

Operational Guidelines for Setting up of Terminal Market Complex



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**Government of India
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1. Background

- (a) National Horticulture Mission (NHM) was launched in 2005-06 for holistic development of horticulture by adopting an integrated approach duly ensuring backward and forward linkages, including marketing. In view of immense thrust being given to development of horticulture and other allied sectors, production of related commodities is likely to see a quantum jump in near future and high levels of production can be sustained only if there is adequate infrastructure for post harvest management and marketing. NHM provides for setting up of different types of markets viz. Wholesale Markets, Rural Markets and Apni Mandis/Direct Markets. The present marketing system is characterized by long, fragmented supply chain and high wastages which is also deficient in providing fair share of consumer price to producers and for ensuring high quality and hygiene of produce and hence calls for an alternative marketing structure that provides multiple choices to farmers for sale of produce, along with comprehensive solution to meet key needs of stakeholders. With this in view, the scheme of Terminal Markets Complex (TMC) have been conceptualized and introduced as a new item under NHM, which may be implemented in a Public Private Partnership (PPP) mode.
- (b) While original guideline issued in 2006 on setting up Terminal Market Complex (TMC) provided for equity participation by Government in Terminal Market Complex project, prospective investors did not find the equity model very attractive, and hence system of incentivization of Terminal Market Complex project through subsidy route has been approved by Government of India (GOI), for implementation in modification of earlier guideline.

- (c) The Terminal Market Complex Project is conceptualised to be of higher investment with more linkages to collection centres and is different from Wholesale Market. The entrepreneur for the TMC will be finalised through a transparent bidding process. Whereas, Wholesale Market has also been conceptualised to operate on hub-and-spoke format with the main market (the Hub) linking to number of collection centres (CCs - The Spokes) and has been categorised based on number of collection centres and cost of projects. Category 'C' Whole Sale Market will have no collection centres but with a project cost of up to Rs. 30.00 crore. Category 'B' Whole sale market may have 1-19 collection centres costing up to Rs. 60.00 crore. The 'A' category whole sale market may have 20 or more collection centres costing up to Rs. 100.00 crore. While for calculation of subsidy for the wholesale market, the cost of infrastructure for non-marketing services would be excluded from the total project cost. The cost of the land will be governed as per the operational guidelines of NHM. If the land is on rental basis or provided by the State Government, the same shall not become the part of project cost. For the wholesale market the proportion of non-perishable shall not exceed 15% of the total throughput of the market. The proportion of non-horticultural products within the perishable commodity shall not exceed 15% of the total throughput of the market. Wholesale market is based on credit link back ended subsidy @ 25% of capital cost of the project in general case and 33% in the case of hilly, backward states. However, subsidy will be calculated only up to project cost of Rs. 100.00 crore. The entrepreneur for the wholesale market is through solicitation route by State Horticulture Mission unlike in the case of terminal market complex. Where the wholesale market is not feasible to be set up below the cost of Rs. 100.00 crore, terminal market complex project may be processed by the State.

2. Objectives

- (a) Main objectives of setting up Terminal Markets Complex (TMC) are:
 - (i). Link farmers to markets by shortening supply chain of perishables and enhance their efficiency and increase in farmers income;
 - (ii). Provide professionally managed competitive alternative marketing structures with state of art technology, that provide multiple choices to farmers for sale of their agricultural produce;
 - (iii). Drive reforms in agricultural marketing sector resulting in accelerated development of marketing and post harvest infrastructure including cool chain infrastructure in the country, through private sector investment;
 - (iv). Bring transparency in market transactions and price fixation for agricultural produce and through provision of backward **linkages** to enable farmers to realise higher price and higher income.

3. Salient Features

- (a). Terminal Market Complex (TMC) can be set up in States, which undertake reforms in their laws relating to agricultural marketing, to provide direct marketing and permit the setting up of markets in private and cooperative sectors.
- (b). TMC will operate on a Hub-and-Spoke Format wherein Terminal Market Complex (hub) would be linked to a minimum number of Collection Centres (CC) (spokes) which are essentially required to support the Terminal Market Complex project.
- (c). Spokes will be conveniently located at key production centres to allow easy farmer access and catchment area of each spoke will be based on meeting convenient needs of farmers, operational efficiency and effective capital utilisation of investment.

