

PROCUREMENT OF CROPS UNDER MSP

Relevant for: Indian Economy | Topic: Issues related to direct & indirect Farm Subsidies and MSP

Ministry of Agriculture & Farmers Welfare

Procurement of Crops Under MSP

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Agriculture Marketing is a State subject and concerned States/Union Territories regulate and facilitate marketing of agriculture produce under their respective State regulations. No specific study has been conducted by Government providing statistics about the quantity of his produce a farmer is selling on MSP and how much through middlemen and through distress sale. However, National Sample Survey Office (NSSO) conducts 'Situation Assessment of Agricultural Households' form time to time to provide a comprehensive assessment of situation of agricultural households in rural parts of the country. The last such Survey was conducted by NSSO during January 2013 to December 2013 to collect information on consumer expenditure, income and productive assets, indebtedness, farming practices and preferences, resource availability, awareness of technological developments and access to modern technology in the field of agriculture, information on crop loss, crop insurance and awareness about Minimum Support Price (MSP).

In order to provide better marketing facilities to the farmers, the Government has released a new model "The Agricultural Produce and Livestock Marketing (Promotion & Facilitation) Act, 2017" in April 2017 for its adoption by States/Union Territories (UTs). The provisions therein provides for alternative marketing channels to facilitate farmers in marketing their produce directly at competitive & remunerative prices.

Further, in order to optimise the use of scarce resources and mitigate the uncertainty in price and marketing, the Government has formulated and released a progressive and facilitative Model Act "The ----State/ UT Agricultural Produce & Livestock Contract Farming and Services (Promotion & Facilitation) Act, 2018" in May, 2018 for its adoption by the states/Union Territories (UTs). The aforesaid Model Contract Farming Act covers the entire value and supply chain from pre-production to post harvest marketing including services contract for the agricultural produce and livestock.

In addition to above, The Government has implemented National Agriculture Market (e-NAM) scheme for transparent price discovery for remunerative prices for the farmers for their produce through competitive online bidding system. So far, 585 wholesale regulated markets of 16 States and 02 UTs have been integrated with e-NAM platform. Farmers can choose to sell their produce on e-NAM platform to buyers without going through commission agents.

As per Union Budget Announcement, 2018-19, Government has decided to develop and upgrade existing 22,000 rural haats into Gramin Agricultural Markets (GrAMs) to work as centers of aggregation and to provide farmers facility to make direct sale to consumers and bulk purchasers.

In order to ensure remunerative prices to farmers for their produce, the Government of India has launched an umbrella scheme 'Pradhan Mantri Annadata Aay SanraksHan Abhiyan' (PM-AASHA). Under PM-AASHA, the Department of Agriculture, Cooperation and Farmers Welfare (DAC&FW), Ministry of Agriculture & Farmers Welfare implements the Price Support Scheme

(PSS) for procurement of pulses, oilseeds and copra. For oilseeds, DAC&FW also implements the Price Deficiency Payment Scheme (PDPS).

There exists a transparent and uniform policy for procurement by Government Agencies. Under this policy, wheat and paddy offered by farmers, within the stipulated period and conforming to the specifications (Fair Average Quality norms) prescribed in advance by Government of India, are purchased at Minimum Support Price (MSP) by the State Government agencies and Food Corporation of India (FCI) for Central Pool. Coarse grains are procured by State Governments as per the procurement plan prepared in consultation with FCI and approved by the Central Government.

Finance Minister in Budget Speech for 2018-19 made announcement that NITI Aayog, in consultation with Central and State Governments, will put in place a fool-proof mechanism so that farmers will get adequate price for their produce. A meeting of States/Union Territories (UTs) and Central Ministries to discuss about the mechanism of implementation of MSP to agricultural commodities was held on 9.03.2018 under the chairmanship of Vice Chairman, NITI Aayog. As an outcome of consultation with stakeholders, Ministry of Agriculture and Farmers Welfare rolled out new schemes i.e. Pradhan Mantri Annadata Aay Sanrakshan Abhiyan (PM-AASHA) for procurement of produce for crops notified for MSP from farmers.

This Information was given by the Minister of State for Ministry of Agriculture & Farmers Welfare Shri Gajendra Singh Shekhawat in Rajya Sabha today.

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