



OPELIP

ODISHA PVTG EMPOWERMENT & LIVELIHOODS IMPROVEMENT PROGRAMME
ST & SC Development Department
Govt. of Odisha



Programme Management Unit

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File No. 399/2022

Date. 17.10.2022

From

**Shri P. Arthanari, IFS
Programme Director, OPELIP**

To

The Special Officers of all 17MPAs

Sub: **Guidelines for setting up processing units and its functioning-Reg.**

Madam/Sir,

With reference to the subject cited above, I am to inform that OPELIP has developed **Guidelines for setting up processing units and its functioning (Annexure-1)** for strengthening of **processing units**. In this connection all are instructed to follow the guideline without any deviation at the time of selection and roll out.

Yours faithfully

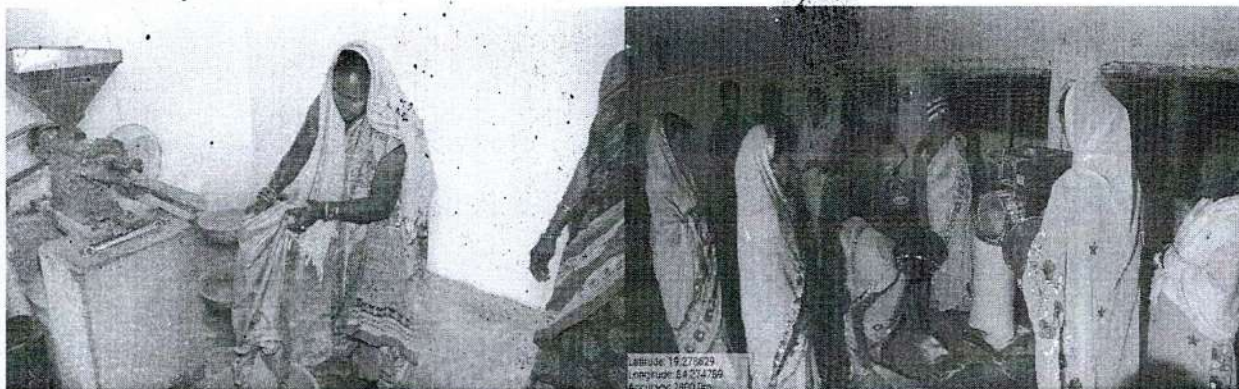
[Signature]
Programme Director 17/10/22

Memo no. 3385 date. 17/10/2022

Copy to the Chief Functionaries of FNGOs for information and necessary action.

[Signature]
Programme Director

Operational Guidelines for Implementation of Processing Units across MPAs



Odisha PVTG Empowerment and Livelihoods Improvement Programme - OPELIP -

- PROGRAMME MANAGEMENT UNIT-

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Guidelines for Processing Units

A. Overview:

The overall goal of “Odisha PVTGs Empowerment and Livelihoods Improvement Programme (OPELIP)” is to achieve enhanced living conditions and reduced poverty of the target group households. This is sought to be achieved through realizing the development objective of enabling improved livelihoods and food and nutrition security for PVTG households. The strategy to be followed is to build the capacity of the target households, secure them their entitlements over land and forests, improve their agricultural practices for higher production, promote income-generating micro-enterprises as alternate livelihoods, ensure access to education, health and other services and improve community infrastructure. ST&SC Development Department of Odisha has taken steps to provide support for tribal empowerment and enhancement of their capacity and capability to take up various livelihood activities in a sustainable manner. “Odisha PVTGs Empowerment and Livelihoods Improvement Programme (OPELIP)” was launched on 18th March 2016, operated in 90 Grampanchayat under 22 blocks in twelve districts of Odisha. The programme targets 13 Particularly Vulnerable Tribal Groups (PVTGs) the most socio-economically backward segments and disadvantaged of the Indian population. The areas and villages they live in are amongst the most under developed areas of the State of Odisha. Though the livelihood pattern of each PVTG is different, largely they derive their income from collection of Non-Timber Forest Produces (NTFPs), shifting cultivation, settled agriculture and casual labour. Agriculture is rain fed, subsistence oriented and rain-fed paddy is cultivated largely for food security. Pulses and other cereals, millets, horticulture and vegetable crops are grown in pockets. Livestock rearing is limited due to lack of support services. Very limited processing/ value addition is carried out of both NTFPs as well as agriculture. The poor road connectivity, poor electrification, lack of transportation facilities, negligible access to communication and lack of support services, affect the livelihood choices of the PVTGs. The emphasis has given on building capacities and capabilities of implementers and stake holders to effective implementation of project components, building institutions and nurturing them to take charge of themselves and majorly focusing on improving the livelihood of households through setting up processing units across MPAs.

