

# ECONOMIC SURVEY OF INDIA

## CHAPTER 8: AGRICULTURE AND FOOD MANAGEMENT

### LECTURE-7

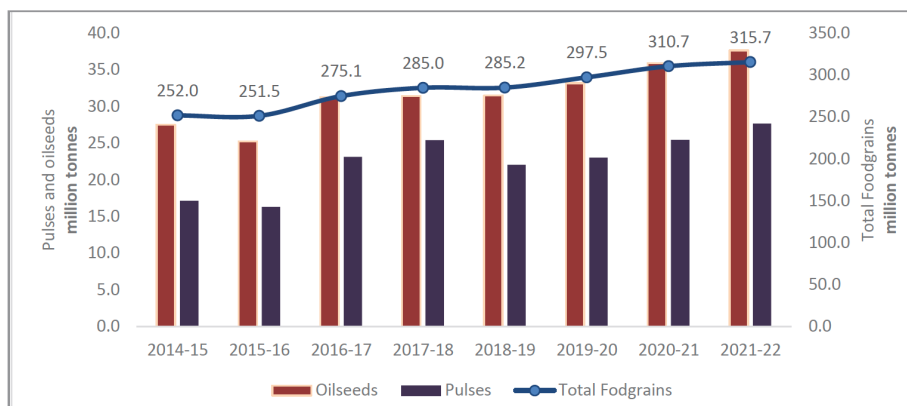
#### 1. TABLE OF CONTENTS

|    |   |   |
|----|---|---|
| 1. | <i>Table of Contents.....</i>   | 0 |
| 2. | <i>Production.....</i>  | 1 |
| 3. | <i>MSP to Ensure returns over the Cost of Production .....</i>                            | 1 |
| 4. | <i>Enhanced Access to Agriculture Credit .....</i>  | 1 |
| 1) | <i>Kisan Credit Card Scheme .....</i>   | 1 |
| 2) | <i>Modified Interest Subvention Scheme .....</i>  | 2 |
| 5. | <i>Farm Mechanization: Key to Improving Productivity.....</i>                             | 2 |
| 1) | <i>Schemes for Agriculture Mechanization.....</i>   | 2 |
| a) | <i>Sub-Mission on Agriculture Mechanization (SMAM).....</i>                               | 2 |
| 6. | <i>Chemical Free India: Organic and Natural Farming .....</i>                             | 2 |
| 1) | <i>Paramparagat Krishi Vikas Yojana (PKVY) .....</i>                                      | 3 |
| a) | <i>Bhartiya Prakritik Krishi Padhati (BPKP) .....</i>                                     | 3 |
| 2) | <i>Mission Organic Value Chain Development for NORTHEASTERN Region (MoVCD – NER).....</i> | 3 |
| 7. | <i>Other Important Initiatives in Agriculture Sector .....</i>                            | 3 |
| 1) | <i>PM-KISAN (Pradhan Mantri Kisan Samman Nidhi).....</i>                                  | 3 |
| 2) | <i>Agriculture Infrastructure Fund (AIF) .....</i>  | 4 |
| 3) | <i>Pradhan Mantri Fasal Bima Yojana (PMFBY) .....</i>                                     | 5 |
| 8. | <i>Progress on India's Climate Action .....</i>   | 9 |

## 2. PRODUCTION

- As per fourth advanced estimate for 2021-22, the production of food grains and oil seeds has been increasing Year-on-Year (YoY).
  - **Production of pulses** has also been notably higher than the average 23.8 million tonnes in the last five years.

**Figure VIII.4: Sustained increase in Foodgrains Production in India (Million Tonnes)**



Source: 1st Advance Estimates (2022-23) of DA&FW released dated 21.09.2022.

- **Note:**
  - **Changing climate** has been impacting agriculture adversely.
  - They year 2022 witnessed an early heat wave during the wheat-harvesting season, adversely affecting the production.
  - The year 2022 also saw a decline in the sown area of the paddy due to delayed Monsoon. It was **3.8 lakh hectares less** than the sown area of 411.2 lakh hectare during 2021-22 (Kharif Season)

## 3. MSP TO ENSURE RETURNS OVER THE COST OF PRODUCTION

- After the 2018-19 budget announcement, 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.

