

GOVERNMENT OF INDIA  
MINISTRY OF AGRICULTURE AND FARMERS WELFARE  
DEPARTMENT OF AGRICULTURE AND FARMERS WELFARE

**LOK SABHA**  
**STARRED QUESTION NO. 259**  
TO BE ANSWERED ON THE 18<sup>TH</sup> MARCH, 2025

**ROLE OF PRIVATE AGENCIES IN AGRICULTURAL PROCUREMENT**

\*259. SHRI P V MIDHUN REDDY:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण मंत्री be pleased to state:

- (a) the manner in which private agencies are being engaged to procure agricultural products under the PM-AASHA initiative;
- (b) the details of the criteria used to select these agencies;
- (c) the measures that are in place to ensure transparency and fairness in the procurement process conducted by private agencies; and
- (d) the manner in which the Government plans to balance private procurement with public support schemes to ensure that farmers' interests are protected?

**ANSWER**

THE MINISTER OF AGRICULTURE AND FARMERS WELFARE  
कृषि एवं किसान कल्याण मंत्री (SHRI SHIVRAJ SINGH CHOUHAN)

(a) to (d) : A statement is laid on the table of the House.

**STATEMENT IN RESPECT OF PARTS (a) TO (d) OF THE LOK SABHA  
STARRED QUESTION NO. 259 FOR 18<sup>TH</sup> MARCH, 2025 REGARDING ROLE  
OF PRIVATE AENCIES IN AGRICULTURAL PROCUREMENT.**

(a) to (d): The Government of India approved the PM-AASHA scheme in 2018 to be implemented during 14th Finance Commission Cycle. The Ministry administered the scheme of Pradhan Mantri Annadata Aay Sanrakshan Abhiyan (PM-AASHA) with its components of Price Support Scheme (PSS), Price Deficit Payment Scheme (PDPS) and pilot of Private Procurement & Stockist Scheme (PPSS) to provide remunerative price to the farmers of notified pulses, oilseeds and copra. Pilot of Private Procurement Stockist Scheme (PPSS) had to be implemented by the States/UTs for the procurement of oilseeds from pre-registered farmers in district/selected Agriculture Produce Market Committees (APMCs) of district involving the participation of selected private agencies. Such procurement had to be undertaken by private agencies directly from pre-registered farmers. However, since private agencies did not show any interest to undertake procurement of oilseeds at MSP on behalf of the Government from any of the states, the Government has decided to discontinue it from 2024-25 onwards while approving the continuation of the integrated Pradhan Mantri Annadata Aay Sanrakshan Abhiyan (PM-AASHA) during the 15th Finance Commission Cycle up to 2025-26.

The integrated Scheme of Pradhan Mantri Annadata Aay Sanrakshan Abhiyan (PM-AASHA) now comprises of Price Support Scheme (PSS), Price Deficiency Payment Scheme (PDPS), Market Intervention Scheme (MIS) and Price Stabilization Fund (PSF). The integrated scheme of PM-AASHA aims to bring-in more effectiveness in the implementation of procurement operations that would not only help in providing remunerative prices to the farmers for their produce but also control the price volatility of essential commodities by ensuring their availability at affordable prices to consumers. Department of Agriculture & Farmers' Welfare (DA&FW) implements PSS, PDPS and MIS components of PM AASHA while Department of Consumer Affairs administers the PSF component. The mode of implementation of PSS, PDPS and MIS are as follows:-

**i. Price Support Scheme (PSS):**

(a) PSS is implemented on the request of the State Govt./ UT that agrees to exempt from levy of Mandi tax on the procurement of notified pulses, oilseeds and copra and make arrangements like booking of Central Warehousing Corporation (CWC)/ State Warehousing Corporation (SWC) Godowns/scientific storage facility, identification of procurement centres, arrangement of gunny bags, GPRS enabled transportation facilities, weighing machines. Moisture/foreign matters/oil content testing machines etc. in consultation with Central Nodal Agencies (CNAs) like National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) and National Co-operative Consumers' Federation of India Ltd. (NCCF) and State level agencies. The State shall create revolving fund atleast for PSS operations etc. as required under the guidelines of the scheme. It is

implemented within the stipulated period as and when the market prices of agricultural commodities fall below the notified MSP during peak harvesting period to provide the remunerative price to the farmers. The procurement of the notified pulses, oilseeds and copra conforming to the prescribed Fair Average Quality (FAQ) is undertaken by the Central Nodal Agencies (CNAs) at the MSP directly from the pre-registered farmers through the State level agencies.

