



Floor Price Scheme for Agricultural Commodities in Karnataka - A Case Study on Maize and Onion Commodities.

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ABSTRACT

The Market Intervention Scheme (MIS) is an ad-hoc scheme under which are included horticultural commodities and other agricultural commodities which are perishable in nature and which are not covered under the minimum price support scheme. This scheme is also known as "Floor price scheme for Agricultural / horticultural commodities in Karnataka". The present study was undertaken for documentation of commodities comes under Floor Price scheme in Karnataka during 1999-00 to 2014-15 and also analyzing the Quantity and Value of procurement of Maize and Onion in Karnataka from 1999-00 to 2014-15. The study shows that in the 19 commodities consider under FPS and in the year 2008-09 Procurement of Maize is very high and total beneficiaries are 294315. Similarly during 2006-07 Procurement of onion under FPS is high and total number of beneficiaries are 48631.

KEYWORDS : Floor Price Scheme, Maize, Onion,

INTRODUCTION:

Agricultural price policy is basically aimed at intervention in the agricultural produce market with a view to influencing the level and reducing fluctuation in prices and price spread from the farm gate to the retail level. As the policy is required to reconcile the objectives of growth and equity, it has always occupied an important place in the economic and political debates because the perceived conflicting objectives need to be assigned weight which are often determined subjectively. Obviously, in India also, agriculture price policy and its instruments have been debated continuously and remained under constant review. Since independence, its primary role had been to sub-serve the central objective of making available food to the consumers at reasonable prices. Till mid-sixties, when new seed-fertilizer technology became available, the price policy was assigned a positive role for augmenting the availability by increasing domestic production. (Deepa S.A. 2005)

Since 1965, when the Government of India had set up Agriculture Price Commission (APC), presently called as Commission for Agricultural Costs and Prices (CACP), the overall objective of the policy has been assuring remunerative prices to the farmers and providing food grains to the consumers at reasonable prices. The Minimum Support Price (MSP) programme has been an integral part of agricultural price policy in India. At present, 24 commodities are covered under MSP. Apart from MSP, there is another scheme called Market Intervention Scheme (MIS), for several commodities not covered under MSP. These commodities are the ones, which occupy a small proportion of the gross cropped area in the country as a whole, but are of considerable importance at the regional level (Koudal, 2005). For such crops, the need for price support does not arise every year in all the regions. However, once in two or three years, owing to good harvests, their prices might crash and consequently, the pace of their production might get thwarted. The MIS of the government provides price support in such cases. The crops for which this type of support is best suited include onion, potato, chillies, cumin, coriander, fenugreek, garlic, etc. (P.K. Rajkumar et.al 2008)

The Market Intervention Scheme (MIS) is an ad-hoc scheme under which are included horticultural commodities and other agricultural commodities which are perishable in nature and which are not covered under the minimum price support scheme. In order to protect the growers of these horticultural/agricultural commodities from making distress sale in the event of bumper crop during the peak arrival period when prices fall to very low level, Government implements M.I.S. for a particular commodity on the request of a State Government concerned. Losses suffered are shared on 50:50 basis between Central Government and the State. The MIS so far implemented is for commodities like apples, kinnoo/malta, garlic, oranges, galgal, grapes, mushrooms, clove, black pepper, pineapple, ginger, red-chillies, coriander seed, isabgol, chicory, onions, potatoes, cabbage, mustard seed, castor seed, copra, palm oil etc. in the States of Himachal Pradesh, Haryana, Punjab, Andhra Pradesh, Maharashtra, Karnataka,

Rajasthan, Gujarat, Kerala, Jammu and Kashmir, Mizoram, Sikkim, Meghalaya, Tripura, Uttar Pradesh, West Bengal, Madhya Pradesh, Andaman and Nicobar islands, Lakshadweep etc.

Agricultural prices are prone to fluctuations. Agricultural commodities in Karnataka has been implemented. To protect the interests of the farmers against distress sale of agricultural commodities by assuring a floor price, The Agricultural Policy Resolution of the Government of Karnataka stressed to bring in "Price and Market Reforms" in the Agricultural Sector of the State. The scheme shall be applicable in the whole state of Karnataka and to notified Agricultural and Horticultural commodities grown in the state. So far Rs.896.17 crores have been released to different purchase agencies for purchasing the commodities from farmers and 4,39,736 farmers are benefitted under this scheme.

