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BUDGET
2020



Agricultural Production and Market Outlook

The Rising Agriculture....

Formation and Promotion of Farmer Producer Organizations (FPOs) to form and promote 10,000 new FPOs



The report of 'Doubling of Farmer's Income (DFI)' has emphasized this fact and recommended formation of 7,000 FPOs by 2022 towards convergence of efforts for doubling the farmers' income. In the Union Budget 2019-20, Government has announced creation of 10,000 new FPOs to ensure economies of scale for farmers over the next five years, for which a dedicated supporting and holistic scheme as Central Sector Scheme is proposed for targeted development of FPOs and its sustainability. Small and marginal farmers do not have economic strength to apply production technology, services and marketing including value addition. Through formation of FPOs, farmers will have better collective strength for better access to quality input, technology, credit and better marketing access through economies of scale for better realization of income.

Brief of the Scheme:

- A new Central Sector Scheme titled "Formation and Promotion of Farmer Produce Organizations (FPOs)" to form and promote 10,000 new FPOs with a total budgetary provision of Rs. 4496.00 crore for five years (2019-

- 20 to 2023-24) with a further committed liability of Rs. 2369.00 crore for period from 2024-25 to 2027-28 towards handholding of each FPO for five years from its aggregation and formation.
- Initially there will be three implementing Agencies to form and promote FPOs, namely Small Farmers Agri-business Consortium (SFAC), National Cooperative Development Corporation (NCDC) and National Bank for Agriculture and Rural Development (NABARD). States may also, if so desire, nominate their Implementing Agency in consultation with DAC&FW.
 - DAC&FW will allocate Cluster/States to Implementing Agencies which in turn will form the Cluster Based Business Organization in the States.
 - FPOs will be formed and promoted through Cluster Based Business Organizations (CBBOs) engaged at the State/Cluster level by implementing agencies. The CBBOs will have five categories of specialists from the domain of Crop husbandry, Agri marketing / Value addition and processing, Social mobilisation, Law & Accounts and IT/MIS. These CBBOs will be platform for an end to end knowledge for all issues in FPO promotion.
 - There will be a National Project Management Agency (NPMA) at SFAC for providing overall project guidance, data compilation and maintenance through integrated portal and Information management and monitoring.
 - Initially the minimum number of members in FPO will be 300 in plain area and 100 in North East & hilly areas. However, DAC&FW may revise the minimum number of membership based on experience/need with approval of Union Agriculture Minister.
 - Priority will be given for formation of FPOs in aspirational districts in the country with at least one FPO in each block of aspirational districts.
 - FPOs will be promoted under "One District One Product" cluster to promote specialization and better processing, marketing, branding & export by FPOs.
 - There will be a provision of Equity Grant for strengthening equity base of FPOs.
 - There will be a Credit Guarantee Fund of up to Rs. 1,000.00 crore in NABARD with equal contribution by DAC&FW and NABARD and Credit Guarantee Fund of Rs.500.00 crore in NCDC with equal contribution by DAC&FW and NCDC for providing suitable credit guarantee cover to accelerate flow of institutional credit to FPOs by minimizing the risk of financial institutions for granting loan to FPOs.
 - States/UTs will be allowed to avail loan at prescribed concessional rate of interest under Agri-Market Infrastructure Fund (AMIF) approved for set up in NABARD for developing agriculture marketing and allied infrastructure in GrAMs, by making marketing & allied infrastructure including Common Facilitation Centre / Custom Hiring Centre for FPOs as eligible category for providing assistance to States/UTs.
 - Adequate training and handholding will be provided to FPOs. CBBOs will provide initial training. Professional training of CEO / Board of Directors / Accountant of FPOs will be provided in organizational training, resource planning, Accounting / management, marketing, processing etc in reputed National / Regional training Institutes.

