TARGET PRELIMS 2024
BOOKLET-23; ECONOMY-4
AGRICULTURE AND RELATED ISSUES-3

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2. FOOD GRAIN STORAGE ISSUES

- The Food Corporation of India is the main agency for procurement, storage and distribution of food grains.

- **The requirement of Storage Capacity** in Food Corporation of India (FCI) depends upon the level of procurement, requirement of buffer norms, and Public Distribution System (PDS) operations for rice and wheat mainly.

- **Objectives**:
    - » **Feed TPDS** and other welfare schemes.
    - » **Ensure food security** during production shortfalls.
    - » **Stabilize prize.**

- **FCI** continuously assesses and monitors the storage capacity and based on the storage gap assessment, storage capacity is created/hired through following schemes:
    - i. **Hiring of godowns** from Central Warehousing Corporation (CWC)/ State Warehousing Corporation (SWCs)/ State agencies.
    - ii. **Hiring of godowns** through Private Warehousing Scheme (PWS)
    - iii. **Central Sector Scheme** (CSS):
        - ▫ Government is implementing a central sector scheme for construction of godowns with focus on augmenting storage capacity in the States of the NE region and a few other states.
    - iv. **Construction of SILOs** under PPP mode
    - v. **Private Entrepreneurship Guarantee (PEG)** Scheme

- This is used for storage of food grains procured for central pool by the government agencies.

- **Current Storage Capacity** (Feb 2024)
    - » As per the latest data (Feb 2024), the total storage capacity with **FCI** is **361.62 lakh tonnes**. Of this 146.86 lakh tones is owned by FCI and remaining 214.76 lakh tonnes is hired.
    - » The storage capacity with state government agencies is another **400.74 lakh tonnes**.
    - » Together it adds up to **762.36** lakh tonnes. (76 million tonnes)
    - » In addition, a capacity of around 15 million tonnes have been created by Private Entrepreneurs Guarantee Scheme.

1) IMPORTANT SCHEMES

B) WORLD'S LARGEST AGRI-STORAGE PLAN (FEB 2024)

- **Need** of such initiative**:**
    - » **Low food grain storage capacity in India**: Currently India has a storage capacity of **47% of its total food grains production**. In states like UP and Bihar this storage capacity is below 50%. But other countries like **China, USA, Brazil, Russia, Argentina, Ukraine, France** etc have storage capacity higher than the food grain production.

- » **Multiple agencies involved in food grain management i**ncluding the Food Corporation of India (FCI), Central Warehouse Corporation, Warehouse Development Regulatory Authority, Railways, and the civil supply departments of states.

- In Feb 2024, PM Modi has announced a plan to set up the "World's largest grain storage plan **in the cooperative sector**".
  - » **Pilot project** is being undertaken in 11 Primary Agriculture Credit Societies (PACS) in 11 states.
    - ▫ **What will an integrated facility look like?**
      - The facility built at a cost of Rs 2.25 crore. The integrated modular PACs will have a custom hiring centre, a multi-purpose hall - procurement centers, primary processing units for cleaning and winnowing - a storage shed, and container storage and silos.
  - » Eventually the aim is to cover more PACs.

What are PACS? Primary Agricultural Credit Societies (PACS) are grassroots-level institutions and their membership encompasses individual farmers, artisans, and members of other weaker sections of the society as shareholders. They form the **lowest tier of the federated short-term cooperative credit structure** with District Cooperative Banks (DCCBs) and/or State Cooperative Banks (StCBs) in their upper tiers. They are involved in short term lending - or what is known as crop loans.

- **What is the plan expected to do?**
  - » **Set up storage infrastructure of 70 million tonnes** over the next five years at a cost of Rs 1.25 lakh crore.
    - ▫ The scheme will work on Hub and Spoke model.
      - Of the 63,000 PACS across the country, **55,767 will function as spoke** and will have a grain storage capacity of 1,000 metric tonnes each, while the remaining 7,233 PACS, which will function as hubs, will have a storage capacity of 2,000 metric tonnes each. Thus, all the 63,000 PACs will have a combined grain storage capacity of 70 million tonnes.
  - » This will enable farmers to store their produce and sell it at the right time and right price. These efforts should reduce post harvest losses; bring down food grain handling and transportation costs;
  - » This will also enable farmers to get loan from banks.
  - » The scheme will also enable PACS to undertake various other activities like Functioning as Procurement centres for State Agencies/ Food Corporation of India (FCI); Serving as Fair Price Shops (FPS); Setting up custom hiring centers; Setting up common processing units, including assaying, sorting, grading units for agricultural produce, etc.

- **Note**: Earlier in June 2023, the Union Cabinet has approved he constitution of an Inter-Ministerial Committee (IMC) to facilitate the world's largest grain storage plan in the cooperative sector. It was chaired by Amit Shah. The IMC modified guidelines/ implementation methodologies of the schemes of respective ministries.

- **Budgetary Allocation**: The plan doesn't have a separate allocation; it will be implemented by the convergence of **8 Schemes**:
  - » **4 schemes under MoA&FW:** Agriculture Infrastructure Fund (AIF), Agricultural Marketing Infrastructure Scheme (AMI), Mission for Integrated Development of Horticulture (MIDH), and Sub Mission on Agricultural Mechanisation (SMAM)
  - » **2 Schemes under Ministry of Food Processing Industries**: Pradhan Mantri Formalisation of Micro Food Processing Enterprises Scheme (PMFME), and Pradhan Mantri Kisan Sampada Yojana (PMKSY).
  - » **2 Schemes under Ministry of Consumer Affairs, Food and Public Distribution**: Allocation of food grains under the National Food Security Act, and Procurement operations at MSP.

C) PRIVATE ENTREPRENEURSHIP GUARANTEE (PEG) SCHEME

- Launched in 2008
- **Aims**: Augmenting the covered storage capacity in the country.
- **Details:**
  - » Under the scheme godowns are constructed in PPP mode and the land and construction cost is borne by selected partners.
  - » FCI on its part **guarantees 10 year usage of storage capacities to the private investor**s and 9 years to CWC and SWCs.
  - » Locations for construction of godowns are identified by FCI on the basis of recommendations of state level committees to cover the gaps in the storage.

3. MSP, SUBSIDY AND RELATED ISSUES

1) MINIMUM SUPPORT PRICE (MSP)

- **Introduction**
  - » **What is MSP:** It is the minimum price set by the Government at which farmers can expect to sell their produce for the season. When market prices fall below the announced MSPs, procurement agencies step in to procure the crop and 'support' the prices.
  - » **Beginning:** The Minimum Support Prices (MSP) were announced by the Government of India for the first time in **1966-67 for Wheat** in the wake of the Green Revolution and extended harvest, to save the farmers from depleting profits.

- **How is MSP decided and Who takes final decision.**
  - » The Cabinet Committee of Economic Affairs (**CCEA**) announces MSP for various crops at the beginning of each sowing season based on the recommendations of the Commission for Agricultural Costs and Prices (**CACP**).
  - » The CACP takes into account demand and supply, the **cost of production (A2 + FL method)** and price trends in the market, inter-crop parity, implication for MSP on consumers, a minimum of 50% as the margin over cost of production; etc.

» The CACP calculates **<u>three types of costs — A2, A2+FL and C2</u>** — for each mandated crop for different states. The lowest of these costs is A2, which is the <u>actual paid-out cost incurred by a farmer</u>. Next is <u>A2+FL</u>, the actual paid-out cost plus imputed value of family labour. The highest of the three costs is **<u>C2, defined as 'Comprehensive Cost including Rental Value of Own Land</u>** (net of land revenue and interest on value of own fixed capital assets (excluding land))

- MSP is announced for 22 mandated crops and FRP is announced for sugarcane (**total 23 crops**)
  - » **Crops Covered under MSP:**
    - MSP is announced for **22 mandated crops** and **FRP** for Sugarcane. (**Total 23 crops)**
      - **Mandated Crops are:** 14 crops for Kharif season, 6 Rabi crops (except Toria) and 2 crash crops (Copra and Raw Jute).
      - In addition MSP for **<u>Toria</u>** and **<u>De husked coconut</u>** are fixed on the basis of MSP for <u>rapeseed/mustard and Copra</u>.
    - **Note:** <u>Coffee, tea</u> etc are not covered under MSP.
    - **7 Cereals**, **8 oilseeds**, 5 pulses, 5 cash crops - Copra, Raw cotton, Raw Jute, Virginia Flu cured (VFC) tobacco, Sugarcane.
    - **Note:** For Sugarcane <u>Fair and Remunerative Prices (FRP) is announced that has to be paid by sugar mill owners</u>.