## 4. ENHANCED ACCESS TO AGRICULTURE CREDIT

- **Spectacular growth in agri-credit:**
  - Agriculture credit as a percentage of Agriculture GDP increased from two percent in 1970s to 47% by 2019-20, portraying significant progress made in lending to agriculture.
- **Government beats agri-loan targets** almost every year.
  - In 2021-22 also, it was about 13% more than the target of Rs 16.5 lakh crores.
    - The target for 2022-23 has been fixed at Rs 18.5 lakh crore
    - The target for 2023-24, in the latest budget has been fixed at Rs 20 lakh crore with focus on animal husbandry, dairy, fisheries.

### 1) KISAN CREDIT CARD SCHEME

- Introduced in 1998, the KCC scheme is aimed at providing adequate and timely short term credit needs for farmers.
  - As of 30 Dec 2022, banks issued KCC to 3.89 crore eligible farmers with a KCC limit of Rs 4.5 lakh crore.
- KCC facility has also been extended to fishery and animal husbandry farmers in 2018-19. Therefore, the number of such cards in the fisheries and animal husbandry sector has also grown.
  - As of Oct 2022, 1.0 lakh KCCs have been sanctioned for the fishery sector and 9.5 lakh for the animal husbandry sector.

## 2) MODIFIED INTEREST SUBVENTION SCHEME

- The scheme is operational since 2006-07 and has now been renamed to Modified Interest Subvention Scheme (MISS).
- In this scheme, **short term agriculture credit upto Rs 3 lakh** is available at subsidized interest rate of 7% per annum to farmers engaged in Agriculture and other allied activities - including animal husbandry, dairying, poultry, fisheries etc.
  - An **additional 3% subvention** (Prompt repayment incentive) is also given to farmers for prompt and timely repayment of loans. Thus, if farmer repays his loan on time, he gets credit at 4% per annum.

## 5. FARM MECHANIZATION: KEY TO IMPROVING PRODUCTIVITY

- **Introduction**
  - Farm/Agri mechanization is the process of replacing human and animal labour with machines in agriculture sector. The use of tractors, threshers, harvesters, pump sets etc. are all steps towards farm mechanization.
- **Advantages of Farm Mechanization**- Increased Productivity - Reduced time and labor - Reduced Cost - Increased soil fertility - reduced water use - Reduced post-harvest losses - no labor bottlenecks - create skilled jobs - Overall increased income for farmers;
- **Other reasons why farm mechanization should be promoted** - Future shortage of workforce; making our agri-exports more competitive; Boost to India's power sector
- **Some Limitations/disadvantages of farm mechanizations** -> Reduced employment; More energy use (fossil fuels -> GHGs -> Climate Change)

## 1) SCHEMES FOR AGRICULTURE MECHANIZATION

### A) SUB-MISSION ON AGRICULTURE MECHANIZATION (SMAM)

- **Launched in 2014-15**
- **Ministry: MoA&FW**
- **Objective:** To promote agricultural mechanization among small and marginal farmers.
- **Under the scheme, assistance is provided to state governments to:**
  - Impart training and demonstration of agriculture machinery.
  - Aid farmers for procurement of various agri-machineries and equipment and.
  - For setting up of Custom Hiring Centers.
- **Progress:**
  - As of Dec 2022, 21628 CHCs and 467 Hi-tech hubs and 18306 farm machinery banks have been established.

## 6. CHEMICAL FREE INDIA: ORGANIC AND NATURAL FARMING

- As per **ESI 2022-23**, India has **44.3 lakh organic farmers**, the highest in the world, and about 59.1 lakh ha area was brought under organic farming by 2021-22.
- **Area wise** Madhya Pradesh has the highest area under organic farming in India, followed by MHA and RAJ.
- **Sikkim** voluntarily adopted going organic, and the process of getting total cultivable land of 58,168 hectares under organic farming commenced at ground level in 2010.
  - It has become the first state in the world to become fully organic.
- **States** like Tripura and Uttarakhand have also set up similar targets.

## 1) PARAMPARAGAT KRISHI VIKAS YOJANA (PKVY)

### - Introduction

- PKVY has been launched by GoI to support and promote organic farming and thereby improving soil health.
- Encourage farmers to adopt eco-friendly concept of cultivation and reduce their dependence on fertilizers and agricultural chemicals to improve yield.

