

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

RAJYA SABHA
UNSTARRED QUESTION NO-508
TO BE ANSWERED ON 29/11/2024

FARMERS' SHARE IN CONSUMER RUPEE FOR FRUITS AND VEGETABLES

508. SHRI S NIRANJAN REDDY:

Will the Minister of AGRICULTURE AND FARMERS WELFARE be pleased to state:

- (a) whether Government is aware of the fact that a series of working papers from the Reserve Bank of India (RBI) indicate that farmers receive a significantly lower share of the consumer rupee in the fruits and vegetables market, with middlemen and retailers reaping substantial profits;
- (b) if so, the measures that have been taken to enhance the profitability of farmers' produce; and
- (c) whether Government intends to create a national portal or utilize the Open Network for Digital Commerce (ONDC) framework to ensure direct sale of farmers' produce?

ANSWER

MINISTER OF STATE FOR AGRICULTURE AND FARMERS WELFARE

(SHRI RAMNATH THAKUR)

(a) & (b): The Reserve Bank of India (RBI)'s Working Paper titled "Vegetables Inflation in India: A Study of Tomato, Onion and Potato (TOP)" estimates farmers' share in the consumer rupee to be about 33% for tomatoes, 36% for onions and 37% for potatoes. In another RBI's Working Paper "Price Dynamics and Value Chain of Fruits in India", the farmers' share in the consumer rupee is estimated at around 31 % for bananas, 35% for grapes and 43 % for mangoes in the domestic value chain. The factors such as number of marketing channels, higher marketing cost and margins, and high perishability affects the price realisation by the farmers.

Together with enhancing production and productivity, Government's priority has been to take various measures to improve marketing of agricultural produce and reduce post-harvest losses to ensure remunerative prices for farmers' produce. Though, it is a State subject, yet Government promotes development of farmers' accessible competitive markets like direct marketing, private markets, etc., through reforms, in State government' marketing Laws and policies.

Government in 2016 launched a National Agriculture Market (e-NAM) to enable the farmers to transparently sell their produce to large number of buyers accessing multiple markets electronically. In addition, to address the marketing challenges of farmers, specially of small and marginal ones, Government took measure in 2020 by launching a market linkage approached based Formation and Promotion of 10000 Farmers Producer Organisations (FPOs) scheme.

Government is also implementing a Central Sector Scheme, Agriculture Infrastructure Fund (AIF) of Rs. 1,00,000 Crore to provide a medium-long term loan facility for investment in viable projects for post-harvest market infrastructure including warehousing facility and community farming assets through interest subvention and financial support. Apart from above, the Government is implementing Agricultural Marketing Infrastructure (AMI), a sub-scheme of Integrated Scheme for Agricultural Marketing (ISAM) under which assistance is provided for construction of godowns/warehouses in the rural areas in the States to enhance the storage capacity for agriculture produce. Under the scheme, Government provides subsidy at the rate of 25% and 33.33% on capital cost of the project based on the category of eligible beneficiary.

Under Operations Greens, Government provides financial assistance with objective of enhancing value realization of produce of farmers, increase in food processing and reduction in post-harvest losses. Under the Long Term Interventions of the Operations Greens Scheme, Government provides financial assistance @35% of eligible project cost for projects in General Areas and @ 50% of eligible project cost for projects in Difficult Areas as well as for projects of SC/ST, FPOs and SHGs with maximum grants-in-aid of Rs. 15 crore per project under Integrated Value Chain Development Projects and that of Rs. 10 crore per project under Standalone Post Harvest Infrastructure Projects.

(c): The ONDC has established a digital market place which enable diverse products and services to be discoverable and transactable to a common pool of digital consumers on boarded by diverse buying interfaces established by government and private enterprises. This will help to democratise digital market places as against the walled gardens of digital platforms currently operating. This network can enable sales of farmers' produce by connecting them with consumers and retailers. It has the potential to reduce the number of intermediaries, leading to higher profitability for farmers.

Further, ONDC can provide a level playing field for small and marginal farmers. The efforts are made to provide the exposure to FPOs to different marketing platforms outside traditional mandi system or local markets to access the wider geographies and fetch better prices through different platforms. Currently, ONDC, GeM and e-NAM online platforms are available to FPOs and farmers. As on 31 October 2024, 7,901 FPOs have been on boarded on the ONDC Portal with more than 25,790 products. A total of 230 categories of FPOs products have been mapped on the GeM portal, wherein 216 FPOs have published their products.
