

Awareness Programme
on
Value Added Products from Fruits and Vegetables

NPV-001



9 INSTITUTIONAL SUPPORT TO ENTREPRENEURS



Sponsored by-
Ministry of Agriculture
(Deptt. of Agriculture &
Co-operation) Govt. of India

School of Agriculture
Indira Gandhi National Open
University, New Delhi



“जुर्पप भपगय मपक अग्रपगपकब कि भत्रम्ब
मवचज नक् स्वपक्व स्वपत मक सत्रह भकब
चपक सन थपकमचब.प मज ज्पपयगप मप
स्वपरपपव ज्पज नक् तग्भ चैपप स्वगस
मपव।पपकब कि ढर्चै तपाच ,यब यहश्हच
।यूपभचपस्वपकब मपक लधव मवचक नत्र,
भगत्रूस मपक दग अिकि ंष्व ढद्यपचज
नक्”

– दाग्लवप हपबरपज



*“Education is a liberating force, and
in our age it is also a democratising
force, cutting across the barriers of
caste and class, smoothing out
inequalities imposed by birth and
other circumstances.”*

– Indira Gandhi

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PROGRAMME INTRODUCTION

Fruits and vegetables have been a part and parcel of the life of human beings since time immemorial. The popularity of vegetarian food not only in India but also in western countries makes the fruits and vegetable sector more important now a days. India ranks second in world fruits and vegetable production but this huge potential is untapped. Lot of produce goes waste due to improper post harvest practices, unplanned marketing strategies of fresh produce and ignorance to value addition. If farmers, farm women, agricultural labourers and rural youth are made aware about the scientific, economic and entrepreneurial aspects of fresh produce marketing and their preservation/ processing, it will be a major boost to our food sector. To make people aware about value addition to fresh as well as processed products, the School of Agriculture, Indira Gandhi National Open University, New Delhi under the sponsorship of Ministry of Agriculture, Deptt. of Agriculture & Co-operation, Govt. of India has developed an awareness programme on “Value added products from fruits and vegetables”. In this programme nine modules including Introduction, Post Harvest Management, Factory Standards and Product Specifications, Processing and Value Addition, Quality Assurance, Packaging, Marketing of Fresh and Processed Fruits and Vegetable Products, Setting Up an Enterprise, Institutional Support to the Entrepreneurs have been developed along with audio visual films on various aspects of value addition to fruits and vegetables.

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1.0 INTRODUCTION

India is known as the second largest producer of fruits and vegetables in the world and our fresh produce is unmatched for diversity and abundance.

After studying the earlier modules you are now aware that processed foods are not only in high demand in the domestic and export market, but value addition and processing of fruits and vegetables also leads to reduction of post harvest losses. It also improves marketability of the produce, increases their availability to consumers in addition to providing livelihood opportunities to the rural as well as urban population.

At present about 2% of the produce of our country is being commercially processed. Therefore there is a vast opportunity for entrepreneurs to cash in on the immense production base and take up processing of fruits and vegetables as an enterprise which will give rich returns. In order to create awareness of such livelihood opportunities, and to assist entrepreneurs who have taken up the enterprise for producing value added products from fruits and vegetables, the Government of India has set up several organisations which help in promoting and sustaining entrepreneurship in this sector. Let us look at some of the major organisations involved in this activity.



Fig. 1: Institutions supporting Entrepreneurs

2.0 OBJECTIVES

On completing this module you will be able to:

- know the Government of India organizations which are involved in promoting and sustaining entrepreneurship in the fruits and vegetables processing sector;
- explain the functions and objectives of these organizations;
- know where to approach for information and assistance for setting up an enterprise in the fruits and vegetables processing sector.

3.0 INSTITUTIONAL SUPPORT TO ENTREPRENEURS

3.1 The Ministry of Food Processing Industries (MFPI), Government of India

Realizing that the growth in food processing sector will ultimately lead to job opportunities in rural areas that will enable the farmers to reap the benefit from modern technology, create surplus for exports and stimulate demand for processed food, the Government of India set up the MFPI in July 1988. It is a central agency of the Government which is responsible for developing a strong and vibrant food processing sector in the country.