### - Clustered Approach: The PKVY supports organic farming via cluster approach.

- 50 or more farmers form a cluster having 50 acre land to take organic farming.
- Each farmer would be provided 20,000 Rs per acre in three years for seed to harvesting crops and to transport them to market.
  - Out of this 61% is provided directly through DBT for inputs bio fertilizers, bio-pesticides, organic manure, compost, vermi-compost, botanical extracts etc.

## A) BHARTIYA PRAKRITIK KRISHI PADHATI (BPKP)

- BPKP is introduced as a sub-scheme of Paramparagat Krishi Vikas Yojna (PKVY) since 2020-21 for the promotion of **traditional indigenous practices** for encouraging all forms of ecological farming, including zero-budget natural farming.
  - The scheme focuses upon capacity building, training, handholding, and on-field demonstration of natural farming through champion farmers.
- The scheme mostly emphasizes on exclusion of all synthetic chemical inputs and promotes on-farm biomass recycling with major stress on Biomass mulching; use of cow-dung formulations; plant-based preparations and time to time working of soil for aeration.
- Under BPKP, financial assistance of Rs 12,200/ha is provided for 3 years for cluster formation, capacity building and continuous handholding by trained personnel, certification and residue analysis.
- So far, 4.09 lakh ha of land have been brought under natural farming in 8 states.

## 2) MISSION ORGANIC VALUE CHAIN DEVELOPMENT FOR NORTHEASTERN REGION (MOVCD – NER)

- It is a central sector scheme and a submission under National Mission for Sustainable Agriculture. It was launched by MoA&FW in the north-eastern states (including Sikkim) in 2015.
- Farmers are given assistance of Rs 25,000/ha/3 years for, organic inputs including organic manure and bio-fertilizers etc.
- The scheme also provides an end-to-end support to the farmers from farm to fork including quality production, effective postharvest management, value addition through processing and direct marketing linkages to national and international markets.
- It is also aimed at developing certified organic products.
- **Impact:**
  - During last five years, the scheme has covered 74,880 ha area.
  - Government now targets 1.0 lakh ha area under 200 new FPOs over a period of 3-year period. (2021-2024)
- **Note:** North-eastern region is not part of PKVY, since a dedicated scheme, MOVCD-NER was launched.

## 7. OTHER IMPORTANT INITIATIVES IN AGRICULTURE SECTOR

### 1) PM-KISAN (PRADHAN MANTRI KISAN SAMMAN NIDHI)

- **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 11.3 crore farmers were covered under the scheme in its April-
  - So far, it has provided an assistance of Rs 2 lakh crore.

## 2) AGRICULTURE INFRASTRUCTURE FUND (AIF)

- 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.

### 3) PRADHAN MANTRI FASAL BIMA YOJANA (PMFBY)

- **Introduction**
  - In a bid to protect farmers against losses incurred because of frequent changes in weather patterns, the PMFBY was launched in Feb 2016 and was implemented from Kharif 2016 (June 2016). It replaced the NAIS and MNAIS. However, WBCIS and Coconut Palm Insurance Scheme have continued to operate. Premium paid under WBCIS has been brought on par with PMFBY
- **Key Improvements:**
  - **Higher losses coverage** (pre harvest to post harvest losses)
    - Provision of claims upto 25% of sum insured for prevented sowing.
    - It covers post-harvest losses also.
    - It expands the definition of disaster to include aspects like flooding of crops and damage after harvest.
      - Provision of individual farm level assessment for Post-harvest losses against the cyclonic & unseasonal rains for the crops kept in the field for drying upto a period of 14 days, throughout the country.
  - **Full Coverage:** No upper limit on government subsidy -> Doesn't cap premium rates, so that farmers can get full sum assured.
  - **Uniform low premium rates for farmers**
    -

