 15 lakhs in 2 phases.

G. STEP WISE PROCEDURE OF GROUNDING UNITS:

19. Identification of Beneficiary Farmer Group formation for Setting up CHC:

- MAO with the assistance of VAA shall identify Farmer Group to establish Custom Hiring Centres in the village with availment of benefit of SMAM in transparent and time bound manner.
- Group of 5-6 active and resident farmers is the optimum size of the group.
- The group should be willing to set up CHC as revenue generating Agri-entrepreneur activity with its initial investment and for providing hiring services to the village farmers at reasonable prices.
- Group shall bear 50% of the unit cost with its own resources and 50% unit cost through bank loan.
- The identified group shall be finalized in consultation with Village advisory committee
- Group shall enter into Agreement with RBK on the clauses viz., the CHC will be utilized for serving the farmers of the village, group shall fix the hiring charges

reasonable as per the local rates with due approval of Village Advisory Committee.

- Based on the scrutiny report of MAO, ADA of the Division shall recommend the Group to the DCCB Bank for verification of credibility of the Group members.
- DCCB shall open bank account in the name of Group . Group shall provide documents Resolution on formation of CHC group, Agreement with RBK and ADA recommendation.

20. Selection of Implements for CHC unit by the group:

- The finalized farmer Group shall finalize the items to be procured and be kept at the CHC. While selecting the implements, the group should keep in view the major crops grown in that village and select the implements to cover major farm operations to ensure demand for hiring. By this the CHC unit will get business hours throughout the cropping season and also could be able to meet the needs of farmers.
- District functionaries of the Dept of Agriculture shall guide the farmer group in finalizing the machinery of CHC unit. Where the final choice of machinery selection is to be exercised by the Group only.
- They can view to the suppliers list available on the Departmental website having Mobile nos) or can approach the dealers nearby(who possess qualitative tested equipment as per norms of SMAM).
- All tested equipment from either FMTTIs or designated Institute from DAC are only eligible for subsidy in all states under Government assisted programme.
- Group member can negotiate on the price of the equipment and obtain quotations from the supplier.

21. Verification of CHC project By MAO:

- MAO verification of CHC project: Farmer group shall submit the details of CHC project proposal to MAO for verification and approval.
- The Mandal Agriculture Officer shall verify the CHC machinery proposed by the Farmer group and recommend for approval.

22. Registering in DBT portal and issue of Permit:

- The finalized CHC group has to register on DBT portal(www.agrimachinery.nic.in) duly providing details of contact person of the group and mobile number for registration.
- User name and Password will be generated and sent to the registered mobile number.
- On approval of CHC project by the MAO, The group shall login in the portal using the above credentials and create a project adding the details viz., adding group members, aadhaar number of members, land particulars, add details of implements to be procured and submit the application online to the Department of Agriculture
- ADA of the sub division shall verify the application of the group in the portal ie., list of implements, subsidy indication etc, and issue Permit online to the group with in 3 days.
- Group shall take a print copy of the permit issued from DBT portal.

Note: The list of implements selected can not be changed once the permit is issued. Hence, Group shall finalize the list of implements and then upload the application in the DBT portal for issue of permit.

23. Obtaining In principle sanction of loan from DCCB:

- Group shall approach the bank and obtain in principle sanction letter for the 50% loan

component by providing request letter and estimated outlay of the proposed unit.

24. Placing Supply order to the dealer:

- The group shall place the supply order(hardcopy) to the dealer/dealers duly enclosing the documents viz., Loan sanction letter from the DCCB, Permit issued by the ADA duly making payment of 50% of machinery cost from their own resources.
- Farmer group shall make online payment of machinery cost to the supplier from the bank account of farmer group to ensure transparency and accountability.
- Place of delivery and time of delivery should be clearly indicated in the purchase order.

25. Delivery of the machinery and Joint inspection:

- The supplier has to supply the machinery with in 7 days from the date of purchase order to the RBK with prior intimation to the group contact person.
- The Group Contact person has to inform the Bank and the VAA/MAO about the proposed delivery of the equipment information.
- A joint photograph is to be taken at the time of delivery along with Bank representative, Departmental representative and CHC group members along with the implement.
- The implement photograph along with geo coordinates is also to be captured with the name of the RBK banner behind the implement separately.(this photo will be used in the mobile app for hiring the equipment)
- VAA shall furnish joint inspection report along with photo to MAO.
- The concerned MAO will submit the joint inspection report after due certification to the Banker requesting for release of 50% of machinery cost to the supplier with in 3 days from the date of joint inspection.

26. Release of amount to the Supplier by the bank:

- Supplier will issue invoices in triplicate to the group. The group shall retain one set of invoices with it, submit one set to the ADA of the subdivision and submit one set of invoices to bank to arrange for release of 50% payment to the supplier. A copy of invoice set is to be filed and maintained at the RBK.
- The bank shall release the payment to the supplier bank account as indicated in the invoice within 3 days or after the hypothecation of the equipment (in 7 days) in cases where hypothecation is mandatory..

27. Sanction of subsidy and release of subsidy:

- The group shall scan all the invoices in the order listed in the permit, merge and upload as single document (in pdf format) in the DBT portal
- District officers shall process for subsidy claim and submit to Commissionerate of Agriculture through proper channel ie., MAO, ADA (R), and JDA.
- State office of Dept of Agriculture will process the subsidy claims and sanction subsidy for online transfer to the bank account of CHC farmer group

H. Release of subsidy to CHC farmer group accounts:

- Subsidy will be released to the bank account of Beneficiary (Farmer group/PACS/FPO) by the State Govt on pre announced date for each phase. The subsidy transfer for phase-I grounded CHCs will be released by Hon'ble Chief Minister on 8Th July'2021.

COMMISSIONER OF AGRICULTURE