- (d). TMC will establish backward linkages with farmers through collection centres and forward linkages through wholesalers, distribution centres, retail cash and carry stores, processing units for exporters etc.
- (e). Collection Centres in production areas will integrate producers and retailers, processing units and exporters etc. into market system. The number of Collection Centres shall be determined in each case depending on the size of the market, distance from growing areas and other factors.
- (f). Electronic auction system will be established to ensure transparency in price fixation and competition.
- (g). Scheme would attract and facilitate private sector investment in agri-business sector by assisting key stakeholders in sectors, such as entrepreneurs, processing industries, exporters, producer associations and farmers etc. through provision of subsidy under NHM.
- (h). Producers, farmers and their associations and other market functionaries from any part of the country may use infrastructure and facilities of TMC, directly or through collection centres.
- (i). TMC will provide one-stop solution in terms of providing logistics support including transport services and cool chain facility.
- (j). TMC Project will be implemented as a separate company/SPV to be registered under Companies Act, 1956 through suitable Private Enterprise (PE) to be selected as Promoter through process of competitive bidding. PE should offer to provide up to 26% share holding in equity for TMC Project to Producers' Association¹ at

¹ A Producers Association will consist of farmer societies, farmers cooperative societies registered in India engaged in Agricultural and allied activities, Producer Company, registered NGO's empanelled with GOI/State Govt./Planning Commission and SHGs recognized under schemes of Government of India or State Governments and working in agricultural production, Independent Commodity Boards and other registered organizations such as APMCs etc engaged in production, procurement and trading of agricultural commodities. The producer association should be separate from the Lead Technical and Lead Financial Member

inception of project and accordingly make reasonable efforts² for ensuring the participation from Producers' Associations.

- (k). The area of operation of the TMC should be clearly defined and any other proposal in future for setting up of TMC within the whole or part of the defined area of operation of the designated TMC and its CCs will not be granted any subsidy under NHM for a period of 10 years.

4. Location/Land

- (a) State Governments based on the demand and supply, economic viability, commercial considerations etc., will approve number and locations of TMCs and would provide for land on which TMC will be located. The state will provide land either available with it or with its subordinate or attached organisations through outright sale or on lease basis to PE. The size of the land will be decided by the State Government which should be adequate to meet minimum infrastructure requirement including the minimum investment requirement.
- (b) In case the state so decides, it can also contribute its land or the land of its subordinate organisations such as state agricultural marketing board etc as equity contribution of State Government or of concerned subordinate organisations to the project limiting such equity to 26% of project equity so that the role of PE, as promoter of Project, must not be diluted. Valuation of land or other assets for purpose of sale, lease or equity will be carried out by State Government considering viability and attractiveness of project.
- (c) In case the State Government decides to form a Special Purpose Vehicle (SPV) as shell company to expedite the project before selection

² Reasonable effort would include all individual efforts to formally invite Producers Association for equity participation, including that of to invitation by publicity through Mass Media including that for Initial Public Offer(IPO)

of P.E., the said SPV may also procure/purchase/receive land from any source for the TMC project as per the provisions of law.

- (d) Promoter, who will like to take up the project of setting up private wholesale market on their own land, may be considered for subsidy under wholesale market scheme of National Horticulture Mission.

5. Eligibility

Terminal Market Complex project would be built, owned and operated by the selected Private Enterprise (PE) through Competitive Bidding process. PE includes individual or consortium, Group of Farmers/Growers/Consumers/ Producer Organisations/Producer Company, Partnership/ Proprietary firms, Companies, Marketing Boards, Public Sector Undertaking, Co-operatives, registered NGOs empanelled with GOI/State Govt./Planning Commission, recognised Self Help Groups under the schemes of GOI/State Govts. and other registered bodies engaged in production and trading of agricultural produce. The PE could also be a consortium of entrepreneurs from, *inter-alia*, agri-business, cold chain, logistics, warehousing, agri-infrastructure and related background.

