

**Sub: Guideline for Price Deficit Payment Scheme under the Umbrella scheme of Pradhan Mantri – Annadata Aya Sanrakshan Abhiyan “ PM AASHA”**

**1 .Title :** This scheme of Govt. of India is under the umbrella scheme of Pradhan Mantri – Annadata Aya Sanrakshan Abhiyan (**PM AASHA**) and will be called as **Price Deficit Payment Scheme (PDPS)** for Oilseeds

**2 . Objective :** This scheme is aimed to ensure remunerative price to the producer of oilseeds whose MSP are notified by the Government of India and when sold in the harvest season without the actual procurement by the government agencies. The scheme envisages direct payment of the difference between the MSP and the market price to the farmers selling their produce in the notified APMC yard through a transparent auction process. The state Govts/UTs has to send option for implementation of the PDPS for one or more oilseeds for the marketing season for the whole of the state in place of Price Support Scheme (PSS).

**3 .Background :-**

a) The Government's price policy for agricultural commodities seeks to ensure remunerative prices to the growers for their produce with a view to encourage higher investment and production and to safeguard the interest of consumers by making available supplies at reasonable prices with low cost of intermediation. The Government announces, Minimum Support Prices (MSP) for 22 major agricultural commodities of Fair Average Quality (FAQ) each year in Kharif and Rabi Crop seasons after taking into account the recommendations of the CACP. In addition to this, MSP for Toria and De-Husked Coconut are fixed by the DAC&FW on the basis of MSP's of Rapeseed/Mustard seed and Copra respectively.

b)The Government of India has decided to implement a new Umbrella scheme “Pradhan Mantri –Annadata Aay Sanrakshan Abhiyan” ( PM AASHS ). Under PM-AASHA, the procurement of Pulses and Copra shall be done under Price Support Scheme and for oilseeds states /UT governments will be offered a bouquet of Price Deficiency Payment Scheme ( PDPS) and Price Support Scheme , with the flexibility to choose either of them in a given marketing season for particular oilseeds for the entire State/UT . Further , for oilseeds, States/ UTs will have option to rollout pilot of Private Procurement & Stockiest Scheme (PPSS) in selected district/APMCs of district involving participation of private stockiest .PSS,PDPS and Pilot PPSS will be implemented by Department of Agriculture, Cooperation & Farmers Welfare.

c) The oil seeds for which MSP is declared by Government will be covered under PDPS. The Oil Seeds includes Ground nut in shell, Soyabean, Sunflower, Sesamum, Niger seed, Rapeseed/ Mustard seed, Safflower and Toria.

d) Due to increased level of procurement, requirement of warehouses space and working capital has increased manifold in recent years. Oilseeds particularly ground nuts require excessive warehouse space and majority of the oilseeds turn rancid due to accumulation of enzymes and moisture during long storage period. Oilseeds stock requires specialized storage and good inventory management practices which involves higher carryover cost. Further there is very limited potential of usage of oilseeds in welfare schemes as oilseeds needs to be processed before consumption. In addition to this, private sector units in oilseeds space particularly big oil mills have already created storage spaces which can be used. Therefore, for oil seeds a new scheme called Price Deficiency Payment Scheme (PDPS) under the PM AASHA has been introduced to do away with the need for physical procurement by government.

#### **4) Pre Conditions of implementation of PDPS :-**

a) To get the benefit of the scheme, farmers must be registered within the stipulated time period. A portal is to be specifically developed for this purpose by the respective State/ UT Government. The registration data of the farmers on the portal should be integrated with the registration data of other government procurement scheme for MSP crops including procurement done by FCI or its agencies. The registration data will include farmers' details like name of crops sown/harvested, Aadhaar Number, Bank Account Number, Mobile Number and other related land record information maintained in the respective States/UTs. The registration data shall be verified by the States/UTs prior to procurement/ period notified for the particular commodity by Revenue Department. However, such Registration is not an assurance of deficiency payment

b) **Implement or amend their marketing act in line with the provisions of modal "APLM Act"**:- The state/UTs to adopt the Model "The Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act, 2017" or commit to do so **within specified time frame.**

c) **Support beyond 25% of production** :- The state/UTs desirous to avail the benefit of this scheme has to give consent to bear the financial burden for procurement/support for quantities beyond 25% of production and for price deficit more than 25% of MSP in PDPS .

#### **D) Coverage of PDPS:-**

- a) The scheme of PDPS is applicable for Oilseeds produced in the implementing state for which MSP is announced by Govt. of India.
- b) The implementing state/UT has to choose the one or more oilseeds produced in their state for which PDPS is proposed to be implemented for the particular marketing season.
- c) The period of registration has to be during the predefined period preferably prior to the arrival in the market.
- d) The scheme will be implemented for the fixed period of 90 days.

