



# AIR Discussions (September 4<sup>th</sup> Week)

## ALL INDIA RADIO SUMMARY (21 September – 29 September, 2020)

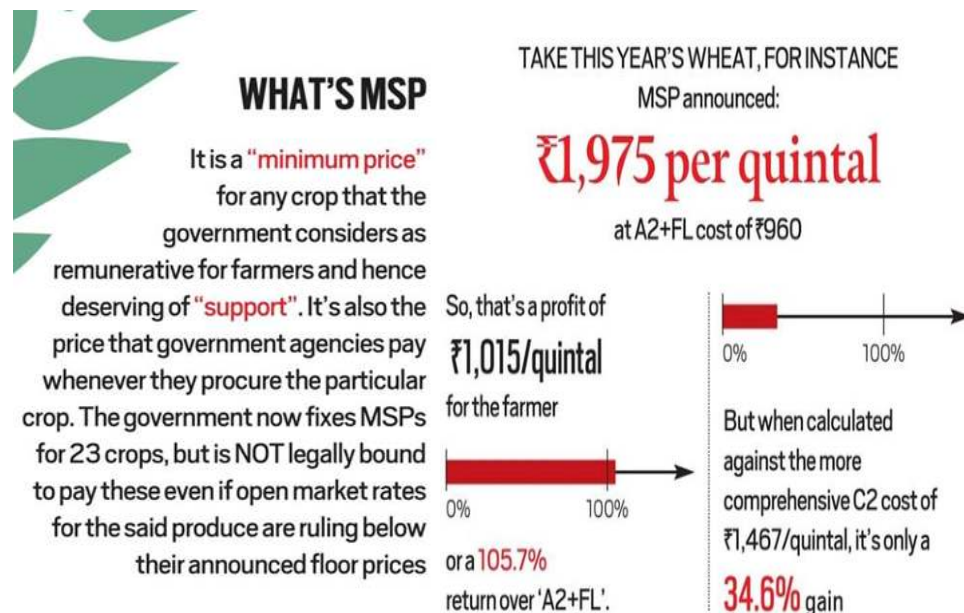
### SPOTLIGHT (21 September, 2020)

#### GS-III: AGRICULTURE

#### MSP and Procurement process of Agriculture produce

#### Introduction:

- Minimum Support Price (MSP) is a form of market intervention by the Government of India to insure agricultural producers against any sharp fall in farm prices.
- The minimum support prices are announced by the Government of India at the beginning of the sowing season for certain crops on the basis of the recommendations of the Commission for Agricultural Costs and Prices (CACP).
- MSP is price fixed by Government of India to protect the producer - farmers - against excessive fall in price during bumper production years.
- The minimum support prices are a guarantee price for their produce from the Government.
- The major objectives are to support the farmers from distress sales and to procure food grains for public distribution.
- In case the market price for the commodity falls below the announced minimum price due to bumper production and glut in the market, government agencies purchase the entire quantity offered by the farmers at the announced minimum price.





## Historical perspective of MSP

- The Price Support Policy of the Government is directed at providing insurance to agricultural producers against any sharp fall in farm prices.
- The minimum guaranteed prices are fixed to set a floor below which market prices cannot fall. Till the mid 1970s, Government announced two types of administered prices :

## Minimum Support Prices (MSP)

### Procurement Prices

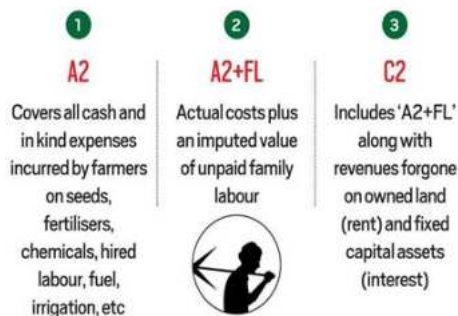
- The MSPs served as the floor prices and were fixed by the Government in the nature of a long-term guarantee for investment decisions of producers, with the assurance that prices of their commodities would not be allowed to fall below the level fixed by the Government, even in the case of a bumper crop.
- Procurement prices were the prices of kharif and rabi cereals at which the grain was to be domestically procured by public agencies (like the FCI) for release through PDS.
- It was announced soon after harvest began.
- Normally procurement price was lower than the open market price and higher than the MSP.
- This policy of two official prices being announced continued with some variation upto 1973-74, in the case of paddy.
- In the case of wheat it was discontinued in 1969 and then revived in 1974-75 for one year only.
- Since there were too many demands for stepping up the MSP, in 1975-76, the present system was evolved in which only one set of prices was announced for paddy (and other kharif crops) and wheat being procured for buffer stock operations.



