



# Project Mango

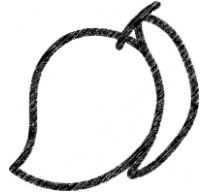
A model for value chain intervention for fruits and vegetables

## Abstract:

Pilot by Government of Telangana to enable value creation, food processing and value capture by small & marginal farmers for perishable commodities like Mango through a two-tiered farmer producer organization structure with shadow support and incubation by Telangana Society for Elimination of Rural Poverty (SERP) & Telangana State Food Processing Society (TSFPS)



# Key highlights of pilot



92300 Kgs

Mangoes from small/marginal farmers procured by farmer producer organization and sold through various marketing channels after value addition, ripening, packaging and branding in 25 days (May'19)

- Variety: Banganpalle (99%)
- Harvested when mature
- Graded & sorted on farm
- Stem cut/ De-sapped & crated
- Safely ripened



Rs. 37 /kg

Average effective farmgate price to the farmers

- **60%** of the effective retail value
- **85%** premium over leasing the farm (most common practice)
- **51%** premium over selling to local agents
- **30%** premium over large farmers who graded and sold directly to buyers



16%

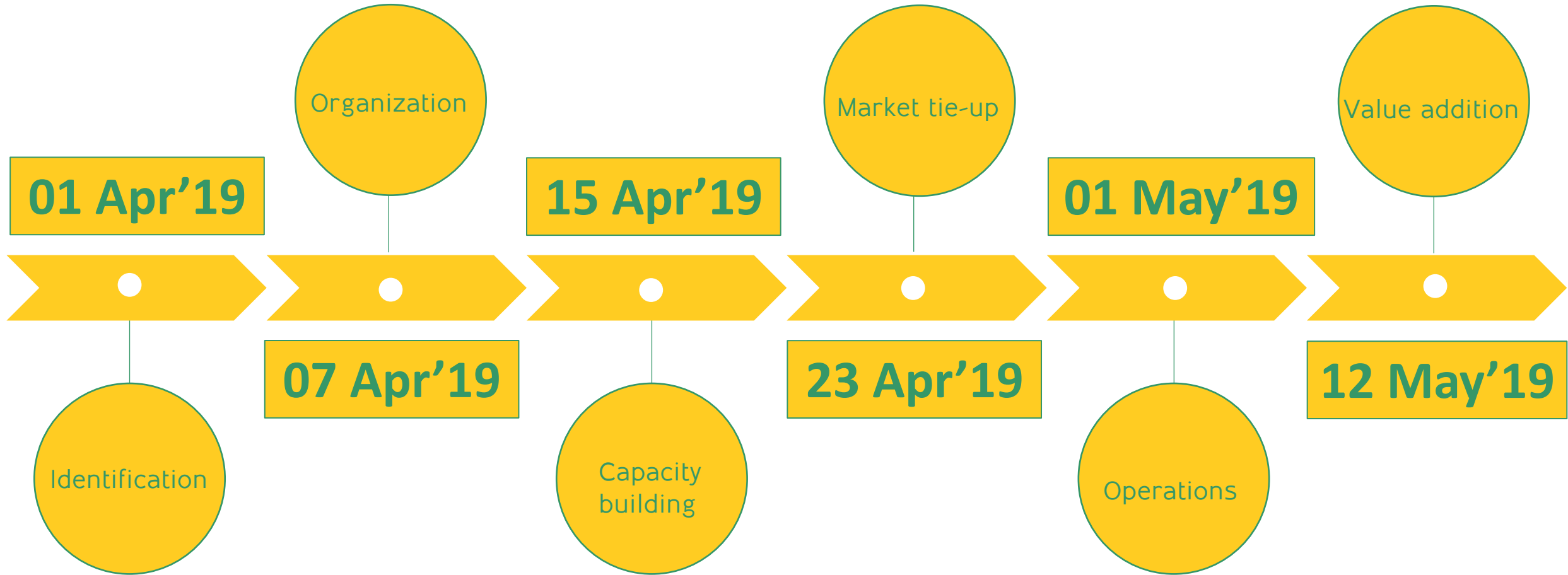
Gross operating margin made by farmer's enterprise after cost of goods sold