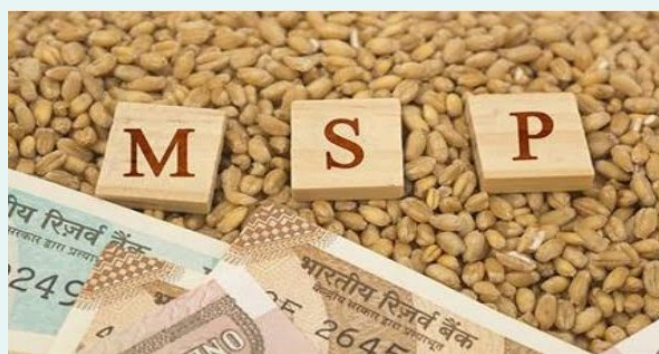
Area Covered under Micro Irrigation



Per Drop More Crop component of Pradhan Mantri Krishi Sinchayee Yojana (PMKSY-PDMC) is operational in the country from 2015-16. The PMKSY- PDMC focuses on enhancing water use efficiency at farm level through Micro Irrigation viz.

Drip and Sprinkler irrigation. The Government provides financial assistance @ 55% for small and marginal farmers and @ 45% for other farmers for installation of Drip and Sprinkler Irrigation systems. In addition, some States provide additional incentives/top up subsidy for encouraging farmers to adopt Micro Irrigation. Wide publicity through press & print media, publication of leaflets/booklets, organization of workshops, exhibitions, farmer fairs, information on State/Government of India web portals etc. is being done. Demonstrations have been setup in 160 KrishiVigyanKendras (KVKs) for educating the farmers. 42.15 lakh ha (Drip 22.81 lakh ha & Sprinkler 19.34 lakh ha) has been covered under PMKSY-PDMC since 2015-16 till date.

Minimum Support Price



Commission for Agricultural Costs and Prices (CACAP) uses crop-wise, state-wise cost estimates provided by the Directorate of Economics & Statistics (DES), DAC&FW compiled under 'Comprehensive Scheme (CS) for Studying the Cost of Cultivation (CoC) of Principal Crops in India'. Since CS data is generally available with a time lag of two to three years given the imperative of recommending pricing policy for ensuing season, cost estimates need to be projected for the crop season under consideration. Based on CS data, the Commission projects crop-wise, State-wise CoC of mandated crops for the subsequent season. Composite Input Price Indices (CIPIs) based on latest prices of major inputs like human labour, bullock labour, machine labour, fertilizers, manures, seeds, pesticides and irrigation is constructed, costs of interest on working capital, miscellaneous charges, rental value of owned land, rent paid for leased-in land, land revenue, taxes & cesses, depreciation on implements & farm buildings and

interest on fixed capital are also included in the cost.

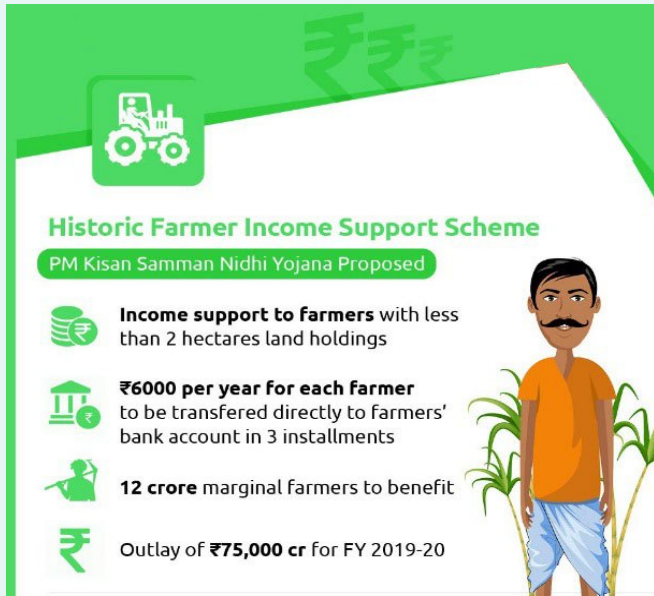
Based on the latest data available from different sources like Labour Bureau, Ministry of Labour and Employment, State Governments and Office of Economic Adviser, Ministry of Commerce and Industry and CIPIs thus constructed, the Commission projects crop-wise, State-wise cost of production (CoP) A2, A2+FL and C2, from these projected CoCs using projected yield. Subsequently, all-India estimates of CoP A2, A2+FL, C2 are derived based on crop-wise, State-wise projected CoPs and their production shares. These projected all-India estimates of CoP are considered by the Commission while formulating national level price policy recommendations & MSP.