Kharif Crops	**Rabi Crops**
1. Paddy	15. Wheat
2. Jowar	16. Barley
3. Bajra	17. Gram
4. Maize	18. Masur/lentil
5. Ragi	19. Rapeseed/mustard
6. Arhar (Tur)	20. Safflower
7. Moong	21. Toria (an oilseed similar to rapeseed)
8. Urad	**Other Crops**
9. Cotton	22. Copra / Dehusked Cotton
10. Groundnut	23. **VFC Tobacco**
11. Sunflower seed	24. Raw Jute
12. Soyabean black	25. Sugarcane(FRP)
13. Sesamum	
14. Nigerseed	

- **Need of MSP/ Rationale Behind MSP**
  - <u>Protecting farmers</u> from price volatility

- Incentivizing farmers to grow crops in short supply
- MSP also ensures easy procurement for food security schemes

- **From FY19** the MSP has been **pegged at more than 50% of cost of production for most of the Kharif and Rabi crops**. This is another step towards ensuring **income inclusiveness**.
    - » Accordingly, the Government has been increasing the MSP for all 22 Kharif, Rabi and Commercial crops with a margin of at least 50% over the all-India weighted average cost of production since the agricultural year 2018-19.
    - » Swaminathan Commission had recommended this way back in 2006.

- **Various Mechanisms under MSP to procure crops and ensure remunerative prices for farmers (Before PM-AASHA)**
    1. **For wheat and paddy -> Open Ended Procurement by FCI**
    2. **Coarse Grains -> Purchased by state government** with permission of central government, **upto the extent it is required** in their Target Public Distribution System (TPDS).
    3. **Price Support Scheme (PSS) - for oil seeds, pulses and cotton** - at the request of concerned states
    4. **Market Intervention Scheme (MIS)** for perishable horticulture commodities - at the request of states - when there is excess supply or low prices.

- **Some shortcomings in MSP Procurement Program**
    - » **Procurement is limited to few crops, few geographies and few farmers ->** only wheat and rice under open procurement -> Punjab, Haryana, Coastal Andhra benefitted a lot -> mostly big farmer benefitted
    - » There has been delays in establishment of procurement centre.
    - » Lack of awareness about MSP among large section of farmers. This leads to they getting exploited at the hands of commisison agent.
    - » **Inadequate MSP** (MSP calculation is not based on A2 + FL + C2 which was recommended by MS Swaminathan committee). It uses **A2 + FL** method.

- **Pradhan Mantri Annadata Aay Sanrakshan Abhiyan (PM-AASHA):**
    - » The scheme is aimed at increasing the MSP procurement of pulses, oilseeds, COPRA etc. This is expected to ensure remunerative price to farmers.
    - » **Three components of PM AASHA - Price Support Scheme; Price Deficiency and Payment Scheme; and Private Procurement & Stockist Scheme**
        - ▪ Note: For Oilseeds, the states will be allowed to choose between the PSS or two other schemes.
- **Note: AASHA is complementing (not replacing) complementing other schemes**
    - » Other existing schemes of Department of Food and Public Distribution (DFPD) for procurement of paddy, wheat and nutri-cereals/coarse grains and of Ministry of Textile for Cotton and Jute will be continued for providing MSP to farmers to these crops.

- **What was expected out of PM-AASHA:**
    - » Better remuneration for farmers; reduced storage and procurement requirement for government; increased private participation -> more investment in storage etc; improved food security

- **But, PM-AASHA has also not been able to increase MSP procurement a lot due to following reasons:**
  - **Budgetary support for PM-AASHA** has been too minimal (around Rs 15,000 crore in the first year)
  - **A number of factors preventing PM-AASHA to be inclusive:**
    - **Agri-Marketing reforms** are incomplete
    - **Poor infrastructure**: This has led to farmers remaining out of MSP regime, remaining out of MSP regime.
    - Further**, ineffective supply chain management**, has rendered the whole scheme trivial.
      - For e.g. NAFED has a stock of 4 million tonnes of pulse and oilseeds, but their distribution policy is non-existent.
  - **State Financial condition** may not be strong enough for the program.

- **Other Criticism of MSP mechanism in general**
  - **MSPs causes market distortion**
  - **Cropping pattern** is affected and farmers tend to grow high MSP crops rather than the most suitable crop for the region.
    - **Excess fertilizer and water guzzling crops** makes agriculture unsustainable.
  - **Higher inflation**
  - **Cost Plus Pricing** is risky as it ignores the demand side, i.e. demand-supply, domestic and international price trends, terms of trade, inter-crop price parity etc.
  - **Leads to less focus on non-price factors** like technology, inputs, services, institutions and infrastructure
    - High fiscal burden on government
  - **Bigger stock exceeds the stock holding norms of FCI**
  - **WTO' AOA issues** (discussed with WTO issues separately)

2) FARMER'S PROTEST: A LAW GUARANTEEING PROCUREMENT AT MSP: IS IT VIABLE

- **Background**:
  - According to Shanta Kumar Committee report, **only 6% of the farm households sell wheat and rice to the government at MSP rates**.

- **What are the different ways in which MSP guarantee can be ensured?**
  - **Force traders to buy at MSP:** Any buying of agri-produce (be it by private traders), would be on MSP (something similar happens in case of sugarcane).
    - Something like this happens in case of sugarcane farmers.
    - But there are **implementation hurdles** - delay and arrear in price payment; distortion of market;
  - Government can make MSP procurement itself.
    - **Criticism:** If government buys all produce this will be **unsustainable** - both physically and fiscally.
  - Government can go for price deficiency payment mechanism.
    - Something similar was implemented in Madhya Pradesh (Bhavantar Bhugtan Yojna) during the 2017-18 Kharif season for eight crops: urad (black gram), soyabean, maize,

Arhar (pigeon pea), Moong (green gram), groundnut, sesame, and nigerseed. But **scheme couldn't be continued** due to lack of support from central government.

» **Haryana** is implementing **Bhavantar Bharpai Yojna (BBY)** mainly for Bajra (pearl millet), mustard, and sunflower seeds. Technically it also covers groundnut, chana, moong, and 16 vegetables and 3 fruit crop.
  - The scheme operates on the Haryana Government's '**Meri Fasal, Mera Byaura portal**' in which farmers have to register themselves along with details of their land (village name, khasra plot no, holding size tc) and area sown under different crop.

» and Haryana (Bhavantar Bharpai Yojna).

- **Need of guaranteeing MSP:**
  - » It would **improve opportunities of fair prices** by farmers. It would encourage farmers to invest more in agriculture and increase productivity.
    - ▪ **Note:** As per census and National accounts data, the percentage of farmers benefitting from MSP is **5.6%** and the value of agri-produce benefitting from the MSP regime is a **paltry 2.2%**.
  - » **Promote crop diversity** as under guaranteed MSP, other crops would also fetch the MSP.
  - » **Other advantages of MSP**

- **Is it feasible?**
  - » Various estimates show that government will have to bear an additional **5 lakh crore** rupee of fiscal burden. This will be a logistical nightmare at best, and fiscal disaster at worst.
  - » **FCI stocking operations** is full of flaws and losses -> Wastage, corruption,
  - » **Discourage market forces**
  - » **Other problems associated with MSP** (discussed in the above topics)

A) DEMANDS FOR WHICH FARMERS ARE PROTESTING

1. Full debt waiver for farmers and labourers;
2. Implementation of the Land Acquisition Act of 2013, with provisions for written consent from farmers before acquisition, and compensation at four times the collector rate;
3. Punishment for the perpetrators of the October 2021 Lakhimpur Kheri killings;
4. India should withdraw from the World Trade Organization (WTO) and freeze all free trade agreements;
5. Pensions for farmers and farm labourers;
6. Compensation for farmers who died during the Delhi protest, including a job for one family member;
7. Electricity Amendment Bill 2020 should be scrapped;
8. 200 (instead of 100) days' employment under MGNREGA per year, daily wage of Rs 700, and scheme should be linked with farming;
9. Strict penalties and fines on companies producing fake seeds, pesticides, fertilisers; improvements in seed quality;
10. National commission for spices such as chili and turmeric;
11. Ensure rights of indigenous peoples over water, forests, and land

1) FOOD SUBSIDY BURDEN OF GOVERNMENT

- **FY25 (BE)** Food subsidy bill 2.05 lakh crore (less than Rs 2.12 lakh crore in FY24)
- For FY23, government had spent Rs 5,32,446 crore on subsidy.
    - This includes Food Subsidy (Rs 2.8 lakh crores), Fertilizer Subsidy (Rs 2.1 lakh crores), and Petroleum subsidy (Rs 30,756 crore).
    - It was the 2nd highest ever after the 7.06 lakh crores of FY 2021.