6. Commodities

The commodities to be marketed by the TMC will include all perishables, *inter-alia*, fruits, vegetables, flowers, spices, aromatics, herbs, medicinal plants, meat products, poultry products, dairy products and fish and marine products etc. Non-perishables can also be handled in the TMC. However, the annual throughput for perishable horticultural produce such as fruits, vegetables, flowers, medicinal plants, aromatics, herbs etc handled by each TMC should not be less than 70% of the throughput capacity of the TMC. In addition to this, each TMC shall be allowed to handle other perishable

products (other than horticultural produce such as milk, dairy, poultry, meat, fish and marine products etc) and Non-Perishables³ products. Volume of other perishable products (other than horticultural produce) and Non-Perishable products shall not exceed 30% of throughput capacity of TMC.

7. Project Feasibility and Memorandum

State Government shall prepare a project Feasibility Study (FS) and Project Information Memorandum (PIM) for each selected location through a suitable and reputed Consultant/Financial Institution (FI) selected appropriately. Feasibility Study (FS) for the project which will contain provisions of core market services such as electronic auction facility, warehouses, cold storages, ripening chambers, cleaning, sorting and grading facilities, packaging and labelling units, wholesale and sub-wholesale shop-cum-offices. The project should also provide for support infrastructure like roads, water supply, drainage, and grid power connection and back up, petrol pump, banking and postal services, canteen and restrooms, area for truck parking, ETP systems and public conveniences etc. Project Information Memorandum (PIM) for prospective private investors should clearly mention the minimum infrastructure facilities required to be set up in the TMC and estimated expenditure on provision of core and support services. It will also provide for collection of user charges on services such as weighment, auction and warehousing. Charges for providing *basic services* of aggregation at collection centres and auction at the TMC should not exceed 2% of value of produce. All other services including value-added services such as cold storages, packaging, grading, use of rest rooms and other facilities etc. can be charged by the PE based on commercial and viability considerations. The Memorandum will also lay down the service quality requirement.

³ May include all food-grains, oilseeds, pulses, cereals, condiments and spices and other agricultural commodities not included under the perishable commodities. Permitted agro-forestry products may be included under this category for the states of Himachal Pradesh, J&K, Uttarakhand and North Eastern States which are eligible under the scheme.

8. Bidding Process & Subsidy

- (a) State Governments will fix a minimum project cost⁴ for each TMC based on project report prepared by Consultant/Financial Institution (FI) of respective state. The TMC project will be awarded on the basis of a two stage competitive bidding process. Request for Qualification (RFQ) shall be called for through a Notice Inviting Tender which shall be widely publicised. Eligible and competent parties shall be shortlisted to bid for the project. In the second stage, the bids will be invited from the shortlisted candidates through a Request for Proposal (RFP). The bidder will be asked to submit a project report outlining the investment plan and request for grant of subsidy. A floor subsidy of 25% of respective project cost may be offered to private entrepreneur for setting up Terminal Market Complex. During competitive bidding, all bidders will be eligible to quote bid subsidy from 25% up to 40% of their respective project cost⁵ with maximum subsidy of INR 50 crore. For purposes of calculation of subsidy, project cost excluding cost of infrastructure for non-marketing services and limiting portion of cost of land to a level as allowed under wholesale market component of NHM for calculating subsidy will be considered and project will be awarded to technically qualified bidder quoting minimum subsidy amount in Indian Rupees (INR). For purpose of calculation of subsidy, unit cost ceiling shall be INR 150 crore and amount of subsidy quoted by successful bidder at RFP stage will be maximum subsidy to be provided to bidder. In case of downward revision of project cost during construction phase of TMC, due to downward movement of cost indices, State Governments will have the right to and will reduce subsidy amount proportionately.

⁴ The project cost means the cost of infrastructure and land excluding the cost of non-marketing infrastructure and land for non-marketing services. Cost of land will be limited to a level as allowed under wholesale market component of National Horticulture Mission for calculating subsidy;.