#### **E) Scheme design:**

a) This is an alternative methodology for Oil Seeds available to the states/UTs under which the deficit between the sale price and MSP can be made to farmers. The scheme is an alternative to Price Support Scheme and state/UT opting for scheme for particular oilseeds crops for the season has to implement the same scheme for the whole state for that season. The scheme envisages direct payment of the difference between the MSP and the market/selling price to the farmers selling his produce in the notified APMC yard through a transparent auction process. The payment will be done directly into farmers bank account provided at the time of registration.

##### **1. Registration of Farmers :-**

- 1.1. Under this scheme, registration of the farmers to be done free of cost from predefined period on PDPS portal of the state.
- 1.2. To get benefit of the Scheme, farmer must register on the portal specifically developed for this purpose within the stipulated time at registration centers. Every farmer shall be provided with a unique registration number (URN). He will also be informed of the URN through SMS on his registered mobile.
- 1.3. The registration data shall be verified by the revenue officials in the field. This verification may be done parallel with the registration process so that verification is complete before the sale period notified finishes.

##### **2. Open Market Sale by the farmers :-**

- 2.1. This scheme shall benefit only farmers of implementing state for their agriculture produce of oilseeds during the marketing season. For availing the benefit of the scheme, the agriculture commodity has to be traded in the notified APMC campus within the time period declared for the sale under Price Deficit Payment Scheme (PDPS) by the implementing State/UT . The oilseeds crops covered in the scheme will be notified by the State along with its marketing season along the two or more state

- whose modal whole sale market price will be considered for arriving at "MODAL Price".
- 2.2. State government should ensure that the commodity covered under PDPS are tested for FAQ on arrival in the notified APMC. If commodity are traded in under eNAM , only FAQ quality of stock as per lab test report will be considered for Deficient payment . If the stock are traded in non eNAM APMC, State Government should ensure that commodity conforming to FAQ norms are only covered under PDPS.
  - 2.3. The APMCs shall carryout the sale of the FAQ oilseeds crop produce as per the rules of the APMCs.
  - 2.4. The farmers shall provide the URN generated during registration on PDPS portal during the sale auction in APMC.
  - 2.5. The difference between the actual sale price of produce and MSP/Modal price will be paid to the farmers as price compensation when the commodity is sold in notified markets and have received the payment through RTGS or other methods of e-payment from the traders into their own bank account registered under the PDPS. The entitled compensation will be paid to the farmer within one month effective from the date of sale of the commodity in the notified market(s) of the state/UT.
  - 2.6. Nominated employee/ officer of APMC will mention URN along with Quantity of sale and rate of sale on Agreement Slip, Weight Slip and Payment slip after the completion of the auction. The auction at APMC market should be done along with the other normal auction in the auction space without distinguishing whether its coverage under PDPS or not.
  - 2.7. APMC will upload details of the agriculture produce, its daily arrival and rate on the AGMARKNET Portal of Central Government after closure of the auction process every day.
  - 2.8. The entry of Agreement Slip, FAQ test report, Weight Slip and Payment slip will be uploaded against the URN of the farmers on the PDPS portal. The details would be uploaded only after the Mandi Fee has been deposited by the trader and payment by the licensee trader to the farmer has been made in the registered bank accounts. This should also be informed to the concern registered farmers through SMS.
  - 2.9. The sale carried out using Trade Receipt (where the whole stock is not brought in the APMC yard and the auction happens only on the basis of sample) shall not be valid for the benefits of this scheme.

3. **Calculation of Modal Price** :- The calculation of the modal wholesale price shall be done for the specified oilseeds crops after the completion of the time period in the following manner:
- 3.1. Weighted Modal wholesale price for the crops in the APMCs of implementing State/UT will be calculated from the data drawn from the AGMARKNET portal on monthly basis.
  - 3.2. Weighted Modal wholesale prices of the same crops as appeared in AGMARKNET portal of other two or more notified states as identified by the implementing State Government on monthly basis.
  - 3.3. All these states shall be given weightage in the calculation of average modal (wholesale) price. This shall be published on the website of implementing state and portal of State PDPS.
  - 3.4. Information related to Daily Arrival and Price shall be available on the web portal of Government of India (<http://agmarknet.gov.in> )
4. The price deficiency payment would be made to the farmers bank account for the FAQ quantity traded in the APMC which is upto the maximum limit fixed by the state, based on the of expected production on sown area verified by the revenue department and average productivity of the district based on CCEs of the crop.
5. The price compensation to the farmer against his actual sale price vis-à-vis the estimated modal price/MSP for the month shall be determined in the following manner:
- (a) If the sale price of selected agriculture commodity (conforming to FAQ) in the notified market yard(s) is at par or more than Minimum Support Price (MSP), no compensation would be admissible.
  - (b) If the sale price of agriculture commodity (conforming to FAQ) sold in the notified market yard(s) is less than MSP, but more than the modal wholesale price declared by the state/UT government, compensation would be admissible only to the extent of difference between MSP and actual sales price received by farmer.
  - (c) If the sale price of agriculture commodity (conforming to FAQ) in the notified market yard(s) is less than the modal wholesale price declared by the state/UT government, the compensation would be admissible to