### HOW ARE MSPs DETERMINED?

The Centre fixes MSPs for every kharif and rabi cropping season based on recommendations of the Commission for Agricultural Costs and Prices (CACP)

● When a farmer grows a crop, he incurs costs, some of it explicit and some implicit or unpaid. The CACP considers the following costs:



### A BIT OF THE PAST

MSP was introduced in the mid-sixties when India was food-deficit. The government was keen to boost domestic production through Green Revolution technologies, but realised farmers wouldn't plant input-intensive high-yielding wheat or paddy varieties unless guaranteed a minimum price

MSP WAS FIRST FIXED FOR WHEAT  
IN 1966-67 AT  
**₹54/quintal**





## Determination of MSP

- In formulating the recommendations in respect of the level of minimum support prices and other non-price measures, the Commission takes into account, apart from a comprehensive view of the entire structure of the economy of a particular commodity or group of commodities, the following factors:-
  - Cost of production
  - Changes in input prices
  - Input-output price parity
  - Trends in market prices
  - Demand and supply
  - Inter-crop price parity
  - Effect on industrial cost structure
  - Effect on cost of living
  - Effect on general price level
  - International price situation
  - Parity between prices paid and prices received by the farmers.
  - Effect on issue prices and implications for subsidy
- The Commission makes use of both micro-level data and aggregates at the level of district, state and the country.
- The information/data used by the Commission, inter-alia include the following :-
  - Cost of cultivation per hectare and structure of costs in various regions of the country and changes there in;
  - Cost of production per quintal in various regions of the country and changes therein;
  - Prices of various inputs and changes therein;
  - Market prices of products and changes therein;
  - Prices of commodities sold by the farmers and of those purchased by them and changes therein;
  - Supply related information - area, yield and production, imports, exports and domestic availability and stocks with the Government/public agencies or industry;
  - Demand related information - total and per capita consumption, trends and capacity of the processing industry;
  - Prices in the international market and changes therein, demand and supply situation in the world market;
  - Prices of the derivatives of the farm products such as sugar, jaggery, jute goods, edible/non-edible oils and cotton yarn and changes therein;
  - Cost of processing of agricultural products and changes therein;
  - Cost of marketing - storage, transportation, processing, marketing services, taxes/fees and margins retained by market functionaries; and
- Macro-economic variables such as general level of prices, consumer price indices and those reflecting monetary and fiscal factors.
- The increase in MSP for Kharif Crops is in line with the Union Budget 2018-19 announcement of fixing the MSPs at a level of at least 1.5 times of the All-India weighted average Cost of Production (CoP), aiming at reasonably fair remuneration for the farmers.



## HOW EFFECTIVE IS MSP NOW?

MSP is only as good as its implementation, especially with India turning food-surplus and crop prices tending to fall more than rise. Though government announces MSP for 23 crops, it effectively procures only a third of these

### GOVERNMENT PROCUREMENT VS. PRODUCTION (MILLION TONNES)\*

	PROCUREMENT	PRODUCTION	% PROCURED
Rice	51.23	118.43	43.26
Wheat	38.99	107.59	36.24
Cotton	104.62*	354.50*	29.51
Chana	2.1	11.35	18.47
Arhar/Tur	0.72	3.83	18.8
Moong	0.14	2.46	5.69
Mustard	0.8	9.12	8.78
Groundnut	0.71	10.1	7.03

\*Lakh bales of 170 kg each; Data for 2019-20

### Pricing policy for sugarcane

- The pricing of sugarcane is governed by the statutory provisions of the Sugarcane (Control) Order, 1966 issued under the Essential Commodities Act (ECA), 1955.
- Prior to 2009-10 sugar season, the Central Government was fixing the Statutory Minimum Price (SMP) of sugarcane and farmers were entitled to share profits of a sugar mill on 50:50 basis.
- As this sharing of profits remained virtually unimplemented, the Sugarcane (Control) Order, 1966 was amended in October, 2009 and the concept of SMP was replaced by the Fair and Remunerative Price (FRP) of sugarcane.
- A new clause 'reasonable margins for growers of sugarcane on account of risk and profits' was inserted as an additional factor for working out FRP and this was made effective from the 2009-10 sugar season.
- Accordingly, the CACP is required to pay due regard to the statutory factors listed in the Control Order, which are
  - the cost of production of sugarcane;
  - the return to the grower from alternative crops and the general trend of prices of agricultural commodities;
  - the availability of sugar to the consumers at a fair price;
  - the price of sugar;
  - the recovery rate of sugar from sugarcane;
  - the realization made from sale of by-products viz. molasses, bagasse and press mud or their imputed value (inserted in December, 2008) and;
  - reasonable margins for growers of sugarcane on account of risk and profits (inserted in October, 2009).
  - States also announce a price called the State Advisory Price (SAP), which is usually higher than the SMP.