This Processing unit guideline is meant for all beneficiaries of PGs, SHGs, UG. Prior to selection of SHGs/PGs/UGs, all documents related to processing unit should be consolidated, prioritized & recorded (case record) and maintained in a separate file for future reference.

B. Objectives:

The purpose of the activities is to ensure income security, reduce drudgery and access to fair markets for the PVTGs by expanding processing units and developing marketing collectives.

C. Proposed Activities:

Processing units will be supported among PGs/SHGs/UGs identified in the VDA through collectively. The activities will be chosen by the groups based on availability of resources and/or context and assessment of potential and may include Puffed rice/oil extraction unit/ paper plate/press plate making/ Rice Huller/Multi Milling Unit etc.

D. Eligibility Criteria

Processing units will be supported for reducing drudgery as well as increasing local consumption and increase income through marketing of NTFPs among PVTGs across MPAs. It will be given to the SHGs/PGs/UGs across PVTG villages for enhancing income of the group through collective action. Please refer the joint guidelines circulated from this office along with dept. of Mission Shakti vide letter No.2986, dtd. 03.09.2022.

E. Potential assessment:

A potential assessment will be done by the LRFO and SM which is based on the need of the SHGs/PGs/UGs and availability of the resources for running the processing unit for long run. Hence, selection / identification of groups should be prepared through following criteria:

1. At least 70% of the group members are intensively engaged for the production, processing or marketing of the processing unit.
2. Group must have formed before six months at least.
3. The group must have good track records of repayment and financial transaction in the group.
4. The criteria used to select groups refer to vulnerability levels, capacity to work together, and motivation for increasing household income through processing unit.
5. The group must have legal electricity connection as per the need of the processing unit set up.
6. SHG shall have enclosed shed of 20ft X 10ft X 10ft with asbestos or slab roof to keep the machinery safe.
7. A detail project report will be prepared and shared with PMU for approval of the project.

F. Selection Procedure:

1. Processing units will be identified as part of the VDP preparation.
2. The groups will be identified by the VDCs with the facilitation of MPA and FNGOs.
3. The processing unit to be focused more on PVTGs about more than 70% of the target as per AWP & B.
4. Processing unit option shall be based on the skill and demand of PVTGs areas
5. Care should be taken to cover activities relating to value addition to NTFP.
6. The MPA and FNGO should facilitate the selection of suitable group with the VDC/VDA approval and resolution.

Please refer the joint guidelines circulated from this office along with dept. of Mission Shakti vide letter No.2986, dtd. 03.09.2022.

G. Tripartite agreement

A tripartite agreement will be done among the MPA, VDC and SHG/PG/UG for setting up processing unit as well as for existing processing units under OPELIP with terms and references (ToRs) for smooth functioning of the processing unit. Please refer the Annexure-1 enclosed.

H. Training and Orientation:

Once the group is identified for a specific processing unit set up, facilitators (MPA/FNGO) should carry out training need assessment for them. Training comprises of:

- I. Orientation on common understanding;
- II. Preparation of business plan;
- III. Procurement of processing unit and its functioning;
- IV. Record keeping;
- V. Financial Management;
- VI. Market Linkage;
- VII. Management of Business tactics/dynamics: and
- VIII. Data update in e-Samrudhi

I. Documentation / records:

1. For execution of processing unit, a resolution of the VDA is to be enclosed and opening of case record for the said activity.
2. Case records with due procedures should be followed for implementation of activities. Case records of the activities are to be maintained by VDC.
3. The copy of AWP&B (mentioned processing unit) is to be enclosed in case records.
4. Correspondence documents with the MPAs will be included.
5. Business Development Plan (BDP) / Micro Investment Plan (MIP) must be prepared and submit to PMU for necessary guidance and approval. At same it should be kept with the group for reference and action.
6. The processing unit approval letter received from PMU will be enclosed with the case record.
7. All should ensure for putting a sign board in processing unit reflecting intervention of OPELIP.
8. Registered / format is to be placed at processing unit level for keeping daily records. Transaction record shall be maintained at processing unit level. The monthly progress i.e. financial progress and issues and challenges are also to be communicated to the concerned authorities.
9. Proper documentation through GPS photo will be communicated.
10. Monthly progress with income details to be updated in e-Samrudhi.
11. Experiences of processing unit functioning need to be documented and shared with PMU.
12. The programme will be executed through VDC as mentioned in AWP&B. The recommendation and resolution of VDC for selection of suitable group must be properly documented with photograph and counter signature of Social Mobiliser in MPA and L & RFO of FNGO.
13. The Social Mobiliser, LRFO and CI&NO are to ensure book keeping, daily income details and records for end programme assessment.
14. The VDC/FNGO/MPA will keep a photocopy of the issued cheque to group and all sanction documents copies for further audit and visiting of officer's reference. The PM& SO shall supervise all submitted records and keep in safe custody for Audit purpose.