| Crop                                     | Premium charged     |
|--|---------------------|
| Kharif                                   | 2.0% of sum assured |
| Rabi                                     | 1.5% of sum assured |
| Annual Commercial and horticulture crops | 5% of sum assured   |
  - **Uniformity in implementation:** Districts are allotted to insurance companies on cluster basis for a longer duration to ensure uniformity in implementation of the scheme.
  - **'Area Approach Basis' and 'Individual Insured farm'**
    - The scheme is implemented on an 'Area approach basis'.
      - Admissible claims are worked out and paid directly to the insured farmer's account by the insurance companies on the yield data based on the requisite number of CCE's per unit area furnished to the concerned insurance company.
    - **Individual Insured Farm approach:**
      - Losses due to localized calamities like hailstorms, landslides, inundations etc. are calculated on an individual-insured farm basis.
  - **Subsidy shared between center and state:**
  - **Provisions for quick settlement of claims**
    - **Note:** Operational guidelines under PMFBY require state governments to carry out at least four CCEs in every village panchayat for every notified crop and submitted the



yield data to insurance companies within a month of the date of harvest. The companies have to settle the claims within three weeks of receiving CCE data.

- **Increased Use of Technology:** The use of technology will be promoted to greatest extent possible. Remote sensing, smart phones and drones will be used for quick estimation of the crop losses and early settlement of claims.
- The scheme is implemented through **empaneled general insurance companies**.
- The Scheme covers all Food & Oilseed crops and Annual/Horticulture Crops for which past yield data is available and for which requisite number of CCEs are being conducted under the General Crop Estimation Survey.
- **The scheme PMFBY and Restructured Weather Based Crop Insurance Scheme were made voluntary for all farmers**, post its revamp in Feb 2020.
  - Further, the states have been provided flexibility to rationalize the sum insured so that adequate benefits can be availed by farmers.
- **Revamping of Scheme in 2020** to bring in following features:
  - **Voluntary participation** for all farmers
  - Selection of insurance companies by farmers for three years in a go.
- **Other steps to improve the implementation of schemes:**
  - **National Crop Insurance Portal** has been developed to handle all grievances from end to end. This portal is equipped with the necessary features, such as complaint/Query capturing through multiple modes, farmer authentication etc.
  - A provision of Stratified Redressal Mechanism, viz., District Level Grievance Redressal Committee (DGRC), State Level Redressal Committee (SGRC) has been made.
- **The scheme wants to support sustainable production of Agriculture sector by way of** financial support; stabilizing income; promoting adoption of innovative and modern practices; ensuring flow of credit to agri-sector.
- **Progress So far:**
  - As per ESI 2022-23, **PMFBY is the largest crop insurance scheme** in the world in terms of farmer enrolments, averaging 5.5 crore applications every year and the third largest in terms of premium received.
  - During the last six years of its implementation, farmers paid a premium of Rs 25,186 crore and received claim accounting to Rs 1.2 lakh crore (as of Oct 2022)
  - The acceptability of the scheme among farmers can be ascertained from the fact that the share of non-loanee, marginalized, and small farmers have increased by 282% since the scheme's inception in 2016.

#### 4) MISSION FOR INTEGRATED DEVELOPMENT OF HORTICULTURE (MIDH)

- All erstwhile schemes (National Horticulture Mission (NHM), Horticulture Mission for North East and Himalayas (HMNEH), National Horticulture Board [NHB], Coconut Development Board [CDB], Central Institute for Horticulture, and National Bamboo Mission [NBM]) have been **subsumed under MIDH during the 12th Plan**.
- MIDH was introduced in 2014-15.
  - The interventions include introducing improved varieties and quality seeds, incentives for plantation crops, cluster development, and post-harvest management.
  - According to third advance estimates (2021-22), a record production of 342.3 million tonnes in an area of 28.0 million hectares was achieved.
  - The government has identified **55 horticulture clusters**, of which 12 have been selected for the Cluster Development Programme (CDP) pilot phase. This programme is designed to leverage the geographical specialisation of horticulture clusters and promote integrated and market-led development of pre-production, production and post-harvest activities, including the entire supply chain

## 5) E-NAM (NATIONAL AGRICULTURE MARKET)

### - 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 integrating 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 maintains 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.