2) MSP ANNOUNCED FOR VARIOUS RABI CROPS (OCT 2023)

- **Crop (MSP per quintal, Increase from last year):** Wheat (2275, 150), Barley (1850, 115), Mustard & Rapeseed (5440, 105), Safflower (5,800; 150); Gram (5,440; 105) and Lentil (masur) (6,425; 425)

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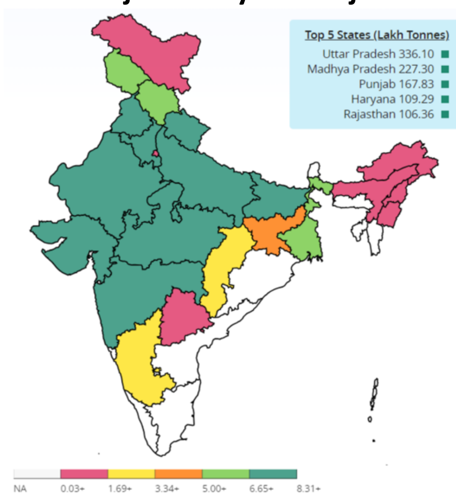
<td>Wheat Production, 2022-23 (Final Estimate): UP> MP> Punjab> Haryana>Rajasthan

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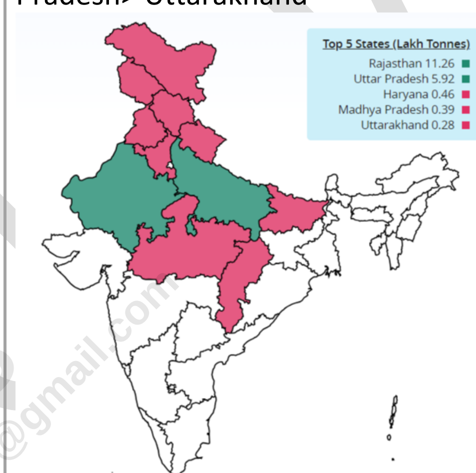
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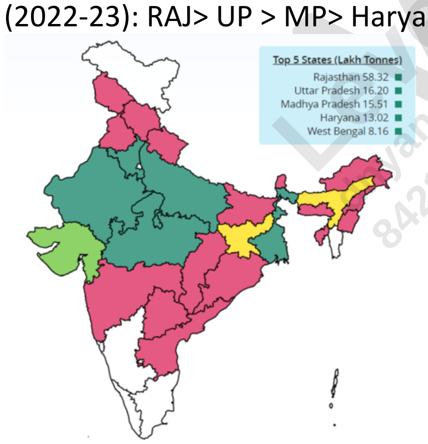
<td>Mustard & Rapeseed Production Final Estimate (2022-23): RAJ> UP > MP> Haryana > WB

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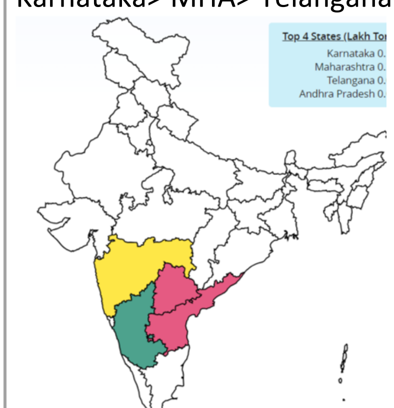
<td>Safflower Production 2022-23 (Final Estimate): Karnataka> MHA> Telangana> Andhra Pradesh

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<td>Gram Production Final Estimate (2022-23): MHA> MP > Rajasthan> Gujarat > Uttar Pradesh</td>
<td>Lentil Production 2022-23 (Final Estimate): MP> UP> WB > Bihar> Jharkhand</td>
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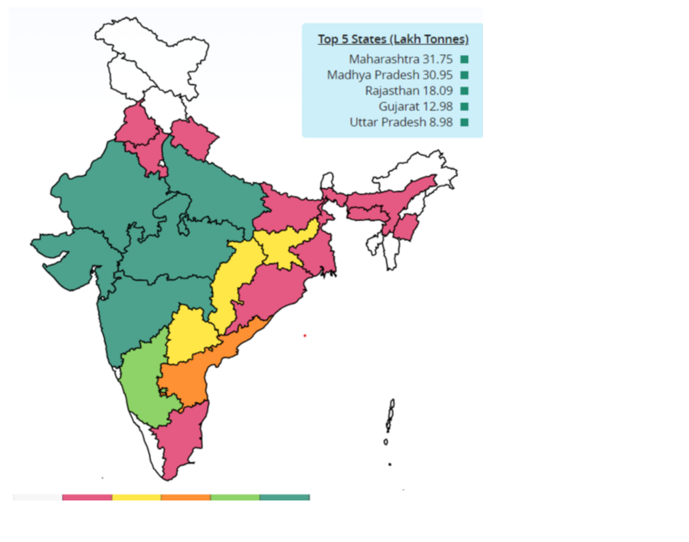

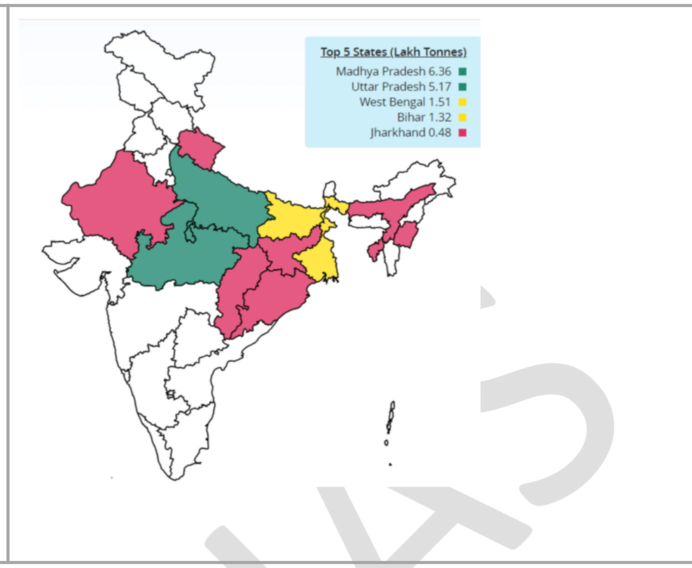

3) COMMISSION FOR AGRICULTURE COST AND PRICES (CACP)

- The commission for Agricultural Cost & Prices (CACP since 1985, earlier named as Agricultural Prices Commission) was formed in 1965 and is an attached office to Ministry of Agriculture and Farmers Welfare, GoI. It is also a **statutory body**.

- **Structure:**
  » Chairperson
  » Member Secretary
  » One Member (official)
  » Two Members (non-official) - representatives of farming community

- It is mandated to recommend minimum support prices (MSPs) to incentivize the cultivators to adopt modern technology, and raise productivity and overall grain production in line with the emerging demand patterns in the country.
- As of now CACP recommends MSP for 22 crops and FRP for Sugarcane:

- **Note:** the final decision for MSP of a crop is taken by Cabinet Committee on Economic Affairs (CCEA).