- (b) From the procurement year 2024-25, the sanction for the procurement of notified Pulses, Oilseeds and Copra under PSS is given to the State/UT initially upto a maximum of 25% of the production of the State for that particular season. Subsequently, if the State/UT achieves the overall procurement against sanctioned quantity and further intends to procure more beyond the sanctioned quantity, the proposal for the procurement under the PSS is put up for the consideration of the Committee of Secretaries (CoS) restricted upto a maximum of 25% of the national production. Further, in order to incentivize the farmers for its contribution in the enhancement of domestic production and to reduce the dependence on import, the Government has allowed the procurement of **Tur, Urad and Masur** under PSS equivalent to 100% of the production of the State for the procurement year 2023-24 and extended it further for the year 2024-25 also. This arrangement has been in the interest of the farmers.

**ii. Price Deficit Payment Scheme (PDPS):**

PDPS envisages the direct payment of the price difference between the MSP and the selling / modal price in notified market upto 15% of MSP value (including 2% administrative cost) by the Central Government to the pre-registered farmers selling the oilseeds upto 40% of its production to the prescribed Fair Average Quality (FAQ) in the notified market yard through a transparent auction process within the stipulated period. However, the States/UTs have the option to implement either PSS or PDPS for the particular oilseeds for the particular year/season. If any State is willing to cover quantities beyond 40%, they can do so from its resources.

**iii. Market Intervention Scheme (MIS):**

Market Intervention Scheme (MIS) is implemented on the request of the State/UT Government for the procurement of various perishable agricultural/horticultural commodities such as Tomato, Onion and Potato etc. for which Minimum Support Price (MSP) is not applicable and there is a reduction of prices in the market by atleast 10% over the rates of previous normal season in the States/UTs so that the farmers are not constrained to make distress sales of their produce. It is implemented if the States/UT is willing to share the total loss in the ratio of 50:50 between the State and Centre whereas in case of North-Eastern States, the losses to be shared between the Centre and State on 75:25 basis. The procurement is undertaken by the State designated agency upto 25% of the State's production of the particular crop of the prescribed FAQ at fixed Market Intervention Price (MIP) as determined by MIS Committee plus permitted

overheads expenses, which is generally of 25% of MIP so that the farmers are not constrained to make distress sales of their produce. However, States/UTs have also an option to make the differential payment between the MIP and Sale Price to the farmers. The total procurement value will be the cost of procured quantity at Market Intervention Price (MIP) determined by MIS Committee plus permitted overheads expenses, which is generally of 25% of MIP. However, States/UTs have also an option to make the differential payment between the MIP and Sale Price to the farmers. Moreover, if there is a price difference of TOP crops (Tomato, Onion and Potato) between the producing and consuming states, the Govt. approves the transportation and storage of these crops from the producing state to the consuming states through the Central Nodal Agencies (CNAs) like NAFED and NCCF for which the expenses is reimbursed by the Government to these agencies.

**iv. Price Stabilization Funds (PSF):**

Department of Consumer Affairs Ministry of Consumer Affairs, Food & Public Distribution implements PSF to mitigate the hardships on consumers against the price volatility of agri-horticultural commodities. The basic objective of PSF scheme is to protect the consumers from extreme volatility in prices of agri-horticultural commodities and to ensure the essential food commodities available at affordable prices. In order to maintain the buffer stock of pulses, the procurement of notified pulses is undertaken at Market Price by NAFED and NCCF.

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