- Sales: 40 lacs
- Net profits: 4 lacs
- Patronage bonus: 7% (Rs. 3.08/kg)
- Retained earnings: 9% (Rs. 4.12/kg)
- Volume loss: 11%



# Approach

Now standardized across commodities





# Identification

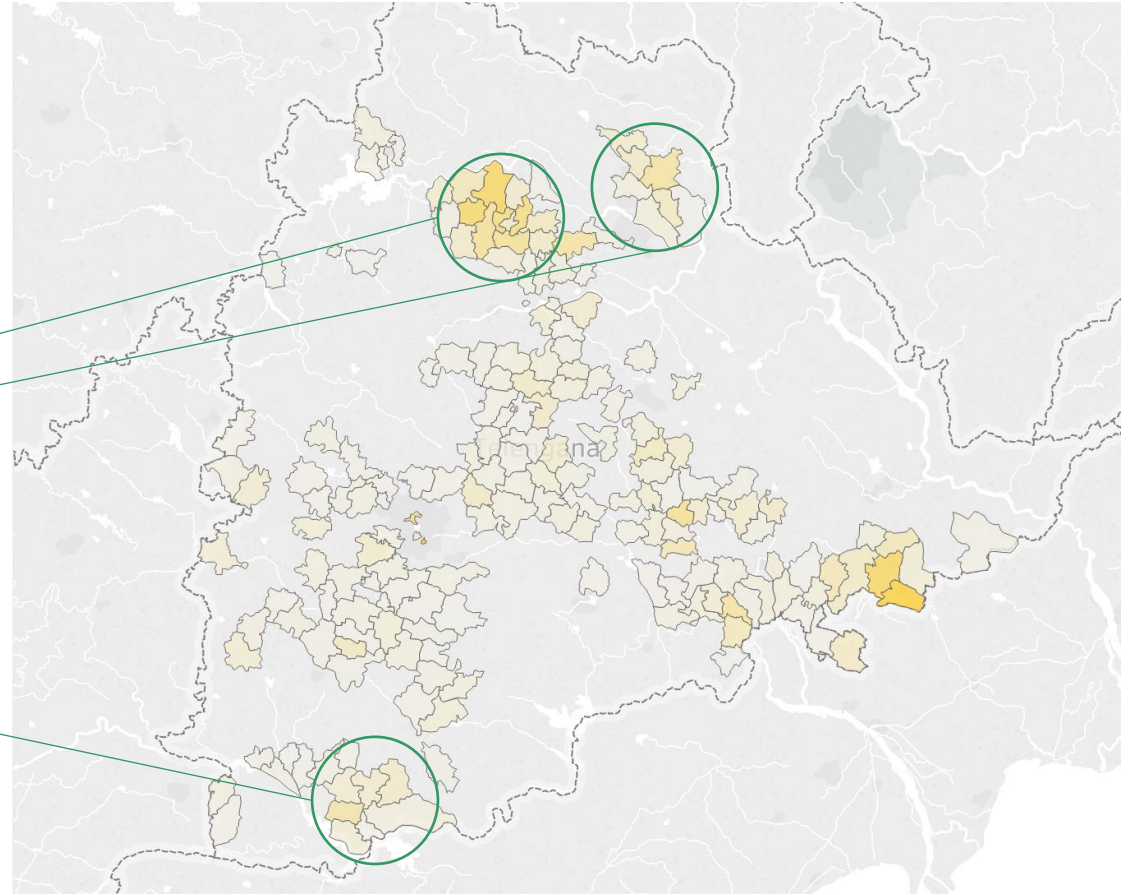
Data based

## Criteria

1. High density of cultivation
2. Large number of small/marginal farmers
3. Presence of SERP organization bandwidth

## Selection

1. Jagtial ( 4 mandals)
2. Mancherial (2 mandals)
3. Nagarkurnool (3 mandals)



Mandals across the state with area under mango more than 1% of the total area of the mandal