Check List:

S N.	Documents Required for Processing Unit-Case Record	Submitted (Yes/No)
1	Application of group (SHG/PG/UG)	
2	VDC Resolution copy	
3	Business Development Plan	
4	Bank details of group	

Operational Guidelines for Implementation of processing units under Odisha PVTG Empowerment Livelihood Programme (OPELIP)

5	Photocopy of Bank passbook/Cancelled Cheque	
6	Group Photo	
7	PMU Approval Copy	
8	Copy of Letter by SO to Bank for fund release	
9	Activity Photo (Pre, Post)	
10	Bills of the items purchased by the Fund	
S N.	Processing unit-Operational Records and activities	Updated (Yes/No)
1	Cash Book	
2	Sales and Purchase Register	
3	Daily Transaction Register	
4	Stock Register	
5	Monthly Progress update in e-Samrudhi	
6	Case Study	
7	Physical Monitoring and support by LRFO/SM at least once in a month	
8	Random visit and document verification by PM/SO	

J. Financial support:

Finances for processing unit will be routed through the VDC.

Financial support as per provision of AWP&B will be routed through VDC in phased manner as per the need and recommendation of the VDC.

K. Fund Transfer and Procurement:

1. Funds will be placed to MPA by PMU.
2. MPA shall transfer the funds to VDC account as per the AWP&B and sanctioned proposal.
3. Based on the processing units, VDC shall further release the funds to group accounts.
4. The support amount will be paid to group by the VDC with proper documentation as per AWP&B norm.
5. VDC has to submit a request letter to concerned Bank Manager (through Special Officer) for honoring the cheque along with a copy of resolution and cheque duly signed by the VDC office bearers.
6. The Special officer has to retain the copy of resolution and forward the cheque with his/her consents to Bank to clear the cheque as requested by the concerned VDC.
7. Money will be transferred to the vendor in phase wise and final payment will be made after the installation and smooth running of the processing unit.
8. The LRFO and SM will facilitate the above process.
9. MPA and FNGO officials to give handholding support initially to the VDC office bearers for maintenance of books of accounts. During their field visit they should ensure the quality of programme as well through proper monitoring and supervision.
10. VDC is to ensure the activities are executed by the beneficiaries.

L. Feasibility:

However, often processing units do not yield the expected improvement in income. This can be for many reasons – it could stem from weaknesses in project design, failures in implementation, failures by the group to make full use of the asset or changes in the external environment (market prices for example). Common problems include:

- I. Procurement of raw materials in higher price
- II. Low prices received from selling of products

- III. Marketing problems
- IV. Inappropriate in the context
- V. Lack of mechanism for running processing unit for long run.

But many problems that are encountered are not inevitable and can be avoided if careful planning and analysis is done before the design and/or implementation.

The purpose of this guidance is to help MPA and FNGOs provide the processing unit that are most suitable and appropriate for group along with location wise, while offering them the highest potential for increased income and reduce drudgery especially women.

M. Exposure to processing unit and technologies:

The capacity and awareness of group must be considered when selecting processing unit as this will affect their ability to use processing unit effectively. Checking the following is essential:

- I. What type of skills is required for running the processing unit? Do they have skills and if not, how are they going to acquire the necessary skills?
- II. Is the group interested in learning the needed skills?
- III. Does someone in the village or in the local community already have the necessary skills and the capacity to teach it to others?

N. Marketing:

Marketing is a key issue of any products or goods and MPA/FNGO can facilitate for conducting a potential assessment for marketing. Whatever a group produces (goods or service) that should have a readymade market either in locally or in the region, or have a clear and feasible strategy to develop that market through already established relationships. Goods or services should be sold without a lengthy wait. A market survey must be done well before the products goes or enter to market.