4) FAIR AND REMUNERATIVE PRICES (FRP)

- **FRP** is the minimum price sugar mills have to pay to farmers for sugarcane.
  » In 2009, Sugarcane (Control) Order, 1966 was amended to replace statutory minimum price (SMP) of sugarcane with FRP.
  » FRP is decided by Cabinet Committee on Economic Affairs on the recommendations of Commission for Agriculture Costs and Prices (CACP) and in consultation with state governments and industry.
  » There is also a threat of action by cane commissioners, in case of failure to clear FRP dues within 14 days of the cane being sold to farmers. Non-clearance can also lead to attachment of mill properties as arrears of land revenue.

- **State Advised Price (SAP)**: Some states like Haryana, Uttar Pradesh, and Punjab offer higher prices for sugarcane under state advised price (SAP), which mills in those states must abide by.

- **Why FRP for sugars** (and MSP for other 22 crops)
  - » **Sugarcane** has very small shelf life and thus farmers are forced to sell immediately, which may bring prices very low.
  - » Further, **other crops can be sold at prices higher than MSP**, but this is very less likely for sugar as all the sugarcane is sold right after harvesting and thus market prices would be very low.

- Cabinet approves 'Fair and Remunerative Price' (FRP) of sugarcane payable by sugar factories for sugar season 2024-25 (Oct-Sep) **[Feb 2024:** Source PIB**]**
  - » FRP = Rs 340/ Quintal at sugar recovery rate of **10.25%**.
  - » This is about 8% higher than FRP of sugarcane in current season (2023-24). The revised FRP will be applicable w.e.f. 1st Oct 2024.
  - » It is also 107% higher than A2 + FL cost.
  - » **Note**: India is already paying highest price to sugarcane farmers in the world and at the same time ensuring cheapest sugar for Indians.
  - » Note: The new FRP will kick in from 1st Oct 2024.

- **Minimum Selling Price (MSP) for Sugar**:
  - » The central government had in**troduced Minimum Selling Price (MSP) for sugar in 2018**.
    - ▫ It was fixed at Rs 2,850 per quintal which was subsequently raised to Rs 3,100 per quintal. This was part of the measures announced to arrest the constant slide of sugar and to keep the demand and supply ratio to a safe limit.
    - ▫ The Centre had also fixed **mill-wise sales quota**. Mills which breached either of the conditions were liable for action under the Essential Commodities Act, 1955 which would include a fine as well as a jail term (ranging from 3 months to 7 years) or both.

5) PM KISAN (PRADHAN MANTRI KISAN SAMMAN NIDHI)

- **Why in news?**
  - » Interim Budget 2024-24 Speech: 11.8 crore farmers receive financial assistance

- **PM KISAN** is a central sector scheme to supplement the financial needs of landholding farmers. It was announced in the Budget 2019-20.
- **Purpose**
  - » Income Support to help declining income of farmers, supplement financial needs for input procurement etc;
- **Provisions of the Scheme**
  - » Under the scheme financial benefit of Rs 6,000 per year is transferred into the bank accounts of farmer families through **DBT** in three equal instalments of Rs 2,000 each.
  - » The scheme covers **all 14.5 crore landholder farmer families** in the country.
  - » **Exclusions**
    - All institutional landholders
    - Farmer families where one or more of its members belong to following categories

- Constitutional post holders, ministers, Member of Parliament, MLAs, MLCs, Mayor of Municipal Corporation, Chairpersons of District Panchayats (in past or presently)
- Serving or retired officers of Central/State governments (excluding Multi-Tasking staff/ Class IV/ Group D employees)
- All superannuated retired personnel whose monthly pension is Rs 10,000 or more (excluding Multi-Tasking staff/ Class IV/ Group D employees)
- Professionals like Doctors, Engineers, Lawyers, CAs, and Architects registered with professional bodies and carrying out profession by undertaking practices.

- **State/UT government** will be responsible for **identifying the eligible families**. List is published at village level to ensure transparency.

- **Progress So far:** Around 11.8 crore farmers were covered under the scheme in Jan 2024.

- **Analysis: Positives**
    1. **Reduce Agri-Distress**
    2. **Boost Productivity**
- **Key Concerns/ Limitations**
    1. **Funds -** Fiscal burden.
    2. **Small impact on farmer's income**
    3. **Withdrawing the scheme will be challenging** considering the political economy that comes into play

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A) PM KISAN MOBILE APP WITH FACE AUTHENTICATION FEATURE (JUNE 2023: SOURCE - PIB)

- The PM-KISAN mobile app was launched in Feb 2020. The provision for e-KYC through face authentication introduced in June 2023.
- It will enable farmers to complete their e-KYCs effortlessly from their mobile devices. Farmer can also assist upto 100 other farmers in their vicinity with their e-KYCs. Additionally, state government officials, including district, block, and village level-nodal officers, can perform e-KYC for 500 farmers using their registered mobile number.
    - It will also resolve difficulties related to Aadhar verification and updating bank account details on PM KISAN portal through effective use of digital public goods.
- Note: The PM KISAN Scheme's services are also accessible through more than 4.0 lakh CSCs across the country.

1) INCOME SUPPORT TO FARMERS: STATE LEVEL SCHEMES

1. **Rajiv Gandhi Kisan Nyaya Yojna**
    - It is a **income support** scheme for farmers, Launched by Chhattisgarh government in May 2020.

2. **YSR Rythu Bharosa Scheme: Rs 13,500 for Farmers** (launched in 2019)
    - **Details about Rythu Bharosa**
        - The program is available for five years.
            - Every year, before the start of the Kharif season, an input assistance of Rs 7,500 will be provided to each farmer. Another Rs 4,000 will be provided at the time of

harvesting, just before the start of Rabi season. And the last instalment of Rs 2,000 would be provided at the time of farmers' festival of Sankranti.

- 54 lakh farmers have been identified for the scheme (including tenant farmers).
- Note: Rs 6,000 per head in the scheme comes from PM-Kisaan Samman yojna

3. **Ryuthu Bandhu** scheme of the neighbouring Telangana.
   - In Telangana the support was based on the size of land ownership (**Rs 4,000 per acre**). However, in AP every beneficiary will be given same amount, whereas in

4. **KALIA** (Krushak Assistance for Livelihood and Income Augmentation) of **Odisha government**
   - Covers 75 lakh farmers, including 25 lakh landless agricultural households.
     - It entitles each one of them Rs 10,000 per year payment for two crops (Kharif and Rabi**)**

5. **Krishak Bandhu Yojana** of **West Bengal**
   - Provides Rs 5,000 in two instalments to the state's estimated 72 lakh farmers and sharecroppers cultivating one acre or less.
6. **Mukhyamantri Krishi Ashirwad Yojna** of Jharkhand provides Rs 5,000 per acre (maximum Rs 25,000) annually to estimated 22.76 farmers owning up to five acres in land.
7. **Mukhyamantri Parivara Samman Nidhi Yojna** of Haryana limits the annual financial assistance at flat Rs 5,000 for agricultural families (including landless labourers) with less than five acres and also monthly income below Rs 15,000.

4. PM KISAN MANDHAN – PENSION SCHEME FOR FARMERS

- It is a government scheme meant for old age protection and social security of **Small and Marginal Farmers** (SMF).
  - **Eligibility:**
    - All SMF in the age group of 18-40 years, and whose name appears in the land records of the state as of 1st Aug 2019.
  - **Benefits:**
    - Minimum assured pension of Rs 3,000/- pm after attaining the age of 60 and 50% of the pension amount to spouse after the death of the farmer. (Family pension is applicable only to spouse)
  - **Other features to note:**
    - It is a voluntary and contributory pension scheme (monthly contribution between Rs 55 to Rs 200 per month till the age of 60)
    - Matching contribution will be made by the government.
    - **LIC** will be the pension fund manager of the scheme.
  - **Synergy with PM-KISAAN ->** Farmer can ask for withdrawal form PM-KISAAN for this scheme
  - **Exceptions**
    - SMFs already covered under any other social security schemes like NPS, ESIC, EPFO etc.
    - Who opted for Shram Yogi Maandhan Yojana or Vyapari Maandhan administered by Ministry of Labour and Employment.
    - Other exceptions similar to PM-KISAN
  - **Should Possess**
    - Aadhaar
    - Saving Account/PM-KISAAN Account
- **Need:**

» 90% of Indian workforce not covered under old age pension initiative

5. FOOD SECURITY

- **What is Food Security?**
  - As per the Committee on World Food Security, the food security exists when all people, at all times, have **physical, social and economic access to sufficient, safe, and nutritious food that meets their dietary needs and food preferences** for an active and healthy life.
  - The **Four Pillars** of food security are availability, access, utilization, and stability (both price and supply).