3.1.1 Goals

The goal of the MFPI is to:

- Bring about better utilization and value addition of agricultural produce for enhancing the income of farmers.
- Minimize wastage by the development of infrastructure for storage, transportation and processing, and maximize utilization of agricultural residues and by-products of the primary produce as also of the processed industry.
- Induction of modern technology in to the food processing industries from both domestic and external sources.
- To provide policy support, promotional initiatives and physical facilities to promote value added exports, and
- To lay down food standards and harmonize them with international standards.

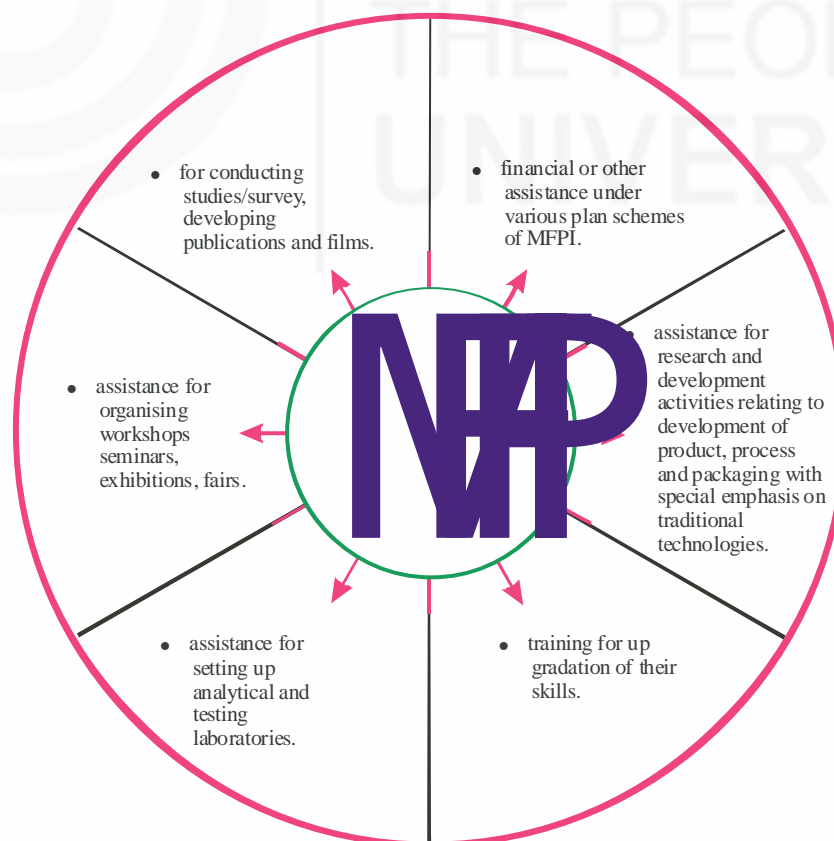


Fig. 2: Various kinds of assistance provided by MFPI

3.1.2 Functions

How does MFPI work towards achieving these goals? MFPI works towards its goals by providing policy support as well as developmental, promotional, technical, advisory and regulatory services.

Under the **policy support** activities MFPI undertakes development and implementation of a conducive policy environment for healthy growth of the food processing sector and is involved in rationalization of tariffs and duties.

MFPI promotes **developmental activities** by providing assistance to entrepreneurs under various plan schemes including assistance in areas as given in the above diagram.

For **human resource development**, training, technical and advisory support MFPI has set up major centres across the country

Centres have also been set up for **research and development** work in Food Processing Sector in India .

The **regulatory** role of MFPI involves implementation of Fruit Products Order (FPO).

The Ministry being a central agency also interacts with various other organisations, industries, associations and state governments and also acts as a catalyst for bringing together public, private and cooperative sectors to promote the food processing sector.

3.1.3 Financial Assistance

Most entrepreneurs may not be able to set up their enterprise in spite of having access to technical know how and markets if they do not have access to financial support. MFPI looks after this crucial aspect by providing financial assistance through their various schemes.

Information regarding the current schemes can be obtained from: *Ministry of Food Processing Industries, Panchsheel Bhawan, August Kranti Marg, New Delhi-110016* and website: <http://www.mofpi.nic.in>.

3.2 Agricultural and Processed Food Products Export Development Authority (APEDA)

APEDA, an autonomous organisation attached to the Ministry of Commerce of the Government of India is an important organisation for those interested in exporting value added and processed products.