### - Progress as of Dec 2022

- 1260 mandis of 22 states and 3 UTs have been integrated on the e-NAM Platform.
  - Further, more than 1.73 crore farmers and more than 2.26 lakh traders have been registered on e-NAM platform.
- Trading parameters of 193 agricultural and horticulture commodities such as cereals, pulses, oilseeds, fruits and vegetables, spices, flowers and fiber crops have been provided.
- **FPO trading module** has been launched whereby FPOs can trade their produce from their collection center/premise without bringing the produce to APMC.
- Warehouse based trading modules are provided in e-NAM to facilitate trade from warehouse based on e-NWR
- E-NAM portal has been made interoperable with Rashtriya e-Market Services Private Limited (ReMS) platform of Karnataka Government.
- **In July 2022**, MoA&FW have launched the **Platform of Platforms (PoP)** under e-NAM intended to promote trade and marketing of agricultural produce wherein farmers will be facilitated to sell the produce outside their state borders. PoP would increase farmers' digital access to multiple markets, buyers, and service providers and bring transparency in business transactions with the aim of improving price search mechanism and quality commensurate price rationalization. So, far **41 service providers**



from different platforms are covered under POP that facilitate various value chain services like trading, quality checks, warehousing, fintech, market information, transportation etc.

- **Advantages**

▫ **For Buyers/ Traders**

- Source commodity from any mandi.
  - Physical presence and dependence on intermediaries not required, thereby reducing the intermediation cost
- Local traders can get large national market for secondary trading.
- **Bulk buyers** have specifically benefitted as they are now able to participate and procure directly at the local Mandi level through e-NAM platform, thereby reducing their intermediation costs.

▫ **Farmers**

- Open price discovery and better returns to farmers as there is no state or national price.
- Farmers get more options for selling their produce.

▫ **Consumers**

- Increase number of traders and thus competition would increase. This would lead to lower and stable prices.

▫ **Mandis**

- There will be reduction in book keeping and reporting system as it will be generated automatically.
- Monitoring and regulation of traders and commission agents becomes easy.
- Transparency in the process eliminates the scope of manipulation of tendering/auctioning process.
- Market allocation fee will increase due to accounting of all transactions taking place in the market.
- It will reduce the manpower requirements as the tendering/auctioning process is carried out electronically.
  - For instance, the system declares the winner of lots within few seconds.
- It eliminates information asymmetry as all the of an APMC can be known directly from the website

## 8. INTERNATIONAL YEAR OF MILLETS: OUR TRADITIONAL STAPLE AND A HEALTHIER ALTERNATIVE

- The United Nations General Assembly, in its 75th session during March 2021, declared **2023 the International Year of Millets (IYM)**.
- Millets are **Smart Food with high nutritional value**, are climate resilient, and align with several UN Sustainable Development Goals (SDGs).
- These are also important by virtue of their mammoth potential to generate livelihood, increase farmers' income and ensure food & nutritional security all over the world
- India **produces more than 50.9 million tonnes** (as per fourth advance estimate) of millet which accounts for 80 per cent of Asia's and 20 per cent of global production.
- The global average yield is 1229 kg/ha, whereas India has a higher average yield of 1239 kg/ha.
  - In India, millets are **primarily a Kharif crop** mostly grown in rainfed conditions, requiring less water and agricultural inputs than other staple crops.
- Given the **nutritional value of the millets**, the Government notified **Millets as Nutri-cereals in April 2018**.
- Under the **National Food Security Mission (NFSM)**, millets have been introduced to provide nutritional support. A sub-mission on Nutri-cereals is being implemented since 2018-19 in 212 districts of 14 States.
- India has **more than 500 start-ups working in the millet value chains**, while the Indian Institute of Millets Research has incubated 250 start-ups under Rashtriya Krishi Vikas Yojana – Remunerative Approaches for Agriculture and Allied Sectors Rejuvenation (RKVYRAFTAAR).

