Food Corporation of India Directive – MSP Payment

Why in news?

Food Corporation of India's (FCI) Punjab office recently wrote to the director of food, civil supplies and consumer affairs seeking land records of farmers.

What is the FCI directive and why?

- The FCI has requested to share the data of land records.
- It was also asked to convey to the FCI office where to find them so that FCI shall verify land records of farmers during Rabi marketing season (RMS) 2021-22 with regard to FCI's own purchase.
- The purpose is to make direct online payment of Minimum Support Price (MSP) to the land owners' bank accounts from the upcoming RMS.
- The issue of direct payment to farmers' accounts is something the Centre has been mulling for the past couple of years.
- The aim is to remove middlemen from the process.

How many land owners are there in Punjab?

- There are around 10.93 lakh operational land holdings in Punjab as per the agricultural census 2015-16.
- But this does not mean that the number of agricultural land owners is also the same.
- The number of owners are more because in several cases, a single piece of land has many shareholders.
- According to records, there are around 16 lakh farmer land owners in Punjab and around 9.50 lakh cultivators.

What is the problem with providing land records?

- There is no hindrance in providing land records.
- The main problem is that all the 16 lakh farm land owners are not cultivating their respective lands.
- According to the Punjab Land Revenue Act, the owner of the land is mentioned as khud kashtkar (self-cultivator) whether the person is cultivating that land or not.
- In that case, providing the owners' bank accounts would not serve the purpose of making MSP payment.

- The MSP should technically go to the real cultivators of the land.
- Around 45-50% owners have given their lands on lease and are charging annual rent for that.
- The actual cultivators do not own that land while doing farming on it for decades.

What is the current practice?

- Currently, arhtiyas (commission agents) get the payments in their accounts, which they in turn pay to farmers through cheques.
- The Centre has to pay 2.5% commission to arhtiyas who facilitate procurement of the crop from farmers to government agencies.
- In this system, farmers get payment through their landlord who may not be residing in the local area.
- There is hardly anything in written in majority of land leasing cases.
- The name of the cultivator is hardly mentioned anywhere as everything goes on in good faith.
- Both landless farmers, and small and marginal farmers also take land on rent for cultivation.

What will the implication of the new proposal be?

- Earlier too, this category (cultivators or landless) of farmers was deprived of benefits of several government schemes such as subsidies and direct benefit transfers.
- The cultivators do not receive these benefits or it is delayed by a year, as farmer owners do not pass it on to the cultivators.
- The same is likely to happen now for MSPs too.
- The actual cultivators may not get the MSP against sold crop as the money will go into the land owner account.
- There are no mechanisms in place to ensure that the cultivator would get his/her money on time from the land owner.
- Sometimes a cultivator takes land on lease from multiple landlords.
- This would further complicate the matter and he/she will be dependent on the owner of the land for payment of the MSP.
- Going by the land owners record will thus create inefficiency in the marketing process and will hit the income of the actual cultivators.
- Such measures of the government are only seen as attempts to run away from procurement in a phased manner.

How can this be addressed?

- The government can calculate the total land under the crop in the state.

    - For the past several years, the land under wheat is more or less the same and there is also not much difference in the productivity.
- The government can then make the payment to the state government, which will further make it to the farmers/cultivators.
- The government should make a law to safeguard the interests of both cultivator and land owner.
- It should also mention the name of cultivators in some records.

Source: The Indian Express