### Crops covered

- Government announces minimum support prices (MSPs) for 22 mandated crops and fair and remunerative price (FRP) for sugarcane.
- The mandated crops are 14 crops of the kharif season, 6 rabi crops and two other commercial crops.



- In addition, the MSPs of toria and de-husked coconut are fixed on the basis of the MSPs of rapeseed/mustard and copra, respectively.
- The list of crops are as follows.
  - Cereals (7) - paddy, wheat, barley, jowar, bajra, maize and ragi
  - Pulses (5) - gram, arhar/tur, moong, urad and lentil
  - Oilseeds (8) - groundnut, rapeseed/mustard, toria, soyabean, sunflower seed, sesamum, safflower seed and nigerseed
  - Raw cotton
  - Raw jute
  - Copra
  - De-husked coconut
  - Sugarcane (Fair and remunerative price)
  - Virginia flu cured (VFC) tobacco

### Present situation

- “Only 6% of Indian farmers benefit from minimum support prices (MSP)”.
- The number of wheat farmers who availed the minimum support price (MSP) has doubled in the last five years, while the number of such paddy farmers has increased by 70 per cent during the same period.
- It assumes significance given that farmers in Punjab and Haryana have taken to the streets, fearing that the proposed farm laws will ring in the end of the MSP regime.
- The number of wheat farmers who availed the MSP during the rabi marketing season (RMS) 2020-21 reached 43.33 lakh – up 22 per cent from 35.57 lakh last year.
- The data shows that the number of wheat farmers who availed the MSP doubled (112 per cent increase) since RMS 2016-17 when that number was 20.46 lakh.
- During the current rabi marketing season, the top five states with the highest number of wheat farmers who availed the MSP are Madhya Pradesh (15.93 lakh), Punjab (10.49 lakh), Haryana (7.80 lakh), Uttar Pradesh (6.63 lakh) and Rajasthan (2.19 lakh).
- The five states with the highest number of paddy farmers who availed the MSP during KMS 2019-20 are Telangana (19.88 lakh), Haryana (18.91 lakh), Chhattisgarh (18.38 lakh), Odisha (11.61 lakh) and Punjab (11.25 lakh).

### Conclusion:

- However, the data about farmers who availed the MSP is available for the two crops as these are two principal products procured by the Food Corporation of India for the central pool.
- There are a few coarse grains like jowar and pulses too which are procured by government agencies.

Reference: <https://indianexpress.com/article/explained/explained-why-its-an-underestimate-to-say-only-6-farmers-benefit-from-msp-6704397/>

<https://indianexpress.com/article/india/minimum-support-price-farm-bill-wheat-farmers-6601817/>

<https://vikaspedia.in/agriculture/market-information/minimum-support-price>





## JAL JEEVAN MISSION

**Context:** Prime Minister inaugurated six mega projects in Uttarakhand under the Namami Gange Mission.

- The projects include construction of Sewage Treatment Plants through hybrid annuity mode of Public Private Partnership.
- The Namami Gange Mission launched for promoting cleanliness of Ganga, this made it the largest and comprehensive river conservation programme in the country.
- Ministry of Jal Shakti is engaged in the mission of delivering water to every house in the country and about one lakh families are being connected to pure drinking water facilities every day under the Jal jeevan Mission.

### 'Namami Gange Programme'

- It is an Integrated Conservation Mission, approved as 'Flagship Programme' by the Union Government in June 2014 with budget outlay of Rs. 20,000 crores to accomplish the twin objectives of effective abatement of pollution, conservation and rejuvenation of National River Ganga.

### Jal jeevan Mission

- Jal Jeevan Mission, a central government initiative under the Ministry of Jal Shakti, aims to ensure access of piped water for every household in India.
- The mission's goal is to provide to all households in rural India safe and adequate water through individual household tap connections by 2024.
- The Har Ghar Nal Se Jal programme forms a crucial part of the Jal Jeevan Mission.
- The programme aims to implement source sustainability measures as mandatory elements, such as recharge and reuse through grey water management, water conservation, and rain water harvesting.
- The Jal Jeevan Mission will be based on a community approach to water. According to the government, the mission will include information, education and communication as key components.
- The mission is meant to create a people's movement for water, making it everyone's priority.