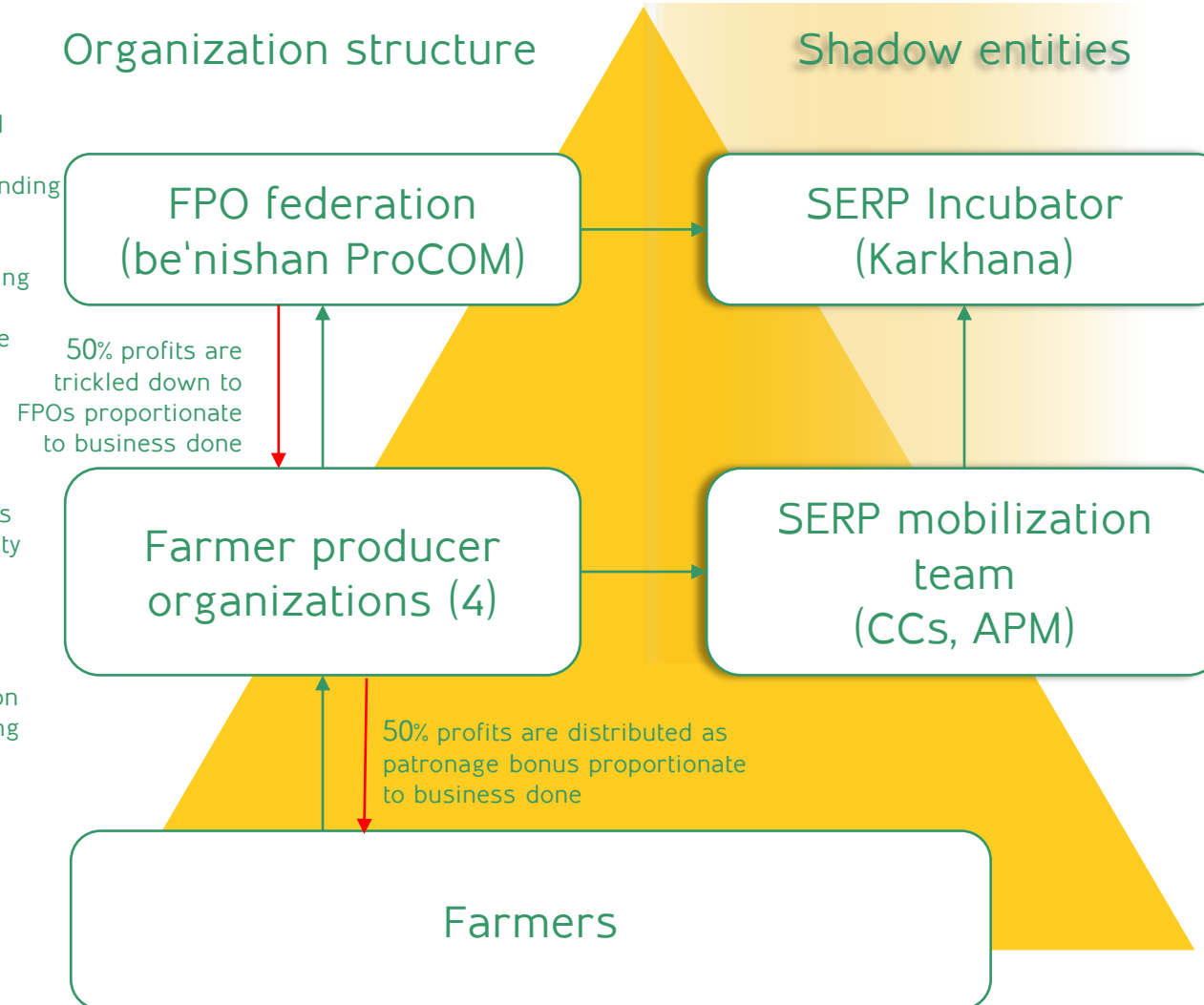


# Organization

Two-tiered supported by a shadow incubator

- Professional management
- FPOs hold equity, funded by it
- Hyderabad based, commodity focused
- Procures in bulk, sells in bulk
- Responsible for sales, marketing, branding etc., takes all the risk
- Maintains customer relations
- Undertakes value addition & processing
- Enforces quality checks, production planning and financial controls on the FPOs

- YPs as CEOs, local youth as managers
- Funded through NRLM & farmer equity
- Geo-focused, Multi-commodity
- Owns farm level infrastructure
- Provides custom hiring solutions
- Service provider, doesn't take risks
- Sells and buys only to/from Federation
- Custodian of local production planning and quality assurance