O. Execution strategy:

- I. Processing unit can be a successful response for the recuperation and/or strengthening of livelihood systems and food security if income is a fundamental dimension of these systems.
- II. It is necessary to evaluate the relevance of the programme in each situation and adapt the activities to the specific characteristics of the context.
- III. Before the introduction of new types of processing unit, the reactivation and/or strengthening of traditional activities is recommended whenever possible: the impact will be more rapid and more sustainable.
- IV. It is necessary to evaluate all possible risks and to weigh the negative versus positive aspects before initiating the programme.
- IV. Income generation programmes do not always represent a relevant alternative for the most vulnerable population sectors. They are so many alternatives to reduce vulnerability.

P. Monitoring:

Monitoring aims to analyze:

- I. Progress in the programme, the goods and services that are offered through the programme;
- II. How these goods and services are being used in order to obtain results; and

III. The effects of unexpected external factors in achieving the results.

During the monitoring phase, attention must be paid to the previous conditions and hypothesis established during the programme formulation.

To be able to carry out monitoring, it is necessary to establish indicators that will be regularly evaluated. In case of processing unit, the most commonly used indicators for monitoring are:

- 1) Production (whether it be agricultural products, processed products, manufacturing or services offered)
 - a) Productive goods and assets
 - b) Techniques applied
 - c) Productivity
- 2) Marketing
- 3) Total quality management
- 4) Management of activities
- 5) Knowledge acquired and applied
- 6) Time bound
- 7) Cost-Benefit analysis

However, a user group will be formed for running the processing unit by taking leaders (President, Secretary and Treasurer) of various SHGs/PGs of the village and an account will be opened at bank. All financial transaction of the unit will be done through the bank. The signatories will be from one from VDC (compulsory) and two from user groups.

Q. Role & Responsibility of MPA & FNGO:

I. Micro Project Agency (MPA)

1. Facilitate VDC for timely disbursement of fund.
2. Regular monitoring of the processing units through field visits.
3. Providing handholding support and market linkage.
4. Organise Capacity Building programme as per requirement with the help of experts from line department, research organizations etc.
5. Timely reporting of physical & financial progress
6. Guide FNGOs for timely and effective implementation of activities
7. Ensure preparation of processing unit proposal (annexure-2) well in advance were timely implementation
8. The Social Mobiliser (SM) / Livelihood & Rural Finance Officer (L & RFO) are to monitor the activities of processing units and countersign the transaction.
9. The MPA shall verify the registers regularly during their visit to the processing units and note their observations.
10. The Special Officer shall convene fortnight review meeting with staff of MPA and FNGO to ensure that the progress is being recorded regularly.
11. The overall transaction of the processing units will be updated through E-Samrudhi by both SM and LRFO every month.

II. Facilitating NGO

1. Identification of group.
2. Facilitate on preparation of Business Development Plan (BDP) and timely implementation.
3. Dissemination of technologies
4. Regular / frequent monitoring of activities
5. Ensure proper bookkeeping and observatory register.
6. Organise capacity building training if required of the programme.
7. Fund utilization verification and handholding support to run the processing unit.
8. Ensure e-Samrudhi updation.
9. The FNGO shall exclusively accountable for execution and render support to the processing units at each step for successful execution of the programme.

R. Sustainability:

1. Selected groups should enhance their additional incremental income of the particular activity in subsequent years.
2. The CRP/CSP is responsible for expansion of activity in subsequent years.
3. Projection of growth plan should be prepared for next 3 years & 5 Years.
4. Group should establish the system for maintenance of the processing unit and keep the communication (invoice, warranty card, contact details etc.) details of machinery safely for the future.
5. User group has to take care of maintenance of the processing unit for long run.

NB: The Joint Guidelines of OPELIP & the Dept. of Mission Shakti will be followed. In case any misinterpretation or contradiction within the joint guidelines as referred above and present processing unit guidelines, the joint guidelines will be followed and can have discussion with PMU or clarification may be sought for newly installed processing unit for FY 2022-23 onwards.

(Annexure-1)

Draft MoU for Processing Unit

This Memorandum of Understanding (MoU) is entered on ----- day of ----- 20-- between:

- i. The _____ MPA (hereinafter called the first Party),
- ii. _____ Village Development Committee (hereinafter for the 2nd Party) &
- iii. _____ UG/PG/SHG for managing processing unit (hereinafter for
the 3rd Party)

1. Preamble

Under OPELIP, processing unit are being provisioned to earn incremental income or help in drudgery reduction of tribal communities, is executed at VDC level through SHG/PG/UG in OPELIP programme villages. The objectives of the processing units are as follows;

2. Objectives:

- i. To reduce drudgery among the villagers
- ii. To enhance quality of the products so that it can be sold in higher price
- iii. To increase household income of the PVTGs through processing and value addition
- iv. To run the processing unit throughout the year effectively, efficiently and profitably

This MoU defines the roles and responsibilities of all the parties to this MoU, so as to enable them to work together as partners.