3.2.1 Goal

Now the question comes that how does APEDA help in export of value added and processed fruit and vegetable products? The main goal of APEDA is to:

- Build links between Indian producers and the global markets.
- Provide information on government policy to producers and entrepreneurs
- Provide referred services, suggest suitable partners for joint ventures and also arrange buyer-seller meets.

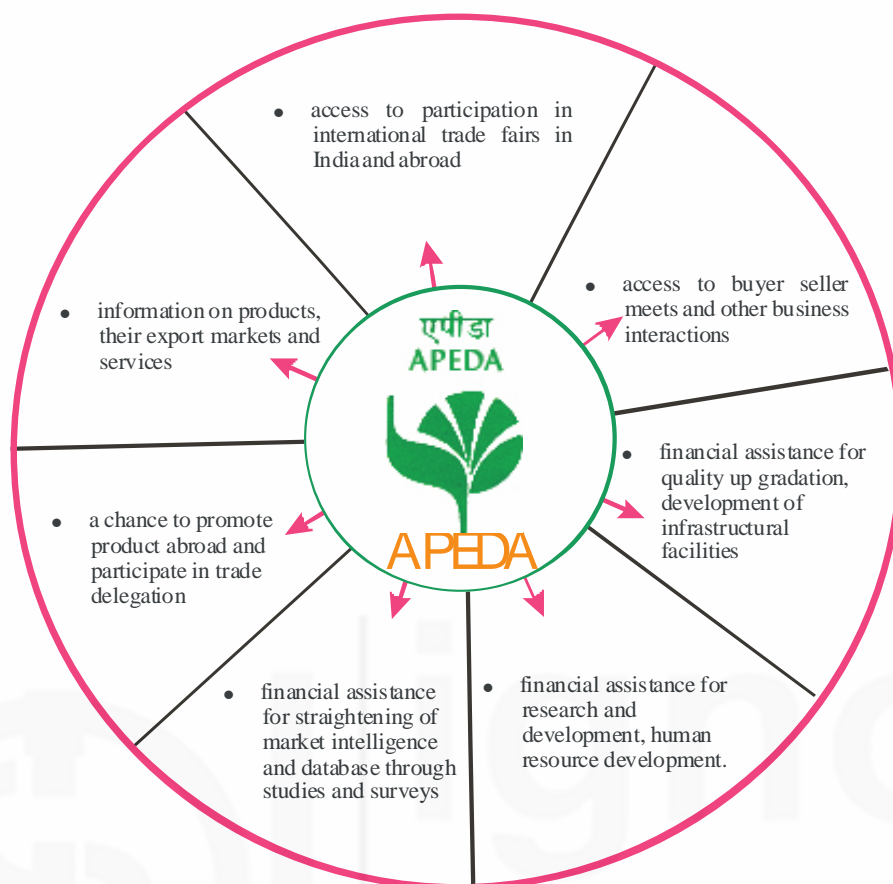


Fig. 3: Various kinds of assistance provided by APEDA

3.2.2 Functions

The programmes and activities of APEDA are structured so that the goals of the organisations are met. APEDA undertakes:

- Publicity and information dissemination as well as development of data base on products, markets, services and financial assistance.
- Organising of product promotions abroad, visits of official and trade delegations to and from abroad and organisation of buyer-seller meets and trade fairs.
- Provides recommendatory, advisory and other support services to the trade and industry and actively participates in resolving problems in government agencies in India and abroad.

3.2.3 Financial Assistance

Along with assistance listed above, APEDA provides financial assistance for strengthening of market intelligence and database through studies and surveys, development of skilled manpower as well as infrastructural facilities. Financial assistance is also provided for research and development, development of packing quality, and quality upgradation. .

Information regarding these and other schemes can be obtained from: *Agricultural & Processed Food Products Exports Development Authority, Ministry of Commerce, Govt. of India, NCUI Building, 3, Siri Institutional Area, August Kranti Marg, New Delhi-110016* e-mail: headq@apeda.com.

3.3 National Horticulture Board (NHB)

Horticulture offers immense scope for income generation and special attention has been given to this by the government by setting up National Horticulture Board (NHB). NHB has a mandate to promote integrated development in horticulture, to help in coordinating, stimulating and sustaining the production and processing of fruits and vegetables and to establish a sound infrastructure in the field of production, processing and marketing with a focus on post harvest management.