- **Key Initiatives to Promote Food Security in India**:
  - **National Food Security Act, 2013:** It seeks to provide subsidized food grains to approximately 2/3rd of India's population.
    - Other than this, Mid-Day Meal Scheme, Integrated Child Development Program, and the PDS system are focused on ensuring nutritional security.

  - **Various initiatives at state level include:**
    - '**Indira Canteen**' initiative by the state of Karnataka, which serves breakfast, lunch and dinner at very low prices.
    - **'Amma Unavagam'** (Mother's Canteen) is an initiative by TN.

  - **Government also takes** several initiatives to control food inflation:
    - **Maintaining Buffer stocks**
    - **Controlling** Exports in case of scarcity
    - **Using MSP** mechanism to encourage farmers to grow crops which are in shortage.

2) NATIONAL FOOD SECURITY ACT, 2013

- **Introduction:**
  - The NFSA, 2013 seeks to provide for food and nutritional security in human lifecycle approach, by ensuring adequate quantity and quality of food at affordable prices to people to live a life with dignity and for matters connected therewith and incidental thereto.

- **Salient Features of the Act are:**
  - It gives legal entitlement to **75% rural and 50% of the urban population** (which come to 2/3rd of country's population) for subsidized grains under TPDS.
  - It moves from **'household food entitlement' to 'individual food entitlement'**. Every individual is entitled to 5 kg of rice, wheat, or coarse cereals a month at Rs 3, Rs 2 and Rs 1 per kg. The beneficiary is identified by the state government based on the parameters decided by centre.
  - The entitlement for Antyodaya Anna Yojna (AAY) will remain at Rs 35 kg per household.
  - **For pregnant and lactating mothers**, the act provides for free meal at the local anganwadi (during pregnancy and upto six months after child birth) as well as maternity benefits of Rs 6,000 in instalments.
  - **For Children:**
    - Below 6 months: 'Exclusive breast feeding shall be promoted)

- **Six month to six years**: The age guarantees an age appropriate meal, free of charge, through the local anganwadis.
- **Six years to 14 years:** One free mid-day meal, shall be provided everyday (except on school holidays) in all school run by local bodies, government and government aided schools, upto Class VIII.

- The act also provides for the Creation of State Food Commissions which will monitor and evaluate the implementation of the act, give advice to state governments and will enquire into violations of entitlement.
- **Food Security Allowance** in case of non-supply of the entitled quantities of foodgrains or meals to entitled persons under the act.
- **Schedule 3 of the act** also lists various provisions for advancing food security, under three broad categories:
    - Revitalization of Agriculture; reforming procurement, storage and movement; other provisions like drinking water, sanitation, health care, adequate pensions for senior citizens, persons with disability and single women.

- **Progress:**
    - NFSA has been implemented in all 36 states/Uts covering more than 80 crore persons.
    - Direct Benefit Transfer: In Chandigarh, Puducherry, and Urban areas of Dadra and Nagar Haveli, the act is being implemented in the cash transfer mode.

- **How has it contributed in reducing Hunger:**
    - Increased food availability for weaker section. It is visible in increased government food subsidy burden.
    - By taking a lifecycle approach, it has ensured the right from the time women get pregnant to the death of a person, if the person is vulnerable, she would get food security support.
    - With improved used of technology, like Aadhar based authentication, leakage has reduced.
    - **One Nation One Ration Card (ONORC)** will also ensure that migrants are able to enjoy the benefits of NFSA.

- **Challenges:**
    - Fiscal Burden; Leakages and Siphoning; Identification of Beneficiaries issues; Infrastructural issues; Aadhar Related Issues; Social and Cultural Factors;

6. PUBLIC DISTRIBUTION SYSTEM AND ASSOCIATED ISSUES

- **Introduction**
    - The Public distribution system (PDS) evolved as a system of management of scarcity and for distribution of food grains at affordable prices. Over the years, PDS has become an important part of Government's policy for management of food economy in the country.
    - **Note**: PDS is supplemental in nature
    - **Responsibility:** PDS is operated under the **joint responsibility of the Central and the State Government**.
        - **Central Government**, through Food Corporation of India (FCI), has assumed the responsibility of procurement, storage, transportation and bulk allocation of food grains to the state governments.

- » **State government** own the operational responsibilities including allocation within state, identification of eligible families, issue of Ration Cards and supervision of the functioning of the fair price shops (FPSs).

- ▫ **Commodities:**
  - » Under the PDS, presently the commodities namely **wheat, rice, sugar and Kerosene** are being allocated to the States and UTs for distribution.
  - » **State governments** also distribute additional items of mass consumption through the PDS outlets such as pulses, edible oils, iodized salts, spices etc.

- ▫ **Evolution of PDS**
  - » Emanated in critical food shortages of 1960s. Initially began with focus on **urban scarcity area**. It contributed to containment of price rise and ensured access to food grain to urban consumers.

  - » With increase in food production, primarily due to green revolution, the outreach of PDS was extended to **tribal blocks and high poverty incidence areas** in 1970s and 1980s.
  - » Till 1992, it remained a general entitlement.

  - » In 1992**, Revamped PDS** was launched in 1775 blocks throughout the country - where a substantial number of poor lived.

  - » **Targeted PDS (TPDS)** was started in 1997 with focus on the poor.
    - ▫ **Three core TPDS categories:** Under the TPDS, households are classified in accordance with a set of socio-economic parameters and provided with a ration card on this basis. Across India, the three core PDS card categories are above poverty line (APL), below poverty line (BPL) and Antyodaya (poorest of the poor) (**AAY** was started in 2000).

  - » **Antyodaya Anna Yojana (AAY)**
    - ▫ In order to take TPDS more focused and targeted this category of population, the AAY was launched in December 2000 for 1 crore poorest of the poor families among the number of BPL families covered under TPDS within the states and providing them food grains at **highly subsidized rate of Rs 2 per Kg for wheat, Rs 3 per Kg for rice**. The states/UTs are required to bear the distribution cost, including margin to dealers and retailers as well as the transportation cost.
    - ▫ **The scale of issue** was initially **25 Kg per family per month** and was increased to **35 Kg per family per month with effect from April 1 2002**.

  - » **TPDS under National Food Security Act, 2013**
    - ▫ NFSA, 2013 was notified on 10th Sep 2013.
    - ▫ It covers 2/3rd of the entire population (75% of rural population and 50% of the urban population) under two categories of beneficiaries: 1) **Antyodaya Anna Yojana** (AAY) and 2) **Priority Households (PHH)**. .

- Under the NFSA, 2013, the **priority households** are entitled to receive food grains **@5 Kg per person per month** at the issue price of Rs. 3.00, Rs. 2.00 and Rs. 1.00 per Kg for rice, wheat and coarse grains respectively. **The existing AAY households**, however, continue to receive 35 Kg of food grains per household per month.

- **Pradhan Mantri Garib Kalyan Anna Yojna**
  - A Part of Atmanirbhar Bharat Abhiyan.
  - It was launched to provide additional allocation of foodgrains from the Central Pool at the rate of 5 kg per person per month **free of cost** for all the beneficiaries covered under TPDS (AYY & PHH) including those covered under DBT for a period of 3 months i.e. April - June 2020.
  - It has continued to be extended since then.
  - In **Nov 2023**, the government has declared the extension of PMGKAY for an additional **five years till 2028**. The implementation of this extension began from 1st Jan 2024.

- **Key Challenges faced by the PDS system**
  1. **Corruption and Leakage**; **Inaccurate targeting of beneficiaries**; **Heavy losses in storage and transportation**; **Later and Irregular arrival of grains in fair price shops**; **WTO's Agreement on Agriculture**; **Nutritional challenges due to lack of focus on food diversity**; **Digitization of PDS**

- **REVAMPING PDS**
  - **Steps being Taken.**
    a. **Decentralization of Procurement Process**
    b. **Integrated Management of Public Distribution System -** (IM-PDS): Integrate PDS system/portals of states/UTs with Central Systems/portals with and aim to introduction of national portability, and de-duplication of ration cards/beneficiary etc.
    c. **One Nation One Ration Card (ONORC) -** To ensure that even migrant workers are able to enjoy the benefit of Public Distribution system.

