Pradhan Mantri Annadata Aay SanraksHan Abhiyan (PM-AASHA)

Why in news?

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

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What is PM-AASHA?

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- The three schemes that are part of AASHA are:
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i. the Price Support Scheme (PSS)
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ii. the Price Deficiency Payment Scheme (PDPS)
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iii. the Pilot of Private Procurement and Stockist Scheme (PPPS)
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- These three components will complement the existing schemes of the Department of Food and Public Distribution.
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- They relate to paddy, wheat and other cereals and coarse grains where procurement is at MSP now.
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- **PSS** - Under the PSS, physical procurement of pulses, oilseeds and copra will be done by Central Nodal Agencies.
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- Besides, NAFED and Food Cooperation of India will also take up procurement of crops under PSS.

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

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

(minimum support price).
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- The AASHA scheme thus tries to address the gaps in the MSP system and give better returns.
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- It also promises to plug the holes in the procurement system.
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What are the possible benefits?

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- AASHA points to an innovative, MSP-plus approach to the problem of non-remunerative prices.
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- The different components would cover the gaps in the procurement and compensation mechanism for crops.
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- It will also help revive the rural economy by assuring better income to farmers.
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- With better prices across crops, the new scheme may ensure crop diversification and reduce the stress on soil and water.
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- In the current physical procurement, government agencies end up stock-piling foodgrains.
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- This results in incurring storage costs and significant wastage and leakages as well.
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- So if effectively implemented, the AASHA scheme will result in savings for the Centre.
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- As, there is no need for going through the hassle of physical procurement, storage and disposal.
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What are the challenges and possible ways out?

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- **PDPS** - The experience of Madhya Pradesh which implemented the PDPS

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

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Quick Fact

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NAFED

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- National Agricultural Cooperative marketing Federation of India (NAFED) was established in 1958.
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- It is registered under the multi state co-operative societies act.
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- Its objective is to promote co-operative marketing of agricultural produce to benefit the farmers.
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FCI

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- The Food Corporation of India was set up under the Food Corporation's Act 1964, with the following objectives -
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i. effective price support operations for safeguarding the interests of the farmers
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ii. distribution of foodgrains throughout the country for public distribution system
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iii. maintaining satisfactory level of operational and buffer stocks of foodgrains

to ensure National Food Security
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