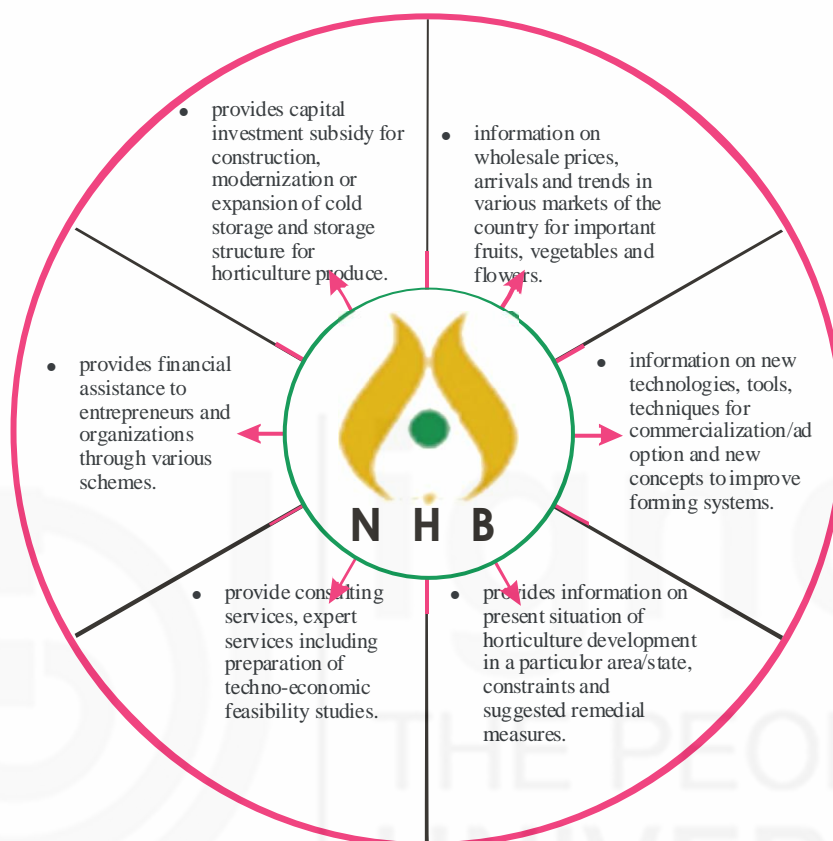


Fig. 4: Various kinds of assistance provided by NHB

3.3.1 Goals

Let us study the goals of this organization. The goals of NHB are listed as under:

- Develop high quality horticultural farms in identified belts which in turn will act as hubs for developing commercial horticulture.
- Develop post-harvest management infrastructure,
- Strengthen Market Information System and horticulture database,
- Assist R&D programmes to develop products suited for specific varieties with improved methods and horticulture technology,
- Provide training and education to farmers and processing industry personnel for improving agronomic practices and adoption of new technologies, and
- Promote consumption of fruits/vegetables in fresh and processed form, etc.

3.3.2 Functions

All the functions of NHB are undertaken to achieve the above goals. Let us now learn about the diverse ways in which NHB functions:

3.4.2 Functions

- To give assistance to cooperatives with the help of functional divisions having in-house technical and managerial capabilities.
- To influence the policies of Central and State Government in the area of cooperatives, to prepare five year and annual plans,
- Extend consultancy support,
- Provide training to upgrade the skills of cooperative personnel through its own training centre.
- Convene conferences/ meetings/ seminars/ workshops to facilitate exchange of information and review the progress of programmes.
- To finance projects in the rural industrial cooperative sectors and for certain notified services in rural areas like water conservation, irrigation and micro irrigation, agri-insurance, agro-credit, etc.
- To provide loans and grants to State Governments for financing primary and secondary level cooperative societies and direct to the national level and other societies having objects extending beyond one State

3.4.3 Financial Assistance

NCDC assistance is not individual beneficiary oriented but is meant for institutional development of Cooperatives. NCDC supplements the efforts of the State Government, and the State Government can recommend the proposal of an individual society for financial assistance to NCDC in the prescribed schematic format. A Society may also avail direct funding of projects from NCDC under their various schemes of assistance on fulfillment of stipulated conditions. Entrepreneurs must therefore approach the NCDC office or their respective state government for obtaining financial assistance.