⁵ However, it is up to the state to decide whether a bid for the project in a location can be viable for subsidy below 25% of the project cost. Accordingly the state can decide prior to bidding whether a bidder should be allowed to quote subsidy for an amount below 25% of project cost of respective TMC's

(b) To facilitate and expedite implementation of the project, the State Government, if it so likes, may form a Special Purpose Vehicle (SPV), as a shell company to process various approvals, licenses and land and transfer this to the P.E. selected through bidding process for the TMC project. The designated land can be transferred by the State Government to this SPV either on ownership or long term lease. The SPV may also procure/purchase/receive land from any source for the TMC project as per the provisions of law. The SPV can also obtain services of essential utilities such as power, water supply, sewerage connection etc. The SPV may if so like, apply and obtain other statutory approvals such as license under the APMC Act, CLU etc wherever required. The successful bidder/PE can take over the ownership rights of the company from the SPV simply by transfer of the equity shares or subscribing to additional shares. For this the State Government may suitably modify the RFQ and RFP in consultation with the NHM and Marketing Division of DAC.

9. Roles and Responsibilities of the Stakeholders and Government

Stakeholders in project involved are GoI, PE, SHM, NHM, State Government and producer associations. There will be no equity participation by Government of India. Role and responsibilities of concerned agencies are in Annexure-I

10. State level Coordination

State Governments will play a pro-active role and designate a suitable department as Nodal Department and Principal Secretary/Secretary to State Government of that Department as Nodal Officer. Nodal Officer will be single contact point for PSE and other coordination work. State Level

Executive Committee (SLEC) of State Horticulture Mission will coordinate all aspects relating to TMC project. Nodal Officer will also be nominated as a member of the SLEC for this purpose. Functions of Nodal Officer will include review and approval of Master Plan, review of all designs, drawings, specifications and procurement documents, monitoring of construction, Mandatory Capital Projects, operation and management of TMC as per the Operation Management & Development Agreement(OMDA) as referred in Para 11, including monitoring on basis of objective service quality requirements, development standards and requirements, monthly activity report, other operating statistics, performance indicators, financial plans, other such reports, information (or analysis thereof) submitted by PE. Nodal Officer will also facilitate in obtaining clearances required for project including licence under APMC act, if required for operation of TMC.

11. Procedure for approval of TMC project:-

- (a). On behalf of State Governments, Nodal Officer will prepare and approve a Project Feasibility Study and Project Information Memorandum (PIM) as per details in Annexure II, specifying location and details of land for project, scope of project including throughput volumes, area of operations of TMC, while bringing out mandatory, minimum indicative infrastructure to be created. Feasibility Study and PIM will become part of Request for Qualification (RFQ)/Request for Proposal (RFP). The feasibility study should be primarily focussed around marketing services.
- (b). State Governments will submit Feasibility Study and PIM, proposed State Government equity/ subsidy, if any and requirements of estimated subsidy for project from NHM to Agricultural Marketing Adviser (AMA), DAC with a copy to NHM for obtaining in principle approval of EC of NHM.

- (c). Nodal Officer will carry out bidding process, evaluation, short-listing of Private Enterprise, entering into agreements for each Terminal Market Complex project, following two-part bid system.
- (d). In case it is required to seek external expertise and help for above activities, State Government may select a consultant/FI by adopting a suitable transparent procedure and **cost** of engaging consultant/FI in terms of consultancy fee for complete and successful project may be borne from Mission Management funds cost of the SHM, subject to a ceiling of Rs 20 lac. In case bidding for TMC is not successful, cost of Consultant/FI will be borne by concerned State.
- (e). For reference of State Government, model bid documents for (i) Request For Qualification(RFQ) and (ii) Request For Proposals (RFP) along with draft Operation Management & Development Agreement (OMDA) are made available in web site of Department of Agriculture and Cooperation, Government of India (www.agmarknet.nic.in), which can be adopted by State Government/SHM for bidding process with or without modification.
- (f). State Government/SHM may suitably modify RFQ, RFP as well as OMDA according to specific need of state without altering basic structure as specified in these guidelines. However copies of such modified RFQ, RFP and OMDA will be sent by State Horticulture Mission (SHM) to Agricultural Marketing Adviser (AMA), DAC with a copy to National Horticulture Mission (NHM), DAC for information. In case AMA/NHM has any comment on RFP/RFQ and OMDA, the same will be communicated to SHM within a period of 20 days after its receipt. These documents shall be finalised after incorporating the comments of AMA/NHM. Finalised RFQ, RFP and OMDA should also be circulated widely and be available prominently in website of State Government and others, as considered necessary. Marketing

Division may seek the assistance of suitable Consultant/FI through NHM Division as empanelled with them for the purpose.