- 6 season incubation for the federation
- Oversee aggregate planning, operations and finances
- Provide support for business development
- Provides professional support from external sources
- Accountable for profitability of federation for 3 consecutive seasons

- Help establish operations
- Responsible for local recruitment
- Setup farmgate infrastructure
- Capacity building of FPO
- Build confidence and relations with farmers
- Oversee local planning, operations & finances



# Capacity building

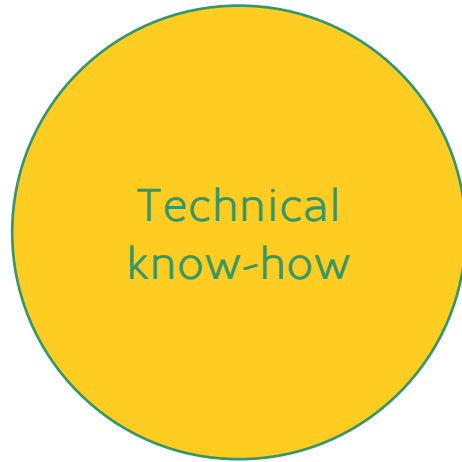
Through convergence



శ్రీ కొండాలక్ష్మణ్ తెలంగాణ రాష్ట్ర ఉద్యాన విశ్వవిద్యాలయం  
SRI KONDA LAXMAN TELANGANA STATE HORTICULTURAL UNIVERSITY

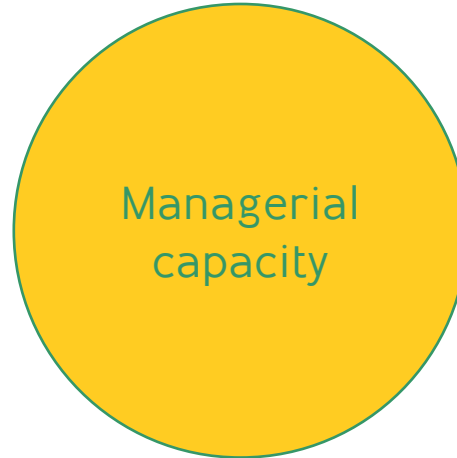


Telangana State  
Food Processing Society  
(A Government of Telangana Society, INDIA)



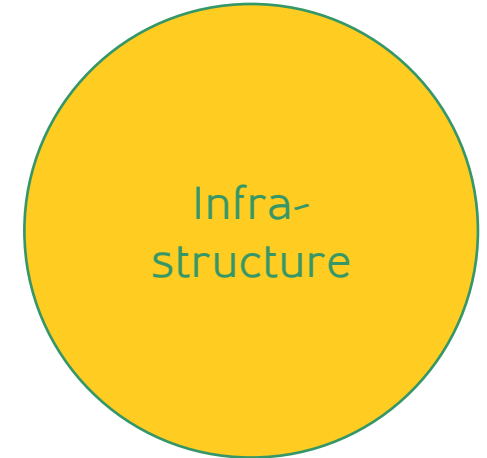
Technical  
know-how

- Good Agriculture practices
- Harvesting protocols
- Grading, sorting & packing protocols
- Quality assurance protocols
- Value addition planning



Managerial  
capacity

- Standard operating protocols
- Enterprise resource planning
- Reporting systems
- Financial controls
- Quality controls



Infra-  
structure

- Village level procurement centres
- Material handling equipments
- Ripening chamber
- Distribution centre & pack house
- Logistics (vehicles)



# Market tie-up

Anchored by a buyer-seller meet

## Buyers



And 10 others...



