Agriculture Schemes and Information:

Essential Commodities Act

The Essential Commodities Act (ECA) is an act of the Parliament of India that was established to ensure the delivery of certain commodities or products, the supply of which, if obstructed due to hoarding or black marketing, would affect the normal life of the people. This includes foodstuff, drugs, fuel (petroleum products) etc.[2][3] This act was modified by the Essential Commodities (Amendment) Act, 2020 as part of the 2020 Indian farm reforms.

The ECA was enacted in 1955 and has since been used by the Government to regulate the production, supply, and distribution of a whole host of commodities that it declares 'essential' to make them available to consumers at fair prices. Additionally, the government can also fix the minimum support price (MSP) of any packaged product that it declares an "essential commodity".

The list of items under the Act includes drugs, fertilizers, pulses, and edible oils, as well as petroleum and petroleum products. The centre can include new commodities as and when the need arises, and take them off the list once the situation improves.

If the Centre finds that a certain commodity is in short supply and its price is spiking, it can notify stock-holding limits on it for a specified period. The States act on this notification to specify limits and take steps to ensure that these are adhered to. Anybody trading or dealing in the commodity, be it wholesalers, retailers, or even importers are prevented from stockpiling it beyond a certain quantity.

A State can, however, choose not to impose any restrictions. But once it does, traders have to immediately sell into the market any stocks held beyond the mandated quantity. This improves supplies and brings down prices. As not all shopkeepers and traders comply, State agencies conduct raids to get everyone to toe the line and the errant are punished. The excess stocks are auctioned or sold through fair price shops

Minimum Support Price

Minimum Support Price (MSP) is a form of market intervention by the Government of India to insure agricultural producers against any sharp fall in farm prices. The minimum support prices are announced by the Government of India at the beginning of the sowing season for certain crops on the basis of the recommendations of the Commission for Agricultural Costs and Prices (CACP). MSP is price fixed by Government of India to protect the producer - farmers - against excessive fall in price during bumper production years. The minimum support prices are a guarantee price for their produce from the Government. The major objectives are to support the farmers from distress sales and to procure food grains for public distribution. In case the market price for the commodity falls below the announced minimum price due to bumper production and glut in the market, government agencies purchase the entire quantity offered by the farmers at the announced minimum price.

Determination of MSP

In formulating the recommendations in respect of the level of minimum support prices and other non-price measures, the Commission takes into account, apart from a comprehensive view of the entire structure of the economy of a particular commodity or group of commodities, the following factors:-

- Cost of production
- Changes in input prices
- Input-output price parity
- Trends in market prices
- Demand and supply

- Inter-crop price parity
- Effect on industrial cost structure
- Effect on cost of living
- Effect on general price level
- International price situation
- Parity between prices paid and prices received by the farmers.
- Effect on issue prices and implications for subsidy
- The Commission makes use of both micro-level data and aggregates at the level of district, state and the country. The information/data used by the Commission, inter-alia include the following :-

- Cost of cultivation per hectare and structure of costs in various regions of the country and changes there in;
- Cost of production per quintal in various regions of the country and changes therein;
- Prices of various inputs and changes therein;
- Market prices of products and changes therein;
- Prices of commodities sold by the farmers and of those purchased by them and changes therein;
- Supply related information - area, yield and production, imports, exports and domestic availability and stocks with the Government/public agencies or industry;
- Demand related information - total and per capita consumption, trends and capacity of the processing industry;
- Prices in the international market and changes therein, demand and supply situation in the world market;
- Prices of the derivatives of the farm products such as sugar, jaggery, jute goods, edible/non-edible oils and cotton yarn and changes therein;
- Cost of processing of agricultural products and changes therein;
- Cost of marketing - storage, transportation, processing, marketing services, taxes/fees and margins retained by market functionaries; and
- Macro-economic variables such as general level of prices, consumer price indices and those reflecting monetary and fiscal factors.

Agricultural Produce Market Committee (APMC)

An Agricultural Produce Market Committee (APMC) is a marketing board established by state governments in India to ensure farmers are safeguarded from exploitation by large retailers, as well as ensuring the farm to retail price spread does not reach excessively high levels.

APMCs are statutory market committees that are constituted by a state government. They are responsible for:

- Facilitating the entry of farmers' produce into the market
- Determining prices
- Overseeing the buying and selling process
- Ensuring proper operations
- Providing facilities
- Providing the required infrastructure
- Preventing malpractices by functionaries

The Government of Karnataka has created APMCs in many towns to enable farmers to sell their produce at reasonable prices. Most APMCs have a market where traders and other marketing agents are provided stalls or godowns or shops to purchase agricultural produce from farmers. Farmers can sell their produce to agents or traders under the supervision of the APMC. There are approximately one hundred sixty two (162) Agricultural Produce Market Committee (APMC) regulated markets all across Karnataka state.[8] The APMC market yard have basic amenities like refreshment room/stall ,toilet, drinking water supply. Some of the bigger APMC markets have bank branch, post office, cold storage facilities.Bengaluru's APMC regulated market at Yeshawanthpur is one of the largest APMC market in South India.[9]

Prior to 2020, farmers could not sell produce outside the APMC mechanism. The APMC system made farmers vulnerable to traders' and marketing agents' price manipulations. The Government of India has considered improving the APMC Act to benefit all parties involved

Agriculture value chain

An agricultural value chain is the range of goods and services that are needed for an agricultural product to move from the producer to the final consumer. It includes the entire process of production, processing, distribution, and consumption of agricultural commodities

The value chain includes everyone who works to get the crops from the farm to the consumer. It can include a wide range of activities, such as:

- Development and dissemination of plant and animal genetic material
- Input supply
- Farmer organization
- Farm production
- Post-harvest handling
- Processing
- Provision of technologies of production and handling
- Grading

The concept of an agricultural value chain has been used since the beginning of the millennium, but there is no universally accepted definition for the term

Agricultural credit

What Is Agricultural Credit?