- (g). Request for Qualification (RFQ) document would provide necessary information required by applicants and instructions thereto for participating in pre-qualification stage of TMC including that of eligibility criteria, minimum equity holding, detailed formats for power of attorney, letter of application, formats of bid response sheets and eligible project details, tests of responsiveness. Criteria for qualifying would be based on minimum scoring on volume factor of commodities handled, and scoring on project cost factor of projects executed as well as net worth of the lead financial member/promoter of entity participating in bidding process. Minimum net worth of bidder as specified in the RFQ should be Rs 30 crore.
- (h). Request for Proposal (RFP) document along with draft Operation Management & Development Agreement (OMDA) will be provided to applicants qualified in the RFQ for submitting the technical and financial bids. Minimum time margin of 40 days between issue of RFP to qualified applicants and proposal due date may be specified in RFP document. TMC project should follow AGMARK standards and relevant ISO & International Standards as the case may be. The qualified applicant in the RFQ shall have freedom to formulate the business plan and submit it as a part of bid, in response to RFP. Business plan should meet requirements prescribed for executing project as given in scope of project for prescribed throughput volumes as well as minimum infrastructure requirement for each TMC as specified in PIM.
- (i). Qualified applicant in RFQ would be required to furnish along with RFP a declaration as to for which of TMCs (promoted under NHM) and Mega Food Parks (promoted by Ministry of Food Processing Industries), he has applied for or has been awarded for

implementation. The bidder participating in bid for more than one TMC should have commensurate financial capability in terms of higher net worth. If the bidder is bidding for more than one TMC at a time, then he must also furnish order of priority among these projects.

- (j). Business plan/Detailed Project Report (DPR) submitted by qualified applicant in response to RFP shall be appraised by SHM both from technical and commercial angle. Only proposals exceeding minimum project outlay and with minimum infrastructure facilities will be eligible for evaluation. PE and his DPR fulfilling minimum prescribed requirements in PIM will be assessed on a scale of 100 attributing to operational efficiency, business efficiency, and financial efficiency of DPR as well as on net worth, past relevant experience of qualified applicant/bidder as well as equity share promised for Producer Association. The State Government will specify minimum qualifying marks for evaluation of technical bid in RFP. Financial bid of technically competent and qualified bidders will be opened for deciding successful bidder based on lowest amount of subsidy requested for in Indian Rupees in accordance with section 6 on criteria for project cost and subsidy.
- (k). Based on techno-economic and financial evaluation of bidders participating in RFP stage, State Government/SHM will recommend successful bidder and amount of subsidy to be contributed from National Horticulture Mission funds as per guideline. This recommendation of SHM along with detailed comparative statement of bids received from PE in response to the RFP, will be forwarded to Agricultural Marketing Adviser(AMA), Directorate of Marketing & Inspection, DAC after due approval of SLEC. The AMA/Marketing Division, if essentially required, may seek the assistance of the consultant/FI empanelled by NHM Division to scrutinise the project proposal.

- (l). Executive Committee (EC) of NHM will consider recommendations of SHM and take appropriate decision on recommendations considering the comments of Marketing Division if any and approve the amount of subsidy to be provided from NHM funds. Thereafter SHM will take necessary action for communicating its final approval to the successful bidder/PE for TMC. State Government/SHM shall ensure issue of necessary licences under State APMC Act before commencement of construction of project.
- (m). SHM shall be the final authority for deciding matters relating to bidding/selection process including technical qualifications and selection of PE for TMC.
- (n). Cost of tendering associated with transparent prescribed bidding process for a successful bid for TMC project will be borne from mission management/administrative component available with SHM.