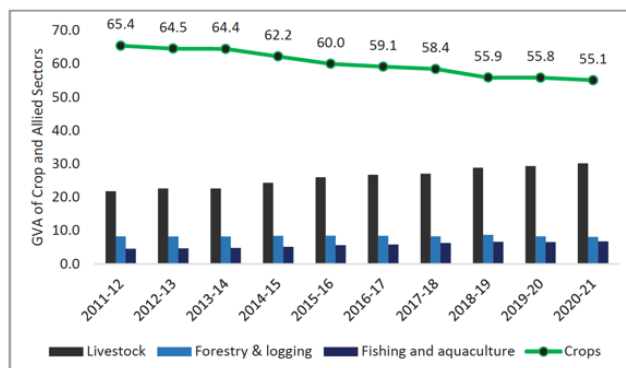


## 9. ALLIED SECTOR: ANIMAL HUSBANDRY, DAIRYING AND FISHERIES CATCHING UP IN RECENT YEARS

- The **allied sectors of Indian agriculture** - livestock, forestry & logging and fishing & aquaculture are gradually becoming sectors of buoyant growth and a potential source of better farm incomes.
- The **livestock sector** grew at a **CAGR of 7.9 per cent** during 2014-15 to 2020- 21 (at constant prices), and its **contribution to total agriculture GVA (at constant prices)** has increased from 24.3 per cent in 2014-15 to **30.1 per cent** in 2020-21.
  - **The dairy sector** is the most critical component of the livestock sector, employing more than **eight crore farmers directly**, and is the most prominent agrarian product.
  - Other livestock products, such as eggs and meat, are also growing in importance. While **India ranks first in milk production in the world, it ranks third in egg production** and eighth in meat production in the world

- Similarly, the annual average growth rate of the fisheries sector has been about 7 per cent since 2016-17 and has a share of about **6.7 per cent in total agriculture GVA**.
- Thus, **allied sector is increasing their importance** in total agriculture GVA.

**Figure VIII.7: Though the Crop sector is still the major contributor to agriculture GVA, the livestock sector is catching up (per cent)**



Source: Based on data of MoSPI.

### **Key Initiatives for the growth of Allied Sector:**

#### **A) ANIMAL HUSBANDRY INFRASTRUCTURE DEVELOPMENT FUND**

- Rs **15,000 crore** for **Animal Husbandry Infrastructure Development Fund (AHIDF)**
  - Launched as part of ANBA 1.0
  - Aimed at incentivizing investments by individual entrepreneurs, private companies including MSME, FPOs, and Section 8 of Companies to establish (i) dairy processing and value addition infrastructure (ii) meat processing and value addition infrastructure, and (iii) animal feed plant.
  - Government will provide a **3% interest subvention** to eligible beneficiaries. There will be a 2 year moratorium period for the principal loan amount and 6 years repayment period thereafter.
  - The interest subvention would be released to banks every year by Government based entitlement claimed.
  - The government would also set up a Credit Guarantee Fund of Rs 750 crore to be managed by NABARD.
    - Credit guarantee would cover those sanctioned projects which are covered under MSME defined ceilings.
    - Guarantee coverage would be upto 25% of the credit facility of the borrowers.
  - To **ease out the process** an **online portal 'ahidf.udyamimitra.in'** has been developed by SIDBI through which applicants can apply online to avail loans under the scheme.

#### **B) NATIONAL LIVESTOCK MISSION**

- It ensures intensive development of livestocks, especially small livestock (sheep/goat, poultry rearing etc.) along with adequate availability of quality feed and fodder.
- The scheme has been restructured for 2021-22 to 2025-26. It focuses on entrepreneurship development and breeds improvement in poultry, sheep, goat and piggery, including feed and fodder development

#### **C) LIVESTOCK HEALTH AND DISEASE CONTROL SCHEME**

- It is being implemented to **supplement the state/UT governments' efforts** towards preventing, controlling and containing, animal disease of economic and zoonotic importance by vaccination.
- Assistance is provided under the scheme for prevention and control of Foot and Mouth Disease, Peste des Petits Ruminants (PPR), Brucellosis, Classical Swine Fever etc.

#### D) NATIONAL ANIMAL DISEASE CONTROL PROGRAM

- Launched in Sep 2019 -> focused on vaccinating 500 million livestock including cattle, buffalo, sheep, goat etc against FMD