<http://newsonair.com/News?title=Namami-Gange-is-largest-and-comprehensive-river-conservation-programme-with-a-new-thinking-and-new-approach%3a-PM-Modi&id=400937>

## Rajnath Singh launches Defence India Startup Challenge-4, releases PMA guidelines for iDEX

**Context:** Defence Minister launched the Defence India Startup Challenge (DISC 4) during the iDEX event, featuring the initiatives aimed at expanding the horizons of Innovations for Defence Excellence (iDEX) ecosystem.

- iDEX4Fauji is a first of its kind initiative, launched to support innovations identified by members of the Indian Armed Forces and will bolster frugal innovation ideas from soldiers and field formations.
- The iDEX initiative stands out as one of the most effective and well-executed defence Startupecosystem created in the country.
- It is a decisive step towards achieving self-reliance in the spirit of the Atma Nirbhar Bharat campaign.

<http://newsonair.com/News?title=Rajnath-Singh-launches-Defence-India-Startup-Challenge-4%2c-releases-PMA-guidelines-for-iDEX&id=401024>



### Railway rolls out User Depot Module to completely digitize its supply chain

**Context:** Indian Railway has rolled out User Depot Module (UDM).

- The UDM developed by Centre for Railway Information Systems was rolled out digitally across all User Depots of Western Railway.
- This system will be implemented shortly across all Zones of Indian Railways.
- The implementation of this system will bring in changes from manual working to digital working with real time transactions and online information exchange among all stakeholders.
- This will ensure digitization of complete supply chain, including user depots.
- The system will facilitate economy, efficiency and transparency besides improved asset management.
- It also will ensure improved service level and satisfaction to customers.

<http://newsonair.com/News?title=Railway-rolls-out-User-Depot-Module-to-completely-digitize-its-supply-chain&id=400957>

### Indian Navy, Royal Australian Navy Passage Exercise (PASSEX) underway in Eastern Indian Ocean

- PASSEX exercise conducted between Royal Australian Navy and Indian Navy in Eastern Indian Ocean Region.
- The exercise aimed at enhancing interoperability, improving understanding and imbibing best practices from each other.
- This exercise being conducted in the east Indian Ocean region, reflects the growing strength of Indo-Australian bilateral relations as comprehensive strategic partners, particularly in defence cooperation in the maritime domain.

[http://newsonair.com/News?title=Indian-Navy%2c-Royal-Australian-Navy-Passage-Exercise-\(PASSEX\)-underway-in-Eastern-Indian-Ocean&id=400579](http://newsonair.com/News?title=Indian-Navy%2c-Royal-Australian-Navy-Passage-Exercise-(PASSEX)-underway-in-Eastern-Indian-Ocean&id=400579)

### PM Modi says India accords highest priority to Sri Lanka as part of India's Neighborhood First approach

**Context:** Prime Minister announced a grant assistance of 15 million dollars to Sri Lanka for the promotion of Buddhist ties between India and Sri Lanka.

- The Indian side would facilitate the visit of a delegation of Buddhist pilgrims from Sri Lanka in the first inaugural flight to Sacred City of Kushinagar.
  - Kushinagar Airport was designated as an international airport recently recognizing its importance as a Buddhist site.
- Both sides also agreed to explore opportunities in the areas of Ayurveda and Yoga.
- Ancient cultural links between India and Sri Lanka are special and must be nurtured further
- Jaffna Cultural Centre which is an iconic project built with Indian assistance.
- India and Sri Lanka have reached an understanding to extend the MoU on High Impact Community Development Projects for a five-year period beginning 2020.



- Both leaders agreed to continue the successful Indian housing project and gave instructions to the relevant officials to fast-track the construction of 10,000 houses in the plantation sector.
- Prime Minister Modi called upon the new government in Sri Lanka to work towards realizing the expectations of Tamils for equality, justice, peace and dignity within a united Sri Lanka by achieving reconciliation nurtured by implementation of the Constitutional provisions.
- Implementation of the 13th Amendment to the Sri Lankan Constitution is essential for carrying forward the process of peace and reconciliation.

<http://newsonair.com/News?title=PM-Modi-says-India-accords-highest-priority-to-Sri-Lanka-as-part-of-India%E2%80%99s-Neighborhood-First-approach&id=400758>

### Rules relaxed for divorced daughters to receive Family Pension

**Context:** Minister of State for Personnel, Public Grievances and Pensions that rules have been relaxed for divorced daughters to receive Family Pension.