3) ONE NATION ONE RATION CARD (ONORC)

- **What is a Ration Card?**
  - PDS families are **issued Ration Cards** to access this benefit. Currently, around 23 crore ration cards have been issued in all states and UTs.
  - **Before the ONORC system,** a ration card could be used to access subsidized grains from the fair price shop assigned in the **locality**. A migrant was not able to access subsidized grains in new locality.

- **One Nation, One Ration Card (ONORC)**
  - ONORC is being implemented under NFSA, 2013. it allows beneficiary to buy subsidized food grains from any FPS shop in the country, by using the same ration card after biometric/Aadhar authentication on electronic Point of Sale (ePOS) devices.

- **How does ONORC work?**
  » Integrated Management of Public Distribution System (IM-PDS) portal, provide the technical platform for the inter-state portability of ration cards.
  » **Biometric authentication** on ePOS devices enable beneficiary to purchase the entitled food grains under the NFSA.
  » **Annavitran.nic.in** hosts the data of distribution of foodgrains through E-PoS devices within a state.
    - It allows availing of PDS benefit outside the district but within the home state.
  » **Standard Format of ration cards** which ensures an unique ID of each customer.

- **How much foodgrains cane be procured?**
  - Only the migrants' entitlement, the rest of the grains would be procured by the family back home.

- **Steps being taken**
  - **Seeding of Ration Cards** with Aadhaar numbers, **Installation of ePOS devices** at all FPS
  - Once 100% target of both these are reached, the all-India portability of ration cards will become a reality.

- **Needs/Advantages of One Ration Card**
  - **Right to Food:** Enable **migrant families to access PDS benefits** from any Fair Price Shop in the country.
  - **End Discrimination and Improve the quality of service**
  - **Aadhaar seeding** would also **weed out duplicate ration cards**
  - It could be highly crucial for emergencies like the COVID-19 crisis.

7. AGRI-MARKETING REFORM

- **Efficient Agri-marketing is crucial for:**
  1. **Ensuring proper prices for farmers; Lower prices for consumers**; Stimulating **agro-based and food processing industrial growth.**
  2. **Reduced subsidy burden for government.**

- However, the Agri development in India has ignored the potential of marketing and has continued to follow its old trajectory. Since, agri-marketing is a state subject, it is stuck in a tussle between Centre and states.

- **How has the system functioned so far? -> The APMC System and its issues**
  - The Agri markets in India are mainly regulated by the state Agriculture Produce Marketing Committee (APMC) laws. These laws enable state governments to regulated wholesale markets and marketing practices. APMC Acts make in mandatory for farmers to sell their produce only to licensed merchants (can also be called government approved merchants) at Mandis set up by State Agriculture Market Boards.

- **What was the need of APMC Laws / Regulated Markets (Mandis)**

- In the absence of any market regulations, the farmers were being exploited by traders and intermediaries.
- The regulated Mandis prevented the exploitation by ensuring **fair prices through bidding process** at these regulated markets.

- **Current Situation**
  - India currently has around 2500 principle regulated primary agricultural markets in the country which are governed by state APMC Acts and administered by a separate Agricultural Produce Marketing Committee.
  - APMCs regulate the trade of farmers by
    - Providing **licenses** to buyers, commission agents, and private markets.
    - Levy **market fees** or any other charges on such trade.
    - Provide **necessary infrastructure** within their market to facilitate trade.
  - Trade is allowed withing the APMC mandis or between two APMC mandis situated in the same state.

- **How these Mandis have served farmers**: These APMCs have ensured that fruits of Green Revolution reach farmers.
  - **Reduction in exploitation by intermediaries** - not allowed to sell products outside the mandi
  - **Good Price: Sale through auction** -> best possible prices available.

- **But, present APMC structure has led to many challenges/limitations**
  - **Price Fixing, Cartelization** by licensed traders;
  - **Information asymmetry** and opaque process for price discovery.
  - **Undue deduction** in the form of commission charges and market fees.
  - **Fragmentation of agri-market**
  - **Hindered private investment in agri-marketing -> Poor Infrastructure and low use of technology**
    - As according to APMC acts, only state governments could set up these Mandis.

- **To remove the above limitations, the central government has taken many steps:**
  1. **Model APMC Acts**
  2. **Bihar** has completely done away with APMC act and **Kerala** had never implemented it. **Maharashtra** is also trying to liberalize the state APMC law.
  3. Promotion of **e-NAM** by central government for promotion of unification of markets both at state and national level.
  4. Development primary markets / submarkets as **GrAMs** (Gramin Agriculture Markets) with improved infrastructure
  5. Creation of **Agri Market Infrastructure Fund (AMIF)** for development and upgradation of Gramin Agriculture Markets.

- **The three farm laws and their repeal** [2020 and 2021]
  1. **The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020 [FPTC]**
     - It sought to create an ecosystem where farmers and traders enjoy the freedom of choice to sale and purchase of farmer's produce. The law granted freedom to farmers and buyers to transact in agriculture commodities even outside APMC mandis ensuring

competitive alternative trading channels to promote efficient, transparent, and barrier free inter-state and intra-state trade.
- It also allowed electronic trading and abolished market fees, cess or levy.
- It allowed electronic trading and e-trading platform could be set up by companies, partnership firms, or registered companies.

2. **The Farmers' (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act [FAPAFS], 2020**
    - The act provided for national framework for contract farming which protects and empowers the farmers in their engagement with agri-business firms, whole sellers, processors etc.
    - The act regulated the farming agreement and ensured a guaranteed price and mechanism for determining the guaranteed price.
    - It had also established a well-defined, fast tracked, dispute settlement system with SDM as adjudication authority and DM as the appellate authority.

3. **the Essential Commodities (Amendment) Act, 2020 [ECA]**
    - It sought to remove commodities like cereals, pulses, oilseeds, edible oils, onion and potatoes from the list of essential commodities. The amendment was aimed at ending the era of frequent imposition of stock-holding limits except under extraordinary circumstances.
        - As per this law stock limit could be imposed only if there was huge prize fluctuations (100% price rise for horticulture crops or 50% increase in retail price on non-perishable agri-good).

- **Some committees/reports which had recommended similar changes in the APMC** system.
    - Expert Committee on Strengthening and Development of Agriculture Marketing - Chairman: **Shri Shakerlal Guru (**June 2011)
    - Report on Task Force on Employment Opportunities - Chairman: Shri **Montek Singh Ahluwalia** (2001)
    - Model Act on Agriculture Marketing Reforms - Chairman: Shri R.C.A Jain (July 2001)
    - Model Act on Agriculture Marketing (Sep 2003)
    - Serving Farmers and Saving Farmers - First Report - **National Commission on Farmers - Chairman: Dr. M.S. Swaminathan (2004)**
    - Final Report of Committee of State Ministers, in-charge of Agriculture Marketing to Promote Reforms
    - Budget 2017-18
    - **Standing Committee on Agriculture,** Ministry of Agriculture and Farmers Welfare : Agriculture Marketing and Role of Weekly Graamin Haats (2018-19)
    - **Several Economic Surveys**

- **Why farmers protested?**
    - **Doubts about MSP regime weakening** due to private markets and players
    - **Unregulated markets may be problematic for farmers.**

- **Lack of Focus on Marketing Infrastructure -> APMC Mandi infra may deteriorate** -> the changes may have resulted in gradual erosion of the quality of trading infrastructure as was seen in case of Bihar after APMC Act was repealed in 2006.
- **In Contract Farming** it had been seen that small and marginal farmers are generally on the losing side with highly one-sided contracts, delayed payments, undue rejections and outright cheating besides poor enforcement of contracts. Further, the adjudication of dispute was left in the hands of executive.

- There was a **gross communication failure** on the part of the Central government to explain to farmers what these laws are, and how they are intended to benefit them.