MIS is operated in coordination with the MSP. The products which are usually localised and whose contribution to the total agriculture is almost negligible come under MIS. The decision to launch MIS is taken by the central government for a particular period and for a fixed quantity at a predetermined price when prices fall to uneconomic level. NAFED is a centrally designated nodal agency for market intervention operation. Profit/losses incurred if any in these operations are shared on 50:50 basis both by the central and state government.

In Karnataka, market intervention scheme is called as 'Floor Price Scheme', through which a revolving fund of Rs 100 crores has been mobilised by equal contributions from the state government and Market Committees. Every year the central government shall be requested to contribute funds to the revolving fund under the MIS.

Applicability of the scheme

- The scheme shall be applicable in the whole state of Karnataka for agricultural and horticultural produce.
- To start with, the scheme will be applicable to onion and potato grown in Karnataka and may be extended as and when considered necessary by the government notification to cover other agricultural and horticultural commodities which are not covered under MSP scheme of GOI.
- The floor price scheme shall be operated in coordination with the MSP scheme for such commodities which are covered under MSP of GOI.
- After the initiation of this scheme in Karnataka, its performance evaluation has not been done systematically and hence this study has been undertaken.

OBJECTIVES OF THE STUDY:

- To documentation of commodities procurement under Floor Price Scheme from Karnataka.
- To study of quantity and value of the Maize and Onion procured under Floor Price Scheme from Karnataka.

METHODOLOGY:

The present study is entirely based on secondary data. The data pertaining to the various aspects under study were collected from Karnataka State Agricultural Marketing Board (KSAMB), Bangalore from 1999-2000 to 2014-15

Tabular analysis involving the computation of percentages was employed to obtain the result regarding the quantity and Value of procured and share of procurement of Maize and Onion from Karnataka.

RESULTS AND DISCUSSION:**Table: 1 Procurement of commodities under Floor Price Scheme in Karnataka**

SL.No.	Year	Commodities Procured
1	1999-00	onion
2	2000-01	Maize, Tur, Potato
3	2001-02	Maize, Ragi, Copra,
4	2002-03	Ragi, Arecanut
5	2003-04	Blackgram and Greengram, Coffee
6	2004-05	Maize, Ragi, Tur, Arecanut, Onion, Tomato
7	2005-06	Tur, Arecanut, Tomato.
8	2006-07	Onion, Copra
9	2007-08	Maize
10	2008-09	Maize, Copra
11	2009-10	Maize, Copra, Arecanut
12	2010-11	Maize , Copra, Coconut, Paddy
13	2011-12	Tur, Onion, Paddy
14	2012-13	Tur, Blackgram and Greengram, Copra, Coconut Paddy, Turmeric, Sunflower.
15	2013-14	Maize, Paddy, Tur, Copra, Tomato, Sunflower. Ground Nut, Bengalgram.
16	2014-15	Maize, Paddy, Jowar, Ragi,

Source: Karnataka State Agricultural Marketing Board 2015

The coverage of the commodities under Floor Price Scheme (FPS) since 1999-00 to 2014-15 in Karnataka is presented in Table 1. It revealed that the Floor Price Scheme (FPS) during 1999-2000, only Onion was procured. In the year 2000-01 Maize and Tur in Agricultural Commodities and Potato in Horticultural Commodity procured. In the year 2002-03, Ragi and Arecanut were procured. In the year 2003-04, only Blackgram and Greengram in pulse group and Coffee in Plantation crops Group were procured. In the year 2004-05 procurement has taken place in all the crop groups. In cereals paddy, maize, ragi, in pulses tur, Arecanut in Plantation Crops and in horticulture crops onion and Tomato which were procured. In 2005-06 Tur, Arecanut and Tomato were procured under FPS. In 2006-07 Onion and Copra was procured. During 2007-08 only Maize was procured. During 2008-09, one commodity each in cereals (maize) in Plantation Crops (Copra) were procured However, again this scheme was operated in 2009-10 one commodity each in cereals (maize) in Plantation Crops (Copra and Arecanut) were procured. During 2010-11 Paddy, Maize, Copra and Coconut were procured under FPS. In the year 2011-12 Tur, Onion and Paddy was Procured. In the year 2012-13 procurement was seen in all the crop groups. One commodities in cereals group namely paddy were procured, in pulses groups tur and Blackgram and Greengram, in plantation Crops Copra, Coconut and Turmeric and in oil-seeds Sunflower were procured under FPS. During the year 2013-14 Maize, Paddy, Tur, Copra, Tomato, Sunflower. Ground Nut and Bengalgram were procured under FPS. In the year 2014-15 only cereals were procured under FPS namely Maize, Paddy, Jowar and Ragi,

Procurement under Floor Price Scheme (FPS) in the state was largest commodities covered in each year during 2012-13 and 2013-14. And Maize is the largest with nine time procured under Floor Price Scheme (FPS) from Karnataka.