Information regarding the schemes is available at: *National Cooperative Development Corporation, 4, Siri Institutional Area, Hauz Khas, New Delhi-16* and website: <http://www.ncdc.nic.in>.

3.5 National Bank for Agriculture and Rural Development (NABARD)

We will now discuss one of the main institutions which have been involved with upliftment of the rural sector in our country. NABARD is an apex institution accredited with all matters concerning policy, planning and operations in the field of credit for agriculture and other economic activities in rural India.



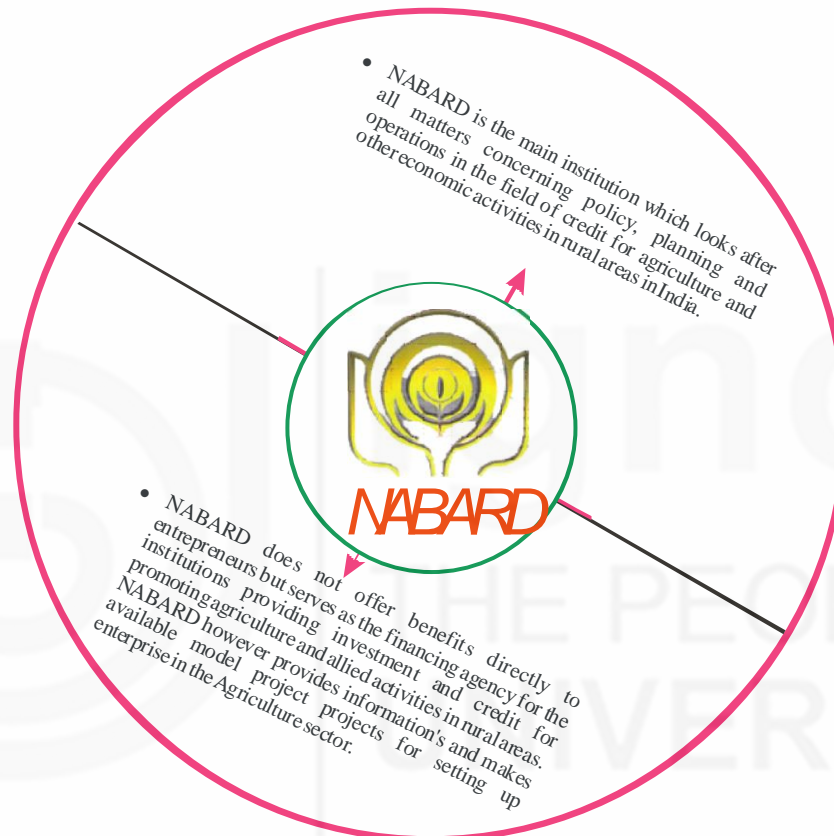
3.5.1 Goals

NABARD's goal is "for providing and regulating credit and other facilities for the promotion and development of agriculture, small scale industries, cottage and village industries, handicrafts and other rural crafts and allied economic activities in rural areas with a view to promoting integrated rural development and securing prosperity of rural areas and for matters connected therewith or incidental thereto."

3.5.2 Functions

All the functions of NABARD are aimed at fulfilling the above mentioned goal. Briefly we can innumerate their various activities.

- NABARD serves as an apex financing agency for the institutions providing investment and production credit for promoting the various developmental activities in rural areas;
- NABARD works towards building institutions for improving functioning of the credit delivery system, including monitoring, formulation of rehabilitation schemes, restructuring of credit institutions, training of personnel, etc.;
- NABARD also co-ordinates the rural financing activities of all institutions engaged in developmental work at the field level and maintains liaison with Government of India, State Governments, Reserve Bank of India (RBI) and other national level institutions concerned with policy formulation; and
- Undertakes monitoring and evaluation of projects refinanced by it.



3.5.3 Financial Assistance

NABARD does not offer benefits directly to entrepreneurs but serves as the financing agency for the institutions providing investment and credit for promoting agriculture and allied activities in rural areas.