12. Procedure for operationalising TMC

- (a). State Government will enter into an agreement called “Operation Management Development Agreement (OMDA)” with selected PE registered as a Company to form a Special Purpose Vehicle (SPV) and herein referred as Private Enterprise. OMDA in respect of a project should specify areas of agreement relating to master plan, construction, development, operation & management, service quality requirements, development standards, product standards, monitoring, market fee, user charges, financing arrangements, dispute settlement, default, terms of expiry, transfer provision, market services, non-market services, essential services, mandatory capital projects, product standards, Trust and Retention Agreement (TRA), initial development plan, bid bond guarantee, rights and obligation of PE etc. along with concessions to be provided by State Governments and roles and responsibility of various players. A

model OMDA is available in website of Department of Agriculture and Cooperation, Government of India (www.agmarknet.nic.in) which can be adopted by States with or without modifications to suit local requirements.

- (b). Investment from the Lead Member of the Private Enterprise in the complex should be more than 26% of the project equity for the first five years of operation of TMC. The lead member of the PE is the member who provides the technical knowhow for setting up the TMC project and operationalisation of the same.
- (c). Nodal Officer shall facilitate clearances required for implementing the project.
- (d). PE should encourage involvement of Agri-clinics and Agri-business centres/farmers associations/SHGs under each collection centre that can play an important role in establishing backward linkages and organizing farmers. PE shall ensure involvement of local Panchayatiraj Institutions in establishing backward linkages to collection centres. This should be reflected in OMDA.
- (e). PE shall take adequate precaution for segregating facilities for handling perishable commodities and meat/fish/poultry in TMC.
- (f). Assets for TMC should be created and operationalise in a timely manner. The assets for the TMC so created should be used for the purpose for which they have been approved by the Government and should not be diverted for any other purpose. State government will ensure compliance on this matter.

13. Monitoring and Evaluation

- (a). Nodal Officer should monitor progress of implementation of project and operation including progress with respect to timeliness and quality. State Horticulture Mission will submit Quarterly reports on progress of implementation of TMC to AMA and also to Mission Director, National Horticulture Mission. They will also furnish a monthly progress report through web enabled progress monitoring system of NHM (www.nhm.nic.in).
- (b). In case State Government intends engaging an Independent Consultant (IC) for monitoring of progress of Infrastructure project and operation, same may be done adopting a suitable transparent procedure for monitoring implementation of TMC. Cost on account of IC so engaged may be reimbursed from the mission management fund/administrative component available with SHM, subject to ceiling as decided by EC of NHM.

14. Release of Subsidy

- (a) Subsidy of NHM for Terminal Market Complex Project will be released in following five instalments.
 - (i) I instalment on completion of 25% of project ----- 15% of the approved subsidy
 - (ii) II instalment on completion of 50% of project ----- 20% of the approved subsidy
 - (iii) III instalment on completion of 75% of project ----- 25% of the approved subsidy
 - (iv) IV instalment on completion of 100% of project ----- 30% of the approved subsidy
 - (v) V instalment on completion of one year of operation of project --- --- 10% of the approved subsidy
- (b) Release of subsidy shall be subject to utilization of previous subsidies for this project and Inspection certificate is issued by Joint inspection team comprising of Nodal officer or his representative, IC and a representative of DAC, Ministry of Agriculture for satisfactory

completion of prescribed mandatory capital project. Release of subsidy shall also subject to equity participation of Producer Association, as promised by the PE. In case % of equity participation from Producers Association, at time of release of fourth instalment of subsidy, is less than % mentioned at time of submission of technical bid and the PE has not made reasonable effort for ensuring participation of Producer's associations, GoI/State Government shall have the right to withhold release of entire amount of subsidy to PE. Further SHM/State Government may:

- (i). Intimate this requirement to PE through written communication within 15 days of the due date of release of first instalment of subsidy,
 - (ii). Stop release of IV and V instalment of subsidy till the PE fulfils the required equity participation from Producers' Associations
- (c) Provided that if the percentage of equity participation by producer association remains below the percentage of equity of the project as promised /quoted, by the PE at the time of bidding and considered at the time of evaluation of the bid, within two years of signing of OMDA or transfer of land to PE whichever is later, despite reasonable efforts made by PE, no restrictions shall be imposed on the PE in this regard and the eligible subsidy shall be released to him as due.
- (d) This stipulation will not be applicable to successful bidder/PE who has not committed any equity to Producers' Association in his bid.

