

# Price Deficiency Payment System

In this article, you can read about the Price Deficiency Payment System. It is a topic coming under the agriculture section of the UPSC syllabus. Every year, questions are asked on agriculture in the IAS exam.

The idea, proposed by the Niti Aayog in order to support the farmers in case the market price falls below Minimum Support Price (MSP) is called, "Price Deficiency Payment". This system aims to provide a part (for example, 70 %) of the difference between the MSP and the market price to the farmers.

## What is Price Deficiency Payment System?

Under this system, the plan is to compensate farmers by paying them the difference between the government-prescribed Minimum Support Price and the actual market price for certain crops. For crops such as wheat and rice, the MSP announcements will continue.

For other selective crops, the price deficiency payments will be done. There would mostly be a cap on the extent to which the government will close the gap between the MSP and the market price. As per the NITI Aayog, the farmers will get benefits up to a certain percentage of the difference between the market price and the MSP.

## How to avail the Price Deficiency Payment?

To avail this scheme, farmers have to register with the nearest APMC Mandi and report the total area he has sown. The amount shall be credited to his Aadhar-linked bank account through a Direct Benefit Transfer (DBT).

## PDPS Benefits

- It will decrease the need for the government to actually procure food crops, transport and store them and then dispose of them under the Public Distribution System (PDS).
- It could be more effective in making the cropping patterns in the country more responsive to consumer needs in comparison to the MSPs.
- It can also make sure that farmers actually benefit from price supports.
- It is also mooted to keep India's expenses on food subsidies under control.

## Schemes launched by state governments

### Mukhya Mantri Bhavantar Bhugtan Yojana

It is an ambitious scheme launched to ensure that farmers receive minimum support prices (MSP) for pulses and oil seeds.

### **Bhavantar Bharpai**

The Haryana Government launched the country's first 'Bhavantar Bharpai' a scheme which would come into effect in January through which the state government would compensate farmers for price deficit for agricultural produce in which tomato, onion, potato and cauliflower have been included. It is applicable only to farmers growing vegetables.

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