For further information you may contact: The Managing Director, National Bank for Agriculture and Rural Development, Plot No C-24, "G" Block, Bandra-Kurla Complex, P.B.No 8121, Bandra (E), Mumbai-400051, Website: <http://www.nabard.org>, E-mail: contact@nabard.org



3.6 Khadi and Village Industries Commission (KVIC)

Lastly we will discuss the Khadi and Village Industries Commission (KVIC) which is a statutory body which took over the work of the former All India Khadi and Village Industries Board. KVIC focuses on all issues related to Khadi and Village industries which also encompasses processing and value addition of fruits and vegetables undertaken at the village level. Therefore is an organization which is of interest to entrepreneurs involved with the fruits and vegetable processing sector.

3.6.1 Goals

The broad objectives/goals that the KVIC has set before it are:

- The social objective of providing employment
- The economic objective of producing saleable articles,
- The wider objective of creating self-reliance amongst the poor leading to building up of a strong rural community spirit.

3.6.2 Functions

Let us now take a look at the diverse functions of KVIC:

- Planning, promotion, organisation and implementation of projects and programs in rural areas.
- Build up reserve of raw materials and implements for supply to producers,
- They create common service facilities for processing of raw materials, their marketing.
- They also undertake training of individuals in certain areas and encouraging cooperative efforts among them.
- Promoting research in production techniques and equipment of village based enterprise and assists studies of the problems related to them.

For implementing these activities, the KVIC may take such steps to ensure genuineness and to set standards of quality of the products. They may undertake studies concerning the problems of Khadi and/ or village industries and also take up research or establish pilot projects.

3.6.3 Financial Assistance

Apart from other kinds of assistance KVIC is mandated to give financial assistance for the following agricultural activities:

- Production of fiber utility items made out of Banana, Pineapple, Palm and other fibers.
- Cane and bamboo fancy utility articles produced especially in the North eastern parts of the country.
- Value added products like *Papad* and *Masala*, and herbal products like herbal shampoo, tooth powder, health tonic like *Chavan Prash* and *Churnas* .

For further information you may contact: The Managing Director, Khadi and Village Industries (KVIC), "Gramodaya", 3, Irla Road, Vile Parle (West), Mumbai, PIN-400 056. Maharashtra, India.

Website: <http://www.kvic.org.in>, E-mail: kvichq@bom3.vsnl.net.in, dit@kvic.gov.in.

4.0 LET US SUM UP

India is the second largest producer of fruits and vegetables in the world. However since less than 2% of the produce is commercially processed at present in our country, there exists an immense scope for setting up income generating enterprise in the fruits and vegetable processing sector.

Value addition of fruits and vegetables not only leads to reduction of post harvest losses but also improves marketability of the produce, enables farmers to reap benefits, increases livelihood opportunities by creating demand for processed foods and enlarging the export market. Recognizing the opportunities available in this sector, the Government of India has set up several institutions which assist entrepreneurs to set up enterprise in this sector. Some of the major organisations involved in providing assistance in various ways are Ministry of Food Processing Industries (MFPI) — for all matters related to food processing, Agricultural and Processed Food Products Export Development Authority (APEDA) — for promoting export in this sector, National Horticulture Board (NHB) — for all horticulture based enterprise, National Cooperative Development Corporation (NCDC) — for setting up a cooperatives in this sector, National Bank for Agriculture and Rural Development (NABARD) — for credit for agriculture and rural development and Khadi and Village Industries Commission (KVIC) — for promoting village enterprise in this sector.

Through their different mandates, these organisations provide a variety of information and assistance to entrepreneurs with the help of various schemes and programmes. It is upto the entrepreneurs to tap the opportunities offered by these institutions to set up and sustain their own enterprises.

7.0 SOME USEFUL BOOKS

Recent Annual Reports and Information Brochures of the organisations.

5.0 SELF ASSESSMENT QUESTIONS AND ANSWERS

Q.1 What is India's standing in the world as regard to production of fruits and vegetables?

Ans. India is known as the second largest producer of fruits and vegetables in the world.

Q.2 What is the percentage of the produced fruits and vegetables which are commercially processed in our country at present?

Ans. Less than 2% of the produce is commercially processed at present.

Q.3 What are the benefits of value addition and processing of fruits and vegetables?

