



# IAS PARLIAMENT

*Information is Empowering*

A Shankar IAS Academy Initiative

## **Pradhan Mantri Annadata Aay SanraksHan Abhiyan (PM-AASHA)**

### **Why in news?**

\n\n

The Centre recently launched the Pradhan Mantri Annadata Aay SanraksHan Abhiyan (PM-AASHA) to ensure better prices for farm produce.

\n\n

### **What is PM-AASHA?**

\n\n

\n

- The three schemes that are part of AASHA are:

\n

\n\n

\n

- i. the Price Support Scheme (PSS)

\n

- ii. the Price Deficiency Payment Scheme (PDPS)

\n

- iii. the Pilot of Private Procurement and Stockist Scheme (PPPS)

\n

\n\n

\n

- These three components will complement the existing schemes of the Department of Food and Public Distribution.

\n

- They relate to paddy, wheat and other cereals and coarse grains where procurement is at MSP now.

\n

- **PSS** - Under the PSS, physical procurement of pulses, oilseeds and copra will be done by Central Nodal Agencies.

- \n
- Besides, NAFED and Food Cooperation of India will also take up procurement of crops under PSS.
- \n
- The expenditure and losses due to procurement will be borne by the Centre.
- \n
- **PDPS** - Under the PDPS, the Centre proposes to cover all oilseeds.
- \n
- The difference between the MSP and actual selling/modal price will be directly paid into the farmer's bank account.
- \n
- Farmers who sell their crops in recognised mandis within the notified period can benefit from it.
- \n
- **PPSS** - In the case of oilseeds, States will have the option to roll out PPSSs in select districts.
- \n
- Under this, a private player can procure crops at MSP when market prices drop below MSP.
- \n
- The private player will then be compensated through a service charge up to a maximum of 15% of the MSP.
- \n

\n\n

## What is the need?

\n\n

- \n
- The reach of the current MSP procurement system is very poor both in terms of geography and the crops covered.
- \n
- Recently, the Centre announced a [hike in MSPs](#) for several Kharif crops.
- \n
- It said, it will pay farmers the cost of production (as determined by CACP) plus a 50% 'profit' while procuring.
- \n
- However, this works well only for paddy, wheat, and select cash crops where there is direct procurement by the industry.
- \n
- The government-driven procurement is almost nil in crops such as oilseeds, thereby defeating the purpose of MSPs.
- \n
- Besides, due to various other factors, there is increasing farmer unrest

across the country.

\n

- Prices of key agricultural commodities have fallen below their MSP (minimum support price).

\n

- The AASHA scheme thus tries to address the gaps in the MSP system and give better returns.

\n

- It also promises to plug the holes in the procurement system.

\n

\n\n

### **What are the possible benefits?**

\n\n

\n

- AASHA points to an innovative, MSP-plus approach to the problem of non-remunerative prices.

\n

- The different components would cover the gaps in the procurement and compensation mechanism for crops.

\n

- It will also help revive the rural economy by assuring better income to farmers.

\n

- With better prices across crops, the new scheme may ensure crop diversification and reduce the stress on soil and water.

\n

- In the current physical procurement, government agencies end up stock-piling foodgrains.

\n

- This results in incurring storage costs and significant wastage and leakages as well.

\n

- So if effectively implemented, the AASHA scheme will result in savings for the Centre.

\n

- As, there is no need for going through the hassle of physical procurement, storage and disposal.

\n

\n\n

### **What are the challenges and possible ways out?**

\n\n

\n

- **PDPS** - The experience of Madhya Pradesh which implemented the PDPS under the Bhavantar Bhugtan Yojana last year
- \n
- Ground level checks revealed that traders plotted with each other and depressed the prices at mandis.
- \n
- They forced farmers to sell at lower prices and pocketed the compensation from the government.
- \n
- Many small and marginal farmers are unable to sell their produce under the Bhavantar scheme.
- \n
- They face the double burden of lowered price and no compensation.
- \n
- So the key here will be the implementation as failure to create a system of checks and balances can derail them.
- \n
- **PSS** - The PSS would be easier to implement, with nodal agencies doing the procurement.
- \n
- However, providing funds would be a key challenge for the Centre.
- \n
- The state governments consider it financially burdensome.
- \n
- If all States apply to NAFED/FCI for procurement of oilseeds or pulses, the agencies will fall short of funds.
- \n
- The states may also find it hard to implement it from the current kharif marketing season, which begins soon.
- \n
- The Centre needs to figure out how to handle procurement and disposal efficiently.
- \n
- **PPSS** - The PPPS may work, but private procurers may be wary of the Centre's delayed payments.
- \n
- To ensure that AASHA works, the Centre first needs to break the trader lobbies at mandis.
- \n
- This could be done by widening the competition by inter-linking mandis.
- \n
- e-NAM promises to do so, but, States need to be proactive in undertaking

regulatory reforms.

\n

\n\n

\n\n

**Source: BusinessLine**

\n\n

\n\n

### **Quick Fact**

\n\n

### **NAFED**

\n\n

\n

- National Agricultural Cooperative marketing Federation of India (NAFED) was established in 1958.

\n

- It is registered under the multi state co-operative societies act.

\n

- Its objective is to promote co-operative marketing of agricultural produce to benefit the farmers.

\n

\n\n

### **FCI**

\n\n

\n

- The Food Corporation of India was set up under the Food Corporation's Act 1964, with the following objectives -

\n

\n\n

\n

- i. effective price support operations for safeguarding the interests of the farmers

\n

- ii. distribution of foodgrains throughout the country for public distribution system  
\n
- iii. maintaining satisfactory level of operational and buffer stocks of foodgrains to ensure National Food Security  
\n

\n



**IAS PARLIAMENT**

*Information is Empowering*

A Shankar IAS Academy Initiative