the extent of difference between MSP and modal wholesale price declared by State/UT Government.

- (d) If the average of modal wholesale price of the agriculture commodity of two or more states (as mentioned above) is above MSP, there shall be no compensation.
- (e) The entitled amount shall be transferred to the bank account of the farmer registered on the portal at the time of registration.
- (f) The farmer would be paid the difference between the MSP and the monthly modal price/actual sale price subject to a maximum of 25 per cent of the MSP value based on MSP notified for the Year/Season.

**6. Steps involved in PDPS :-**

- (a) Proposal of State/UT Government for implementation of the PDPS for one or more crops in their states in the marketing season with details of state preparedness, period of the scheme, coverage of production and estimated expenditure with details to be submitted to the department.
- (b) Registration of farmers on the portal and URN generated during registration informed to the farmers through SMS. Integration of registration data with other procurement scheme of Govt. of India. The farmers registered for particular crops needs to be checked with the other registered data for other procurement schemes for other crops based on their sowing area and duplication to be rectified under the information to the farmers. The registration data shall also be verified by the revenue officials in the field during the registration period itself.
- (c) Arrival of selected oilseeds in the notified APMC market by farmers. Issue of Gate Pass and verification of grade of crops brought in by the farmers. Crops conforming to FAQ will only be covered under the PDPS.
- (d) Transparent and competitive trading of the FAQ stock. The implementing State/UTs shall ensure to carry out the trading of the oilseeds in conformity to FAQ norms only under PDPS.
- (e) State government to calculate the "MODAL price" considering the wholesale price of same commodity in implementing state and other selected notified states.
- (f) Working out deficit payment needs to be made to each farmers and payment of compensation to the farmers in their registered banks accounts.

- (g) Submission of audited claim accounts for reimbursement of cost for implementation of the PDPS for selected oilseeds crops in the state.
- (h) "On account" payment of 80% of Central Govt share of the cost will be paid by Govt. of India to States/UTs on verification of audit claim submitted by the States/UTs by the implementing cell of the department with the approval of Empowered Committee and balance claim after vetting by the cost cell of the department or by the O/o Chief Adviser Cost , Department of Expenditure.

**7. Reimbursement of Expenditure for PDPS Scheme by GOI :-**

7.1. Upto 25% of production quantities, the liability under this scheme shall be shared by Government of India and the concerned State/UT Governments in the following manner:

S.NO	Percentage of loss of MSP value of each commodity for which PDPS is implemented in the season.	Share of Govt. of India in loss compensation	Share of State/UT Govts in loss compensation.
1	Upto 25% (inclusive of administrative cost)	100%	0%
2	Above 25%	0%	100%
States/UTs shall be entitled to reimbursement of a maximum of 2% of administrative cost by Gol			

For quantities beyond 25% of production, if any state/UT government wishes to provide support, the total responsibility including that of finances shall be of state government/UTs. The estimated productions of Oil Seeds in the implementing States/UTs will be based on the estimated productions released by Department of Economics & Statistics Govt. of India.

8. **Impact Analysis:** The DAC&FW may arrange concurrent and third party evaluation of the scheme through an independent agency as per due procedure.
9. **Monitoring Mechanism:** A State Level Monitoring Committee (SLMC) under the chairmanship of Chief Secretary with the representative from the related/concerned departments like Agriculture, Food and supply, Finance etc and state implementing agency will be constituted to monitor and evaluate the implementation at state level. Similarly, a District Level Monitoring Committee (DLMC) shall be constituted under the chairmanship

of Deputy Commissioner/District Collector/District Magistrate of each District with representatives from the related departments and procuring agencies. The State and District level monitoring committee shall review the progress of the scheme in their State/ District and its effective implementation from time to time

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