#### E) PRADHAN MANTRI MATSYA SAMPADA YOJANA

- It is a flagship scheme for focused and sustainable development of fisheries sector in India. it aims to bring **blue revolution** through sustainable and responsible development of fisheries sector in India.
- **Targets:**
  - **Enhance fish production to 220 lakh metric tons by 2024-25** at an average growth rate of 9%. This result will also lead to **doubling export earning** to Rs 1,00,000 crores and generate direct and indirect export employment opportunities of about 55 lakhs in the fisheries sector over next five years.
- **Aims and Objectives:**
  - **Harnessing fishing potential** in a sustainable, inclusive and equitable manner
  - **Enhancing of fish production** (and fish' contribution in total GVA) through expansion, intensification, diversification and productive utilization of land and water
  - **Modernization and Strengthening of Value Chain** - post harvest management and quality improvement
  - **Doubling income** of fishermen and fish farmers and **generating employment**
  - **Ensuing social, physical and economic security** of fishers and fish farmers
  - **Robust fishery management and regulatory framework.**
- The scheme envisages an **investment of Rs 20 thousand crores in five years** [Centre-9407 crore, States - 4880 crores, Beneficiaries - 5763 crores].
  - Under this scheme, **Rs 11,000 crore** will be spent on **activities in Marine, Inland fisheries and Aquaculture** and **Rs 9,000 crore** will be spent for developing **infrastructure** (such as fishing harbours, cold chain, markets)
  - It seeks to address the critical gap in fish production and productivity, quality technology, post-harvest infrastructure and management, modernization and strengthening of value chain, traceability, establishing a robust fishery management framework and fishers' welfare.
- It will be implemented over a period of five years from FY 2020-21 to FY 2024-25 in all states/UTs

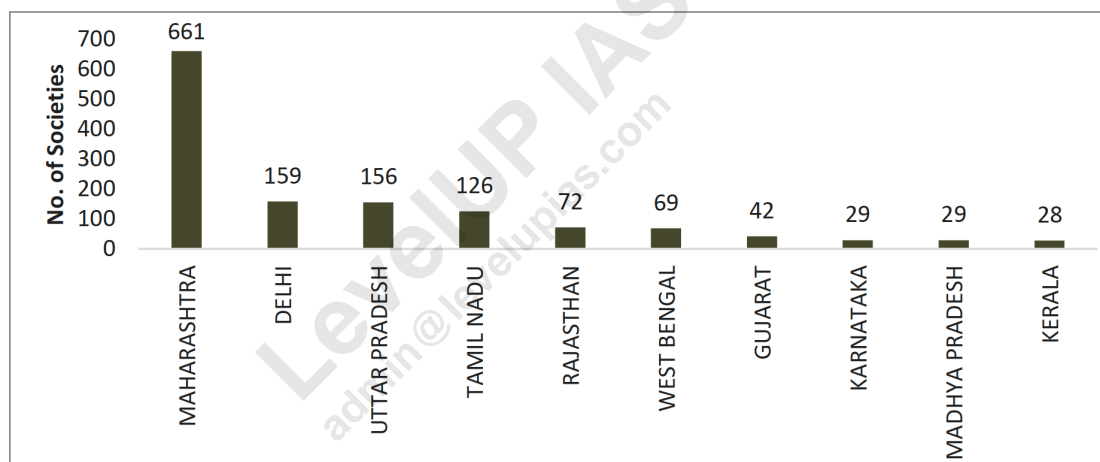
#### F) FISHERIES AND AQUACULTURE INFRASTRUCTURE DEVELOPMENT FUND (FIDF)

- A dedicated Fisheries and Aquaculture Infrastructure Development Fund (FIDF) was established for five years, from 2018-19 to 2022-23, with an investment of ₹7,522 crore.
- **What does FIDF do:**
  - Provide **concessional finance** to state governments / UTs and state entities, cooperatives, individuals and entrepreneurs etc., for taking up of the identified investment activities of fisheries development.
  - Under FIDF **loan lending** is for **five years** from 2018-19 to 2022-23 and maximum repayment will be over a period of 12 years inclusive of moratorium of two years on repayment principal.
- Under the FIDF, as of 17 October 2022, proposals to the tune of ₹4,923.9 crore have been approved and have benefitted over 9.4 lakh persons, through direct and indirect employment, in fishing and allied activities