Table: 2 Quantities and Value of Maize Procured under Floor Price Scheme since 1999-00 to 2011-12 (Quantity in quintals, Value in lakh rupees)

Year	Quantity	% Share of Quantity	Value	% Share of Value
1999-00	-	-	-	-
2000-01	2620274	12.49	116.60	7.61
2001-02	177830	0.85	86.25	5.63
2002-03	-	-	-	-
2003-04	-	-	-	-
2004-05	3817889	18.20	206.17	13.45
2005-06	3804910	18.13	197	12.83
2006-07	-	-	-	-
2007-08	22556	0.11	13.98	0.91
2008-09	6987814	33.30	586.98	38.29
2009-10	3152494	15.03	264.81	17.27
2010-11	375769	1.79	33.07	2.16
2011-12	-	-	-	-
2012-13	-	-	-	-
2013-14	-	-	-	-
2014-15	21778	0.10	28.53	1.86
Total	20981314	100.00	1533.00	100.00

Source: Karnataka State Agricultural Marketing Board 2015 and Computed by Researcher.

Quantities and value of Maize procured under Floor Price Scheme (FPS) since 1999-2000 to 2014-15 are presented in the Table 2 The results showed that during 2000-01 maize was procured that is about 2620274 quintals which accounts for 116.60 lakh rupees with the share of 12.49 % of total Quantity and 7.61 % of total value of Procured.

Again in 2001-02, procurement operation was undertaken for Maize was procured that is about 177830 quintals which was valued at Rs. 86.25 lakh. With the share of 0.85% of total Quantity and 5.63% of total value of Procured. In the year 2004-05 Maize was procured under FPS with Quantity of 3817889 quintals which was valued at Rs. 206.17 lakh with the share of 18.20 % of total Quantity and 13.45% of total value of Procured.

In the year 2005-06 maize (3804910 quintals of Rs. 197 lakh value) was procured with the share of 18.13% of total Quantity and 12.83% of total value of Procured. Again in 2007-08, procurement operation was undertaken for Maize was procured that is about 22556 quintals which was valued at Rs. 13.98 lakh. With the share of 0.11% of total Quantity and 0.91% of total value of Procured.

In the year 2008-09 Maize was procured under FPS with Quantity of 6987814 quintals which was valued at Rs. 586.98 lakh with the share of 33.30% of total Quantity and 38.29% of total value of Procured. Again in 2009-10, procurement operation was undertaken for Maize was procured that is about 3152494 quintals which was valued at Rs. 264.81lakh. With the share of 15.03% of total Quantity and 17.27% of total value of Procured.

During 2010-11 Maize was procured under FPS with the quantity of 375769 quintals which was valued at Rs. 33.07 lakh with the share of 1.79% of total Quantity and 2.16% of total value of Procured. In the year 2014-15 Maize was procured under FPS with Quantity of 21778 quintals which was valued at Rs. 28.53 lakh With the share of 0.10% of total Quantity and 86% of total value of Procured.

According to Karnataka state agricultural marketing Board total number of Maize produce beneficiaries from various procurement agencies was 294315.

Maize is the more time procurement with nine times under Floor Price scheme from Karnataka. During the year 2007-08 to 2010-11 Maize was procured continuously in four year due to more production and *distress sale of Maize and major procurement agency of Procuring Agency of Maize from Karnataka is Karnataka State Food & Civil Supplies Corporation (KFCS), Karnataka State Cooperative Marketing*

Federation (KSCMF), and Karnataka State Warehousing Corporation (KSWC). Table 2 clearly indicate in the year 2008-09 largest quantity of maize was procure under FPS from Karnataka.