4) E-NAM

- **Introduction: e-NAM**
  - e-NAM is a pan India **electronic trading portal** for farm produce which creates a **unified national market** for agricultural commodities by i**ntegrating existing APMC markets** and other market yards. It was launched in **April 2016**.

  - The **Small Farmers' Agribusiness Consortium (SFAC)** acts as the leading implementing agency of e-NAM. It operates and mantains the platform with the help of a strategic partner, NFCL
  - This portal provides a **single window service** for all APMC related services and information, such as commodity arrivals and prices, provision of responding to trade offers, buy and sell trade offers, among other services.

  - Under e-NAM, the Government provides free software and one time assistance of Rs 75 lakh per mandi for computer hardware and IT infrastructure.
    - The hardware includes quality assaying equipment and creation of infrastructure for cleaning, grading, sorting, packaging and compost unit, etc.

- **Salient Features**
  - It provides for a **national e-market** platform for transparent sale transaction.
  - It **enables farmers to showcase their produce** through their nearby markets and **facilitate traders from anywhere to quote price**.
  - **Liberal licensing** of traders / buyers and commission agents by state authorities.
  - There are **no preconditions for physical presence** or possession of shop/premises in the market yard.
  - **One license** for the trader would be valid all across the country.
  - **Single point levy of the market fee**, i.e. on the first wholesale purchase from the farmer
  - **Harmonizing the quality standards of agricultural produce** and infrastructure for quality testing is made available in every market to enable informed bidding by buyers. At present, Common tradeable parameters have been developed in 25 commodities.
  - **States desirous to join** has to accordingly **enact suitable provisions in their APMC Act**.
    - The amendments include a single point levy of mandi fee, unified trade license valid across all mandis of the state, and provision for e-auction facilities.

- States can have their own electronic platform and can decide to link them to NAM.

Budget 2024-25: About E-NAM: There has been an integration of 1,361 mandis under e-nam, supporting trading volume of around 3 lakh crores.

5) GRAMIN AGRICULTURE MARKETS (GRAMS)

- **About GrAMs (According to Budget 2018-19)**
  - Existing 22,000 rural haats will be upgraded to **Gramin Agriculture Markets (GrAMs)**.
    - In these GrAMs physical infrastructure will be strengthened using MGNREGA and other government schemes.
    - These GrAMs will be electronically linked to e-NAM and exempted from regulations of APMCs. This will provide farmers with facilities to make direct sale to consumers and bulk purchasers.
    - An **Agri-Infrastructure Fund** with a corpus of Rs 2000 crore will be set up for developing and upgrading the agricultural market infrastructure in the 22000 Grameen Agricultural Markets (GrAMs) and 585 APMCs.
    - Prime Minister Gram Sadak Yojana Phase - III will ensure these GrAMs are connected to major link roads.

- **How will it benefit farmers?**
  - GrAMs will serve as multi-purpose platforms for assembly, aggregation and local retail; It will enable flow of market intelligence and thus better price realization for farmers; even small and marginal farmers will benefit from E-NAM; improved infrastructure;
  - Thus, GrAMs will provide systematic linkage access points to realize the vision of **Unified National Market** by bringing primary post production activities to farmers at village level.

6) AGRI-INFRASTRUCTURE FUND

- It is a central sector scheme which provide a medium to long term loans for investment in viable projects for **post-harvest management infrastructure and community farming assets**.
  - Loans to be disbursed for only 6 years (2020-21 to 2025-26)
  - Interest subvention and credit guarantee assistance will be given until 2032-33.

- **Intended beneficiaries:** Rs 1 lakh crore to be provided by banks and financial institutions to:
  - Primary Agriculture Credit Societies (PACS), Marketing Cooperatives Societies, FPOs, SHGs, Farmers, Joint Liability Groups, Agri-entrepreneurs, Startups, Central/State Agency or Local Body Sponsored PPP Projects.

- **Benefits**
  - **Interest subvention** of 3% per annum upto a limit of 2 crore. This subvention will be available for a max period of 7 years.
  - Further, **Credit Guarantee Coverage** will be available for eligible borrowers from this financing facility under Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) scheme for a loan of **upto Rs 2 crore**.

    - FPOs created under FPO promotion scheme of Department of Agriculture, Cooperation, & Farmer Welfare (DACFW) will also get Credit Guarantee
  - The Fee for this coverage will be paid by the government.
  - **Moratorium** for repayment under this financing facility may vary subject to minimum of 6 months and a maximum of 2 years.

- **The implication** of government will not be of more than Rs 5,000 crore in the form of Interest Subvention subsidies.
    Budget 2021-22 have announced that APMCs can get access to Agriculture Infrastructure Funds for augmenting Infrastructure Facilities.

7) KRISHI UDAN 2.0

- **Introduction**:
  - The **integration of Agriculture and aviation** is possible **in three ways**:
    - Evolutionary possible use of biofuel for aircraft in future
    - Use of drones in agriculture sector
    - Greater integration and value realization of agricultural products through schemes like Krishi UDAN. Krishi UDAN 2.0 is focused on this third way.

- **Agri-UDAN 2.0:**
  - Krishi UDAN 2.0 lays out a **vision** of **improving value realization** by optimizing and integrating agri-harvesting and **air transportation**. This would contribute to agri-value chain sustainability and resilience under different and dynamic conditions.
  - It is focused on facilitating and incentivizing movement of Agri-produce by air transportation.
  - It would be **implemented at 53 airports** across the country mostly focusing on NE, tribal regions and Hilly region and is likely to benefit farmers, agri forwarders and Airlines.
  - **A pilot version** would run for 6 months and later changes would be implemented as per the learning.
  - **Key Highlights:**
    - **Promoting movement of agri-produce by air transportation** -> Waiver of landing, parking and some other charges on selected airports of AAI.
    - **Strengthening Cargo related infrastructure** at airports and off airports: Focus is on developing a hub and spoke model and a freight grid. Airside transit and trans-shipment infrastructure will be created at Bagdogra and Guwahati airports, and at Leh, Srinagar, Nagpur, Nashik, Ranchi and Raipur as part of the focus on NER, Tribal and Hilly districts.
    - **Other Concessions** have been sought: States have been requested to reduce Sales Tax to 1% on ATF for freighters/ P2C aircraft as extended in UDAN flights.
    - **Resources-Pooling** have been planned. It includes collaboration with other government departments and regulatory bodies to provide incentives and concessions to enhance air-transportation of Agri-Produce.
    - **Technological Convergence:** Development of **E-KUSHAL** (Krishi UDAN for Sustainable Holistic Agri-Logistics) platform to promote information dissemination to all stakeholders. This will also help in coordination, evaluation and monitoring of the scheme. Furthermore, integration of E-Kaushal with e-NAM has also been proposed.
    - **The strategic selection of airports** is primarily focused on northeast region.

- Airports have been selected keeping in mind the whole country.

8. FOOD PROCESSING SECTOR – THE SUNRISE SECTOR

1. **Infrastructure Improvement**
   a. **Pradhan Mantri Kisan SAMPADA Yojana** (Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters) - a central sector scheme with an allocation of Rs 6,000 crore for the period 2016-20 for creation of modern infrastructure with efficient supply chain in the food processing sector.
      - It has **incorporated other schemes** related to food processing under it including Mega Food Parks, Integrated Cold Chain and Value Addition Infrastructure, Creation/Expansion of Food Processing/Preservation Capacities, Infrastructure for Agro-Processing Clusters, Creation of Backward and Forward Linkages, Food Safety and Quality Assurance Infrastructure, and Human Resource and Institutions.

   b. **Mega Food Park Scheme, 2008**
      - It focuses on establishing mega food clusters for creating major infrastructure facilities in India to add value and reduce wastage at each stage of the supply chain (from farm to market). MoFPI provides a assistance of 50% of the project cost (excluding land), subject to a maximum of Rs 50 crore.

   c. **Modernization of Abattoirs Scheme:**
      - Enhance processing and preservation capacities to improve quality and reduce wastage.

2. **Production Linked Incentive Scheme for Food Processing Sector** (PLISFPS)
   - A central sector scheme for implementation during 2021-22 to 2026-27 with an outlay of Rs 10,900 crore.
   - Aimed at increasing the production capacity and improved international branding for the Food Processing Sector in India.