Ans. The advantages of value addition and processing of fruits and vegetables are as follows:

- i) It reduces post harvest loses.
- ii) Improves marketability of the produce as processed fruits and vegetables are in high demand in the domestic and export market.
- iii) Increases availability of fruits and vegetables to consumers.
- iv) Enables farmers to reap the benefits of their produce.
- v) Provides livelihood opportunities to the rural as well as the urban population.

Q.4 What are the major institutions set up in our country by the Govt. of India for promoting and sustaining entrepreneurship in this sector?

Ans. Some of the major institutions set up by the Govt. of India in our country to support entrepreneurship in the sector are

- i) MFPI : Ministry of Food Processing Industries
- ii) APEDA : Agricultural and Processed Products Export Development Authority
- iii) NHB : National Horticulture Board
- iv) NCDC : National Cooperative Development Corporation
- v) NABARD : National Bank for Agriculture and Rural Development
- vi) KVIC : Khadi and Village Industries Commission

Q.5 What are the different kinds of support which an entrepreneur can obtain from these organizations?

Ans. An entrepreneur can get information on various aspects as well as financial assistance from these organizations.

He/She can get information on:

- i) Products, their export markets and services.
- ii) Wholesale prices of important fruits, vegetables and flowers.
- iii) New technologies, tools, techniques for commercialization and adoption of new concepts.
- iv) Present situation of horticulture development in a particular area/state, the constraints and suggested remedial measures.
- v) Planning, promotion, organization and implementation of projects and programmes in rural areas.

An entrepreneur can get financial assistance under various plan schemes for:

- i) R & D activities and human resource development.
- ii) Training for upgradation of skills.
- iii) Participating and organizing workshops, seminars, exhibitions, fairs and trade delegations.
- iv) Setting up analytical and testing laboratories, quality upgradation and development of infrastructural facilities.
- v) Conducting studies/survey, developing publications and films.
- vi) Construction, modernization or expansion of cold storage and storage structure for horticulture produce.
- vii) Strengthening of market intelligence and database.
- viii) Institutional development of cooperatives, etc.

Q.6 What is the mandate of NHB?

Ans. The NHB is mandated to

- promote integrated development in horticulture.
- to help in coordinating, stimulating and sustaining the production and processing of fruits and vegetables
- to establish a sound infrastructure in the field of production, processing and marketing with a focus on post harvest management to reduce losses.

Q.7 What is the main role of NABARD and what are the benefits offered by NABARD to entrepreneurs?

Ans. NABARD is the main institution which looks after all matters concerning policy, planning and operations in the field of credit for agriculture and other economic activities in rural areas in India.

NABARD does not offer financial benefits directly to entrepreneurs but serves as the financing agency for the institutions providing investment and credit for promoting agriculture and allied activities in rural areas. NABARD however provides information's and makes available model project profiles for setting up enterprise in the Agriculture sector.

6.0 Activities / Assignments

<p>Activity-1</p> <p>Objective: To obtain information on financial assistance available to set up a small scale unit in the village for primary processing of any locally available fruit or vegetable.</p> <p>Material: Internet, State govt office, Local banks, Local mandi and processing units.</p> <p>Method: Information to be obtained through internet, telephone, interaction with entrepreneurs, bank officials and local government functionaries.</p>	<p>Activity-2</p> <p>Objective: To collect information on how to produce mangos fit for export.</p> <p>Materials: State government office, APEDA office and access to internet.</p> <p>Method: Information to be obtained through internet, telephone. If activity is undertaken in mango growing areas, interaction with entrepreneurs and visit to orchards is to be undertaken.</p>
<p>Activity- 3</p> <p>Objective: To collect information on setting export quality jam preparing unit.</p> <p>Materials: State level MFPI and APEDA office. Access to internet.</p> <p>Method : Information to be obtained through internet, telephone and visit if possible. If activity is undertaken in any nearby location, interaction with entrepreneurs and visit to a processing unit is to be undertaken.</p>	<p>Activity- 4</p> <p>Objective: Give a list of fruits and vegetables commonly produced in your village and what are the ways in which you can process them at rural homes.</p> <p>Materials: Mandis, local farms, rural or semi urban households engaged in the enterprise.</p> <p>Method: Collecting information from farmers, mandis and village households.</p>