The procurement policy of Government of India (GOI) is open ended, under which paddy and wheat offered by farmers all over the country within the stipulated period (conforming to specifications prescribed in advance by GOI) are purchased for Central Pool at Minimum Support Price (MSP) by Food Corporation of India (FCI)/State Governments/State Government Agencies to help farmers get remunerative price and prevent distress cell. However, if any producer/farmer gets better price in comparison to MSP, he/she is free to sell his/her produce in open market. Coarse grains are procured at MSP by State Government as per the procurement plan prepared in consultation with FCI and approved by the Central Government.

A Price Support Scheme (PSS) for procurement of oilseeds, pulses and cotton is implemented by DAC&FW through Central Nodal Agencies at the Minimum Support Price (MSP) declared by the Government subject to certain conditions being met by the State Governments. Losses, if any, are reimbursed by the Government of India to the Central Nodal Agencies. Market Intervention Scheme (MIS) is implemented to protect the growers of crops not covered under MSP scheme from making distress sale.

PM-KISAN Scheme

To enable universal access to Concessional Institutional credit, Government of India has initiated a drive in Mission Mode for saturating all PM-KISAN beneficiaries with Kisan Credit Card



(KCC). This will help all such farmers to get short term loan for crop & animal/fish rearing at a maximum interest of 4% on timely repayment. This drive has started from 10th February, 2020 and will be carried out for a period of 15 days. All the State/UT Govts, MDs of all banks and Chairman NABARD, detailing the procedure to be followed for coverage of PM-KISAN beneficiaries under KCC.

State/UT Governments and banks have been advised to prepare a list of all PM-KISAN beneficiaries who do not have KCC and approach them through line departments of the State/UT Government including Departments of Agriculture, Animal husbandry, Panchayat & Rural Development and Panchayat Secretaries. Bank Sakhis under the NRLM scheme would also be used for motivating PM KISAN beneficiaries to visit the concerned bank branches for the purpose.

As the KCC along with benefit of Interest Subvention has now been extended to animal husbandry and fisheries farmers also, State/UT Governments have also been requested to focus on

such farmers and facilitate sanction of additional credit limit/issue fresh KCC to them.

To ensure ease of application the following steps have been taken -

- A simple one page form has been developed such that the basic data would be obtained from the bank's record under PM KISAN and only a copy of the land record along with details of crop sown would need to be filled in.
- The one page form shall be available along with an advertisement being published in all leading newspapers across the country and the same can be cut and filled by the beneficiaries.
- The form can also be downloaded from websites of all Scheduled Commercial Banks (SCBs) as well as website of Department of Agriculture, Cooperation & Farmers Welfare, Govt. of India (www.agricoop.gov.in) and PM-KISAN portal (www.pmkisan.gov.in).
- Common Service Centres (CSC) have also been authorised to fill up the form and transmit the same to the concerned bank branches.

Progress of this drive will be monitored on a daily basis by the State/UT Govt. Activities under Saturation drive in a district would be led by the District Collector with full support of the Lead District Manager and DDM, NABARD.

In addition to the KCC, with a view to provide social security to the PM KISAN beneficiaries, eligible farmers will also be enrolled for the Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Pradhan Mantri Jeevan Jyoti Beema Yojana (PMJJBY), after obtaining their consent. These schemes provide accident insurance and life insurance, at a premium of Rs.12/- and Rs.330/- respectively for an insured value of Rs.2 lakh in each case.

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