## 10. SAHAKAR SE SAMRIDDHI: FROM COOPERATION TO PROSPERITY

- The **cooperative societies**, especially in the agriculture, dairy and fisheries sectors, provide the rural population with livelihood opportunities and a financial safety net with a community-based approach.
- Cooperatives **hold the key to rural economic transformation**. There are 8.5 lakh registered cooperatives in the country, having more than 29 crore members mainly from the marginalised and lower-income groups in the rural areas, and 98 per cent of villages are covered by Primary Agriculture Credit Societies (PACS).
- To realise the vision of “**Sahakar-see-Samriddhi**”, a renewed impetus was given to the growth of the cooperative sector.
  - Currently, around **19 per cent of agriculture finance is through cooperative societies**.
  - A full-fledged **Ministry of Cooperation** was established in July 2021 to provide greater focus to the cooperative sector.
  - In addition, the Government has taken various initiatives to promote and strengthen PACS, like the computerisation of 63,000 functional PACS and the preparation of by-laws for enabling PACS to expand their activities
- The **Multi-State Cooperative Societies Act, 2002 (MSCS)** was enacted after repealing the Multi-State Cooperative Act 1984, to facilitate the democratic functioning and autonomous working of Multi-State Cooperative Societies in line with the established Cooperative Principles.
  - As of date, there are 1528 registered societies under the Multi-State Cooperative Societies Act 2002. The MSCSs include 66 Multi-State Cooperative Banks with deposits of approx. ₹2.6 lakh crore. Maharashtra leads 661 cooperatives, followed by Delhi and Uttar Pradesh

Figure VIII.8: Top ten states with Multi-State Cooperative Societies as on 20 October 2022



### 1) NEW NATIONAL COOPERATIVE POLICY



With the view to strengthening the cooperative movement in the country, deepening its reach to the grassroots, and promoting cooperative-based economic development, a New National Cooperation Policy is being formulated involving the relevant stakeholders such as experts of the cooperative sector, representatives from National/ State/ District/ Primary level cooperative societies, Secretaries (Cooperation) and Resident Commissioners from States/UTs, officers from Central Ministries/ Departments. The objective is to have a policy that unlocks the true potential of the Cooperation sector.

In addition, the Government has also decided to introduce the Multi-State Co-operative Societies (Amendment) Bill, 2022. The Bill seeks to amend the Multi-State Co-operative Societies Act, 2002, to bring it in line with Part IXB of the Constitution and to strengthen the cooperative movement in the country by bringing in provisions relating to electoral reforms, strengthening governance and transparency, reforming the composition, meetings and membership of board; enabling the raising of funds by co-operative sector, strengthening monitoring mechanism, enhancing 'Ease of doing business', etc. The bill was introduced in the Lok Sabha on 7 December 2022 in the winter session of Parliament.

## 11. 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

- 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.
- Food and Agro Processing Units and Cold Chain infra have been brought under the ambit of **Priority Sector Lending**
- 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.

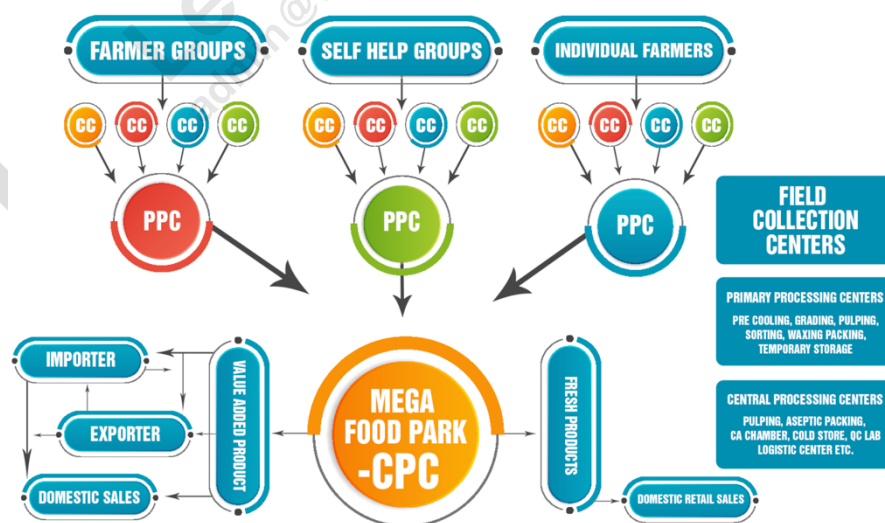
#### 6. Other steps for Attracting Investment in the sector:

- 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)

### 1) 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)**.

### MEGA FOOD PARK MODEL



- 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.

## 2) 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 undertaking Branding & Marketing activities abroad.

## 3) 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**



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| <div style="background-color: #c00040; color: white; padding: 2px 5px; display: inline-block;">06</div> Environment and Ecology  | <div style="background-color: #c00040; color: white; padding: 2px 5px; display: inline-block;">06</div> Science & Technology      | <div style="background-color: #c00040; color: white; padding: 2px 5px; display: inline-block;">06</div> Geography              |
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