The term agricultural credit refers to one of several credit vehicles used to finance agricultural transactions. These vehicles include loans, notes, bills of exchange, and banker's acceptances. This type of financing is specially adapted to the specific financial needs of farmers and allows them to secure equipment, plant, harvest, marketing, and do other things that are necessary to keep their farms running.

KEY TAKEAWAYS

- Agricultural credit refers to one of several credit vehicles used to finance agricultural transactions such as a loan, note, bill of exchange, or a banker's acceptance.
- Financing is specially adapted to the specific financial needs of farmers.
- It allows them to secure equipment, plant, harvest, marketing, and do other things required to keep farms running or diversify.
- Credit needs to be available on competitive terms to allow farmers who operate in a free market economy to compete with farms that receive subsidies.

How Agricultural Credit Works

When someone needs credit, they often turn to banks for loans or other credit vehicles. Some industries have special facilities set aside through certain financial institutions as is the case with agribusiness—the business sector encompassing farming and farming-related commercial activities which involve all the steps required to send an agricultural good to market—production, processing, and distribution. This is called agricultural credit, which is available in many different countries.

The Federal Farm Credit System (FFCS) plays a key role in agricultural credit in the United States. The FFCS, which has been around since 1916, is made up of a series of institutions that have more than $180 billion in assets. These institutions range from wholesale banks and retail lenders that provide an estimated 35% of the real-estate and non-real estate borrowing needs of U.S. farmers.

Short-term credit finances operating expenses, intermediate-term credit is used for farm machinery, and long-term credit is used for real estate financing.

Agricultural credit, which is also commonly referred to as agricultural finance, is an important component of the economy, especially in countries with arable land since agricultural products can be exported. Credit is vital to agricultural businesses because it gives farmers access to capital that might not otherwise be available to them. It helps them secure the seeds, equipment, and land they need to operate a successful farm. Agricultural credit programs not only help farmers and other agricultural producers, but also supports ranchers and rural homeowners with their finances.

Bhoochetana Scheme in Karnataka

In May 2009, farmers in the state of Karnataka were facing declining crop yields and stagnating agricultural production. It was at this time that ICRISAT, working with the Government of Karnataka, conceived, developed and implemented a project called Bhoochetana (Revival of the Soil). Starting with six districts and 200,000 farmers, the project reached over 26,000 villages and 4.2 million farmers over the next nine years. With the use of science-backed innovations, millions of farmers experienced 20-66% higher crop yields and obtained a net benefit of US$ 453 million.

Bhoochetana was a mission to increase crop productivity, enhance farmers' incomes and improve nutrition and livelihoods in the target regions. It was extraordinary in that it was successfully scaled up to include all the districts in Karnataka and also to other states in the country.

To capture a snapshot of the evolution of this project, the Bhoochetana Timeline has been launched; it details the major milestones and impacts of this project.

Bhoochetana's initial phase was focused on building farmer awareness on soil nutrient status and soil mapping; daily monitoring of seasonal rainfall; and crop planning. Slowly, other interventions such as soil and water management; seeds/inputs management; supplying of farmer-preferred improved varieties; crop diversification; integrated pest management; and development/dissemination of agricultural machinery were also employed.

ICRISAT scientists applied the 'Four Cs Approach' to the project: Consortium, Convergence, Collective action and Capacity building. Other organizations came together to deliver knowledge solutions, technological inputs and a holistic program where multiple government projects could work together to synergize their capacities. Select farmers were trained as ‘facilitators’ so that they could support other farmers in their villages. Awareness programs, farmers’ field days and training sessions to familiarize farmers with technology, machinery and techniques were conducted. Mobile phones, videos, social media groups and voice messages were all used to create and disseminate farming-related information to remote villages.

The cooperative model of working with farmers and government organizations, with the use of technology for knowledge sharing was very successful and subsequent seasons showed double-digit increases in crop yields for various crops. As part of Phase-I of Bhoochetana, about 3.1 million farmers and 7.4 million ha in rainfed regions had been covered by 2012-13. Based on this success, the Government of Karnataka extended the initiative to cover irrigated crops in the state in Phase II of the project.

Apart from the Karnataka State Department of Agriculture, other major partners in this project were the State Agricultural Universities at Bengaluru, Raichur and Dharwad, which provided technical and logistical support.

Bhoochetana, an example of successful scale-up, is now extended to three more states (Undivided Andhra Pradesh, Andhra Pradesh and Odisha) in India, in partnership with the respective state governments.

Interest Subsidy for Agricultural Crop Loan

Objective of the Scheme

Short term Agricultural loan up to Rs.3.00 lakh is being provided at 0 % rate of interest and Rs.2.00 lakh for Animal husbandry and Fisheries. Medium and Long term Agricultural loan up to Rs.10.00 lakh will be provided at 3 % rate of interest to farmers. Interest subvention to the cooperative institution will be borne by the Government.

The scheme of advancing loans to Self Help Groups in Karnataka at 4 % is being implemented from 01-04-2007. Government is providing interest subsidy to cooperative institutions in order to implement the scheme.

During 2021-22, as on January 2022, 19548 groups have been provided Rs.729.91 Crore of loans with the loan outstanding of Rs.1626.73 crore from 78172 groups. As on January 2022, Rs.52.77 crore of interest subsidy has been released.