15. Market Fee

PE will be liable for payment of market fee as prescribed by State Government for transactions in the TMC, unless exempted specifically by State Government.

16. Service Charges/User Fee

For a period of first three years from date of commencement of operations of TMC, the charges for providing basic services of aggregation at collection enters and auction at the TMC should not exceed 2% of value of produce. All other services including value added services should be market based and PE will have freedom to fix these service charges. Service quality levels as prescribed in the OMDA will have to be complied by PE.

17. Arbitration

Parties in OMDA Agreement shall use their respective reasonable endeavour to settle any dispute amicably. Arbitration of all disputes arising under OMDA that remains unresolved will be under Arbitration and Conciliation Act, 1996.

18. General Awareness and Training Programme/Project Development Facility

General Awareness, publicity and training of various stakeholders shall be taken up through Ch. Charan Singh National Institute of Agriculture Marketing, Jaipur and other National and State level Institutions or empanelled professional institutions as decided from time to time.

19. Roles and responsibilities of the concerned agencies

For successful operation of the Terminal Market Complex Projects, the role and responsibility of the concerned agencies in implementation and operation of the project is envisaged to be as follows:

i) Role of the Private Enterprise

The Private Enterprise (PE) would have the following rights and obligations:

- a. The successful bidder would constitute a Company (hereinafter referred to as Private Enterprise) under the Companies Act, 1956 for the purpose of implementation and operation of TMC immediately before the award of bid. The Private Enterprise would have to mandatorily provide the infrastructure facilities and services to be prescribed at the TMC as well as CC complex in the 'Hub-and -Spoke' Format. Private Enterprise would ensure equity participation by Producers' Association as provided in the Guidelines.
- b. The Terminal Market Complex (hub) would be linked to a minimum number of Collection Centres (spokes) which are required to support the TMC project. The Collection Centres would be located at key production centres to establish backward linkage with growers and to allow easy access to farmers for the marketing of their produce;
- c. The Private Enterprise would have the option to provide additional facilities to render complimentary services such as input supply, processing, agro machinery and equipments, durables etc.;
- d. The Private Enterprise would have the option to deal in non perishable commodities not exceeding the prescribed limits, at the terminal market complex in order to attain volumes and economic viability of the project;

- e. The Private Enterprise would have the freedom to buy the commodities from the farmer directly or through the TMC/ CC;
- f. The Private Enterprise would provide services to the farmers in making direct supply to processing units, retail chain and exports, at their choice;
- g. The Private Enterprise would provide advisory services to farmers on inputs, prices, quality, multi-modal transport and exports;
- h. Private Enterprise should encourage the involvement of agri-clinics and agri business centres/farmers associations/SHGs/PRIIs under collection centres of TMC;
- i. The Private Enterprise would ensure the mandated service quality requirements and product standards.
- j. Farmers would be free to sell their produce either through the CC/TMC or the TMC directly or to any other marketing channel not related with the project;
- k. The Private Enterprise would promote Farmers' Associations and progressively involve them in the operation and management of the CCs;
- l. The Private Enterprise would be responsible for taking all steps to get timely possession of land for setting up of the TMC and the CCs and obtain necessary licenses, clearances and approvals for the establishment and operation of the market;
- m. The Private Enterprise should obtain the APMC licence as required under the law;
- n. The Private Enterprise after three years of operations of TMC would be free to collect user charges (determined by commercial considerations) from market participants and producers, for the infrastructure and services provided by it. The charges for providing basic services of aggregation at collection centres and auction at the TMC should not exceed 2% of value of produce during the first three years of operation.

ii) Role of the Producers Associations

The Producers Associations may have up to 26% of equity stake in the TMC project. The following is an indicative role of the producer organization:

- a. Creating awareness of the TMC in the catchment area
- b. Engaging in the operation and management of the CCs;
- c. Bringing up the farmer related issues to the TMC management for further deliberation
- d. Implementing procurement system at the CC's
- e. Creation and operation of any or all of the facilities such as Agri Clinics at CC's.