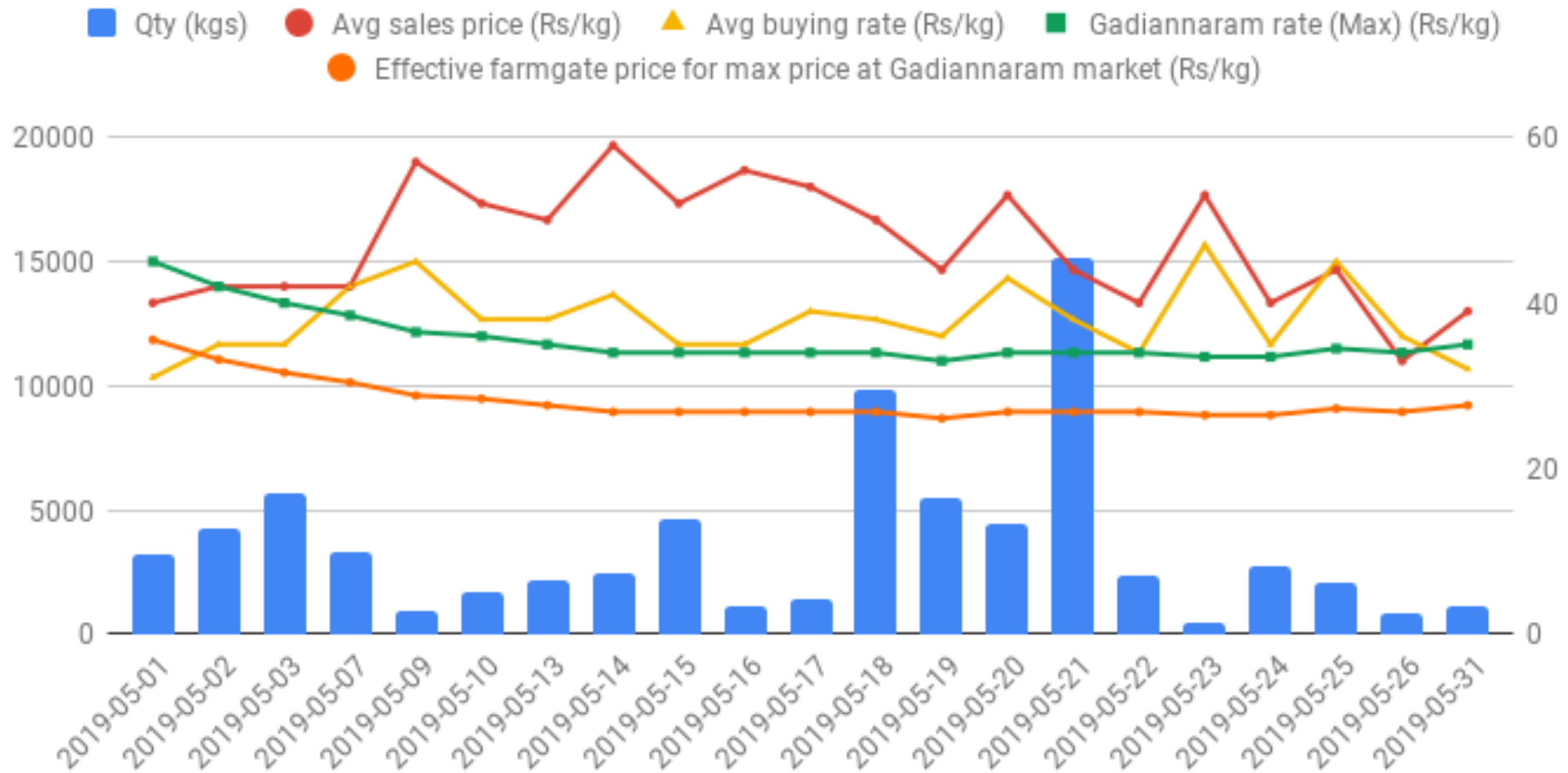
Buyer seller meet held at TSIRD on 23rd April 2019



# Operations

Through day wise production and sales planning

## Sales as per date of procurement







# Value addition

Across multiple channels

Retail sales  
(10% by volume)

## Value addition

- Packaging
- Branding
- Marketing

## Value Premium

~50%



Bulk sales- Ripened  
(40% by volume)

- Pre-cooling
- Ripening (safely)
- Re-grading
- Selling by stage of maturity

~30%



Bulk sale- Farm gate  
(50% by volume)

- Right time to harvest
- Stem cutting
- De-sapping for 2 hours
- Grading, sorting
- Packing in crates

~18%





# Challenges

Capacity building

Right person in the right place



Assured supply chain

Ownership issues

Reporting and accounting

Consistency in grade and quality

Risk taking capacities

Managing vendors