3. Scope of the MoU

- i. The three parties undertake to co-ordinate, collaborate, support and manage the processing unit including operation and maintenance of the implements.

4. Duration of the MoU

- i. 5 years and further it will be extended by first party/PMU OPELIP/STSCDD.

5. Roles and Responsibilities of First Party

The first party agrees to undertake the following roles and responsibilities:

- i. 1st party will do an assessment of availability of infrastructure for setting up processing unit (Feasibility study)
- ii. 1st party will do an assessment of the demand raised for installation of processing units
- iii. 1st party will facilitate the process of installation of processing unit
- iv. 1st party will ensure training and capacity building programme
- v. 1st party will ensure marketing linkage facility as well as monitor for the functioning of the processing units

6. Roles and Responsibilities of Second Party

- i. 2nd party will raise the demand of setting up processing units from different SHGs/PGs/UGs
- ii. 2nd party will coordinate with 1st party and 3rd party for installation of processing units
- iii. 2nd party will check the books of accounts, register and follow up for the smooth functioning of processing units.
- iv. 2nd party will keep the rights of transferring the processing unit from one SHG/UG/PG to another in case it's defunct/unwilling or dispute with due approval of MPA.

7. Roles and Responsibilities of the Third Party

The third party agrees to undertake the following roles and responsibilities:

- i. 3rd party will identify infrastructure and facilitate the processing of running of processing units
- ii. 3rd party will decide the cost of user charges and take the responsibility of maintenance of the processing units.
- iii. 3rd party will maintain all documents for legal procedurals and smooth functioning of the units.
- iv. 3rd party will ensure the quality of the products and transparency for the running unit for long run.

8. Termination of the MoU

- ii. The first party can terminate the MoU on the occurrence of one or more of the following events after reasonable notice:
 - a. Mismanagement of funds by 3rd party
 - b. Not properly functioning of processing unit
 - c. Misutilised of processing unit by some of members
 - d. Not maintaining of proper books of records/information

9. Disputes

Any disputes between the parties arising out of this MoU shall be settled, in the first instance, through mutual and amicable consultation. If the dispute is not settled through such consultation, the matter shall be referred for arbitration to the Special Officer, MPA

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For first party Special Officer, MPA	For second party President & Secretary	For third party President & Secretary
Witnesses¹ Name and Address Signature.....	Witnesses Name and Address Signature.....	Witnesses Name and Address Signature.....

(Annexure-2)

Requisition for new Processing Unit under OPELIP

SI No.	Particulars	Information
1	MPA Name	
2	Name of the Village to set up the New Processing unit	
3	Name of the SHG/PG/UG	
4	VDC Name	
5	GP Name	
6	Block Name	
7	Type of Processing Unit/ Activity	
8	Total Budget Amount as per AWP&B - 2022-23	
9	Group Contribution in Rs.	
10	Fixed Investment (Specify Cost of Machine, other equipment detail separately)	
11	Working capital Investment (Specify detail of cost break up like type of raw material and quantity, training cost if any etc.)	
12	Machinery detail (Company Name & Capacity)	
13	Name of Group to operate the Processing Unit	
14	Name and designation of Member in the group to operate the Processing Unit	
15	Contact number of the Group Leader	
16	Availability of Infrastructure to set up the Unit (pl. specify in detail)	
17	Operated by (Electric/Solar/other)	
18	Status of electrification, Solar panel installation etc	
19	Number of Villages to serve by the Processing Unit	
20	Number of Households to be benefitted	
21	Business Development Plan Prepared (Yes/No)	
22	Average Turnover Planned per month/year as per Business Plan	
23	Quantity of Production in Quintal/Kg/Pieces/Liter etc	
24	Amount of Production in Rs.	
25	Expected Profit per month to the group	
26	where is the market	
27	Business Plan of the Processing Unit Submitted (Yes/No)	
28	Group Resolution for operating the processing Unit (Yes/No)	
29	VDC Resolution for selection of Group to set up the Processing Unit (Yes/No)	
30	Bank detail of Group (for fund transfer from VDC)	

Name and Signature of Team Leader (FNGO)

Name and Signature
of Social Mobiliser

Name and Signature of Project Manager

Name and Signature
of Special Officer