- Now a daughter will be entitled to receive the Family Pension even if the divorce had not finally taken place, but the divorce petition had been filed by her during the lifetime of her deceased parent employee or pensioner.
- Disclosing this while briefing the media about some of the important reforms brought in by the Department of Pension and Pensioners' Welfare.
- The earlier rule provided for payment of Family Pension to a divorced daughter only if the divorce had taken place during the lifetime of deceased parent pensioner or his spouse.
- The new circular will not only bring ease in the life of pension receiving individuals but also ensure respectable and equitable rights for the divorced daughters in the society.
- These orders have also been issued for grant of Family Pension to a Divyang child or sibling even if the Disability Certificate is produced after the death of the pensioner parent but the disability had occurred before the death of the parents.
- Similarly, to bring ease of living for the Divyang pensioners, the Attendant Allowance for the helper has been increased from 4,500 rupees per month to 6,700 rupees per month.
- One of the most noteworthy initiatives taken by the Pension Department is with regard to the Digital Life Certificate.

<http://newsonair.com/News?title=Rules-have-been-relaxed-for-divorced-daughters-to-receive-family-pension%2c-says-Jitendra-Singh&id=400817>

### MoRTH notifies amendments in Central Motor Vehicle Rules

**Context:** Ministry of Road Transport and Highways has notified amendments in Central Motor Vehicle Rules facilitating implementation of Electronic enforcement, Maintenance of Vehicular Documents through Information Technology portal with effect from 1st of next month.

- Use of IT services and electronic monitoring will result in better enforcement of Traffic Rules in the country and will lead to removing harassment of drivers and would facilitate the citizen.





- The amendment inter-alia provides for the definition for Challan, Portal ed as requirement for providing the services through IT and further the enforcement of electronic monitoring and enforcement.
- Details of driving licences disqualified or revoked by the licensing authority shall be recorded chronologically in the portal and such record shall be reflected on a regular basis on the portal has been provided for.
- Thus, the record shall be maintained electronically and further the driver behaviour would be monitored.
- Provisions have been made for the procedure for Production and Obtaining Certificates in physical as well as electronic form, the validity, issuance of such documents and further the date and time stamping of inspection and identity of the Officer to be recorded.
- It has been provided that if the details of the documents are found validated through the electronic means by the enforcement officer then physical forms of such documents will not be demanded for inspection, including in cases where there is an offence made out necessitating seizure of any such documents.

<http://newsonair.com/News?title=MoRTH-notifies-amendments-in-Central-Motor-Vehicle-Rules&id=400825>

### Railways target to complete 100% electrification of broad gauge routes by 2023

**Context:** Railways has planned for 100 per cent electrification of its broad gauge routes by 2023.

- The Minister informed that around 63 per cent broad gauge lines have already been electrified out of a total 63,631 route kilometers as on 1st of April this year.
- The vacant land of Railways which is not required for its immediate operational needs is utilized in the interim period for commercial development to mobilize additional financial resources.
- Station redevelopment is planned by leveraging real estate potential of spareable land and air spaces in and around the station by inviting private participation.

<http://newsonair.com/News?title=Railways-target-to-complete-100%25-electrification-of-broad-gauge-routes-by-2023&id=400561>

### Lok Sabha passes the Major Port Authorities Bill, 2020

**Context:** Lok Sabha passed the Major Port Authorities Bill, 2020.

- The Bill seeks to provide for regulation, operation and planning of major ports in the country and provide greater autonomy to these ports.
- It seeks to replace the Major Port Trusts Act, 1963.
- The legislation provides for the creation of a Board of Major Port Authority for each major port. These Boards will replace the existing Port Trusts.
- It will make the major ports in the country more autonomous and provide major thrust in the maritime sector.
- The bill will help the ports develop world class infrastructure and will also enhance transparency in their functioning.
- The development of ports will pave way for port led development

<http://newsonair.com/News?title=Lok-Sabha-passes-the-Major-Port-Authorities-Bill%2c-2020&id=400589>



### PM Modi pays tributes to Rashtrakavi Ramdhari Singh Dinkar on his birth anniversary

**Context:** Prime Minister has paid tributes to Rashtrakavi Ramdhari Singh Dinkar on his birth anniversary.

- He was an Indian Hindi poet, essayist, patriot and academic, who is considered as one of the most important modern Hindi poets.
- Dinkar initially supported the revolutionary movement during the Indian independence struggle, but later became a Gandhian.

<http://www.newsonair.com/News?title=PM-Modi-pays-tributes-to-Rashtrakavi-Ramdhari-Singh-Dinkar-on-his-birth-anniversary&id=400550>