iii) Role of the State Government

The State Government would play a pro-active role and designate, an officer of the rank of Secretary to the Government as Nodal Officer for the purpose of Terminal market Complexes project.. The responsibility of the State Government/SHM would include:

- a. Approval of the number, location and provision of land for the TMC. If the state so decides, it may form a SPV as shell company to procure/purchase/receive the land and develop and transfer this to the successful PE.
- b. Approval of the PIM including minimum infrastructure for the project and the bidding process and implementation modalities of the project;
- c. Technical Financial appraisal of the detailed business plan of the complex;
- d. Convergence with other development programmes for infrastructure support to TM/CC such as road connectivity, power and water supply;
- e. Finalisation of the successful bidder/PE through an open, transparent competitive bidding process as per the operational guidelines on TMC, and entering into Operation, Management, Development Agreement(OMDA) after approval of subsidy by EC of NHM as specified

in the guidelines and facilitate timely release of subsidy to PE as provided in the Guidelines.

- f. To ensure timely handing over possession of land to PE for smooth execution of Project.
- g. To facilitate involvement of Panchayati Raj Institutions in establishing backward linkages to the Collection Centres.
- h. To encourage the involvement of agri-clinics and agri-business centres under each collection centre that can play an important role in establishing the backward linkages and organizing the farmers.
- i. Monitor and Review the progress of the project from time to time.
- j. To ensure issue of licence required under State APMC Act for TMC including collection centres subject to satisfactory performance of PE under OMDA.
- k. To facilitate speedy resolution of disputes, if any, arising out of the implementation of the terminal market complex.
- l. The assets for the TMC so created should be used for the purpose for which they have been approved by the Government and State government will ensure compliance on this matter.

(iv) Role of the Government of India (Department of Agriculture & Cooperation, Ministry of Agriculture)

- (a) The GoI will consider the Feasibility Report and PIM with the estimated subsidy from NHM for the TMC Project for according in principle approval of NHM to TMC Project proposal by SHM/State Government.
- (b) The GoI will support the project through provision of subsidy as would be approved by EC of NHM.

20. Project Information Memorandum (Performa for the Proposed TMC site)

(i) INTRODUCTION

- AN INNOVATIVE MARKET MECHANISM
- POTENTIAL FOR A TERMINAL MARKET IN THE STATE
- PROPOSED TERMINAL MARKET

(ii) A BRIEF PROFILE OF THE STATE

- INTRODUCTION ECONOMY
- AGRICULTURE

(iii) PRODUCTION OF PERISHABLE HORTICULTURE & OTHER PRODUCE (IN THE STATE)

- PRODUCTION OF VEGETABLES
- PRODUCTION OF FRUITS
- PRODUCTION OF FLOWERS, MEDICINAL PLANTS, AROMATIC HERBS,
- PRODUCTION OF SPICES
- COMMERCIAL CROPS, GRAINS AND PULSES
- Forest produce in case of N.E. and Hilly States

(iv) FEASIBILITY FOR A TERMINAL MARKET IN THE STATE

- BACKWARD LINKAGES -TERMINAL MARKET
 - COLLECTION CENTRES/PRODUCTION CENTRES
 - AREA OF OPERATIONS
 - APPROXIMATE area-wise commodity wise volume of production.
 - Seasonality: Month wise production and estimated marketable surplus

(v) FORWARD LINKAGES - TERMINAL MARKET

- MAPPING OF MAJOR MARKETS FOR TM (IN THE STATE AS WELL AS OUTSIDE THE STATE)

(vi) PIM – Terminal Market Complex (TMC),(Location)

- THE PROPOSED TMC AT (Location)
- LOCATION OF THE PROPOSED TMC with details of the land for TMC Project along with details of map indicating connectivity of project site

(vii) PROJECT FEASIBILITY REPORT FOR TMC..... (Location)

- Broad mandatory infrastructure capital requirement along with minimum technical specification required for such infrastructure.
- Optional capital infrastructure
- Investment dimensions for the TMC

(viii) Recommended Minimum Project Cost required for the TMC based on a minimum infrastructure requirement as well as viability of the Project.