Table: 3 Quantities and Value of Onion Procured under Floor Price Scheme since 1999-00 to 2011-12 (Quantity in quintals, Value in lakh rupees)

Year	Quantity	% Share of Quantity	Value	% Share of Value
1999-00	32042	1.63	9.81	7.40
2000-01	-	-	-	-
2001-02	-	-	-	-
2002-03	-	-	-	-
2003-04	-	-	-	-
2004-05	263328	13.36	8.94	6.74
2005-06	-	-	-	-
2006-07	1267983	64.33	92.07	69.40
2007-08	-	-	-	-
2008-09	-	-	-	-
2009-10	-	-	-	-
2010-11	-	-	-	-
2011-12	407747	20.69	21.84	16.46
2012-13	-	-	-	-
2013-14	-	-	-	-
2014-15	-	-	-	-
Total	1971100	100.00	13266.2	100.00

Source: Karnataka State Agricultural Marketing Board 2015 and Computed by Researcher

Table 3 was shows Quantities and value of Onion procured under Floor Price Scheme (FPS) since 1999-2000 to 2014-15. It was clearly shows during the Sixteen years onion was procured under FPS only four times in the year of 1999-00, 2004-05, 2006-07 and 2011-12 respectively. The major procurement Agency was Karnataka State Cooperative Marketing Federation (KSCMF).

In the year 1999-2000 Onion was procured under FPS with 1267983 quintals which was valued at Rs. 981.2 lakh with the share of 1.63% of total Quantity and 7.40% of total value of Procured. Again in 2004-05, procurement operation was undertaken for Onion was procured that is about 263328 quintals which was valued at Rs. 894 lakh. With the share of 13.36% of total Quantity and 6.74% of total value of Procured.

During 2006-07 Onion was procured under FPS with the quantity of 375769 quintals which was valued at Rs. 9207 lakh with the share of 1.79% of total Quantity and 2.16% of total value of Procured. In the year 2011-12 Onion was procured under FPS with Quantity of 407747 quintals which was valued at Rs. 2184 lakh with the share of 20.69% of total Quantity and 16.46% of total value of Procured.

According to Karnataka state agricultural marketing Board total number of onion produce beneficiaries from various procurement agencies was 48631.

Karnataka, the second largest onion growing state in India but in every year the rate of onion was reach highest and consumer to face the difficulty to buy but sometimes particular in above mention years expecting a good yield is expected that production of onions would reach to highest, farmers are suffering the losses and Producer share of consumers rupee is very less even farmers not get at least production cost of onion so, Government of Karnataka *protect the interests of the farmers against distress sale of onion by assuring a floor price* and Karnataka Cooperative Marketing Federation, Karnataka Food and Civil Supplies Corporation, and Karnataka State Warehousing Corporation have been appointed nodal agencies would intervene if the prices crashed.

FINDINGS OF THE STUDY:

- The scheme was not operating continuously for all the commodities since 1999-00 to 2014-15 because based on the need, the commodities were included and was operated when the prices of the commodities ruled in the market were below the low cost of Production.
- The coverage of commodities in the scheme have been increased over years due to increase in the production. The commodities caused glut in the market resulted in fall of the prices below the low cost of Production and caused hardship to farmers.
- During 2008-09 Procurement of Maize in terms of quantity and Value is very high because of Production of Maize is more and farmer are face the distress sale of Maize in the year.
- In the year of 2006-07 Quantity and Value of Procurement of onion is compared to others years is very high because Onion yield arriving during the period is very high.

SUGGESTIONS:

- The Floor Price Schema has a positive impact on price stability and protecting the interest of farmers due to distress sale on agricultural commodity hence it should be continued.
- It was Shows that the number of commodities covered under the scheme have been increased over the years in all the groups of commodities except in plantation crops and the main intention is to starting this scheme is to protect the farmer against distress sale of agricultural commodity Therefore attention needs to be given for plantation crops like Ginger , Pepper etc.,

CONCLUSION:

Karnataka is the eighth largest state of the country in terms of size, where agriculture is the means of livelihood for a majority of the population. Maize, onion, jowar, ragi, tur, potato, chilly, oilseeds, sugarcane and cotton are among the major crops of the state. In recent years, farmers' suicides have been a common phenomenon in Karnataka, like in some other parts of the country. Apart from crop failure due to droughts, untimely rains, pests, diseases, spurious seeds, sub-standard fertilizers and deep price crashes have been responsible for farmers' suicides.

The present study is documentation of various Agricultural commodities covered under floor price scheme in Karnataka with special focusses on Maize and Onion because of this two commodities producer are suffering more in price crashed when compared to other commodities.

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