3. **One of the priority sector** under **Make in India initiatives**

4. **Steps to ensure Credit Availability**
   a. The government has set up a **Special Fund of Rs 2,000 crore in NABARD to** make available affordable credit at concessional rate of interest to designated food parks and agro-processing units.
   b. Food and Agro Processing Units and Cold Chain infra have been brought under the ambit of **Priority Sector Lending**
   c. **Subsidized credit through** PM FME

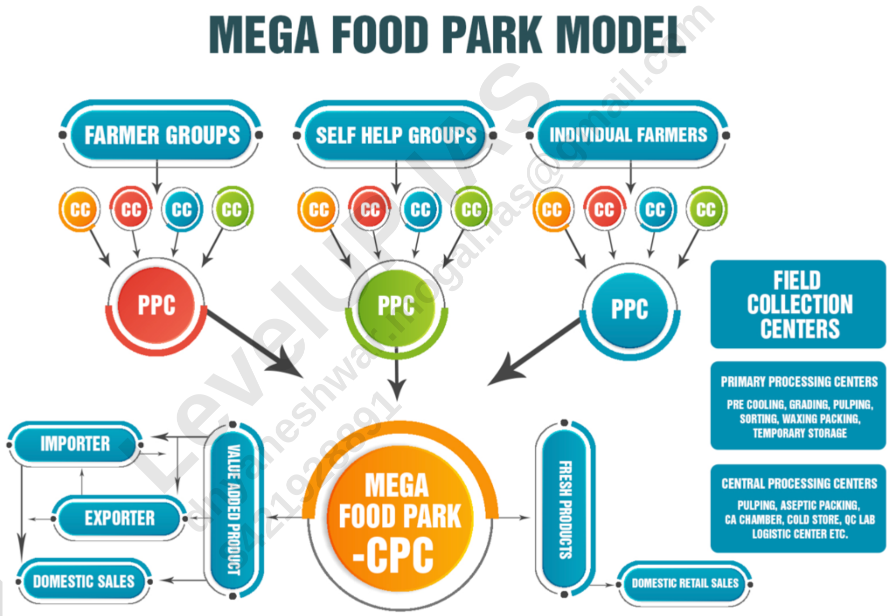
5. **Pradhan Mantri Formalization of Micro Food Processing Enterprise (PM FME)** provides **credit linked subsidies** to individuals/SHGs/FPOs etc. for food processing infra development. It also helps in development of common infrastructure like labs, warehouses etc.; support for marketing and branding; training; product development; packaging etc. it is based on **One District One Product (ODOP)** approach.

6. **Other steps for Attracting Investment in the sector:**
    - **100% FDI** is permitted under the automatic route for food processing sector.
        - **For e-commerce** in respect of food products manufactured and/or produced in India, 100% FDI through approval route is allowed.
    - **MoFPI**, GoI have signed MoU with Japan, Italy, Vietnam and Taiwan for promotion of investment in the Food Processing Sector. (July 2022)

8) MEGA FOOD PARK SCHEME

- **Ministry:** MoFPI
- This scheme is now a component of Pradhan Mantri Kisan Sampada Yojana (PMKSY).
- It focuses on **establishing mega food clusters** for creating major infrastructure facilities in India to add value and reduce wastage at each stage of the supply chain (from farm to market). MoFPI **provides a assistance of 50% [75% in NE and Hilly states] of the project cost** (excluding land), subject to a maximum of Rs 50 crore.

- The park is developed on **Hub and Spoke Model,** where Central Processing Centre acts as Hub and **PPCs** and **CCs** act as Spokes.
    - Facilities for **primary processing and storage** is created near the farm in the form of **Primary Processing Centre (PPC)** and **Collection Centre** (CC).
    - Common facilities and enabling infrastructure for providing **secondary and tertiary infrastructure and processing** services is created and **Central Processing Centre** (CPC).



- Under the scheme government has sanctioned setting up of **42 Mega Food Parks** in the country.
    - Of this final approval to 38 MFP have been given. Out of these, as of Aug 2021, 22 Mega Food Parks are operational.

- **Advantages**
    - Contributes to reduction of food wastage, increased income of farmers, better value addition etc.

- Gives boost to food processing sector (hence to export and employment opportunities) by creation of high quality infrastructure.
- Capacity building of producers and processors and creation of efficient supply chain along with significant direct and indirect employment generations.

9) PLISFPI (PRODUCTION LINKED INCENTIVE SCHEME FOR FOOD PROCESSING INDUSTRY)

- PLISFPI has been formulated based on the PLI Scheme for NITI Aayog under '**Aatmanirbhar Bharat Abhiyan for Enhancing India's Manufacturing Capabilities and Enhancing Exports**".
- It is a Central Sector Scheme for implementation during **2021-22 to 2026-27** with an outlay of Rs **10,900 crore**.
- **Objectives of the scheme:**
    - **Support FPIs** with stipulated minimum sales and willing to make minimum stipulated investments for expansion of processing capacity and branding abroad to incentivize emergence of strong Indian brands:
        - Support creation of Global Manufacturing Champions.
        - Strengthen select Indian Brand of food products for global visibility and wider acceptance in the international markets
        - Increase employment opportunities in off-farm jobs.
        - Ensuring remunerative prices of farm produce and higher income to farmers.

- MoFPI invited applications for availing sales based incentives and grants for undertaking Branding & Marketing activities abroad under the scheme from three categories of applicants:
    - **Category 1:** Applicants are large entities who apply for Incentives based on Sales and Investment Criteria. Applicant under this category could undertake branding & marketing activities abroad also and apply for grant under the scheme with a common application.
    - **Category 2**: SMEs applicants manufacturing innovative/ organic products who apply for PLI incentive based on sales.

    - **Category 3**: Applicants applying solely for grant for un**dertaking Branding & Marketing activities abroad**.

10) PM FORMALIZATION OF MICRO FOOD PROCESSING ENTERPRISES (PM FME)

- **Ministry**: MoFPI
- Launched in June 2020 as part of "AtmaNirbhar Bharat Abhiyan".
- It is a **centrally sponsored [60:40** (90:10 for SCS)**]** scheme which will be implemented over a period of five years 2020-21 to 2024-25 with an outlay of **Rs 10,000 crores**.

- The scheme is expected to benefit 2 lakh micro food processing units through credit linked subsidy.
- **Key Steps Planned:**
    - **Credit Linked Subsidy @35%** of the eligible project cost with a maximum ceiling of Rs. 10 lakh per unit would be provided **existing individual micro-food processing enterprises**.

- **Seed capital @Rs 40,000 per SHG** member would be provided for working capital and purchase of small tools.
- **FPOs/SHGs/ Producer Cooperatives** would be provided credit linked grant of 35% for capital investment along the value chain.
- **Support for development of Common infrastructure** - through **credit linked grant @35%** for development of common infrastructure including common processing facility, lab, warehouse, cold storage, packaging and incubation centre through FPOs/SHGs/ cooperatives or state owned agencies or private enterprises to use by micro units in the cluster.
- **Support for marketing and branding** would be provided to develop brands for micro units and groups with 50% grant at State or regional level which could benefit large number of micro units in clusters.
- **Special focus on Capacity Building and Research**
    - **NIFTEM** and **IIFPT**, the two academic institutions under MoFPI along with state level technical institutions selected by state would be provided support for training of units, product development, appropriate packaging and machinery for micro units.

- The scheme adopts **one district one product approach** (ODOP) to reap **benefit of scale** in terms of procurement of inputs, availing common services, and marketing of products.
    - The state will identify the food product for a district keeping in view the existing clusters and availability of raw material.
    - ODOP product could be cereal based, perishable or a food product widely produced in a district and their allied sector. E.g. mango, potato, litchi, bhujia, petha, papad, fisheries, poultry, meat, animal feed etc.
    - Preference would be given to ODOP product but other units would also be supported.
    - But support of common infrastructure, branding, marketing etc. would be available for ODOP only.
    - The scheme also places focus on **waste to wealth products**, **minor forest products** and **Aspirational districts**

9. PENDING TOPICS

- Agri-Exports
- Animal Husbandry, Fishery etc.