

## 1. Market Intervention Price Scheme

**Prelims:** Economics- Agriculture

**Mains:** GS-III- Major Crops Cropping Patterns in Various Parts of the Country, Transport and marketing of Agricultural Produce and Issues and Related Constraints.

### Why in News?

- ▶▶ Kashmir's famed apple is battling to get exported outside the State this year as militants are campaigning against the fruit's trade.
- ▶▶ The government is planning to procure almost 12 lakh metric tonnes of apple this season, under the MISIP, with the help of the National Agriculture Cooperative Marketing Federation of India (NAFED).

### Market Intervention Price Scheme:

- ▶▶ MIP is a price support mechanism implemented on the request of State Governments for procurement of perishable and horticultural commodities in the event of a fall in market prices.
- ▶▶ The Scheme is implemented when there is at least 10% increase in production or 10% decrease in the ruling rates over the previous normal year.
- ▶▶ MIP works in a similar fashion to Minimum Support Price based procurement mechanism for food grains, but is an adhoc mechanism.
- ▶▶ Its objective is 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.
- ▶▶ Thus, it provides remunerative prices to the farmers in case of glut in production and fall in prices.

### Working:

- ▶▶ Proposal of MIP is approved on the specific request of State/UT Government, if the State/UT Government is ready to bear 50% loss (25% in case of North-Eastern States), if any, incurred on its implementation.
- ▶▶ Further, the extent of total amount of loss shared is restricted to 25% of the total procurement value which includes cost of the commodity procured plus permitted overhead expenses.

## Implementation of MIS:

- ▶▶ The Department of Agriculture & Cooperation is implementing the scheme.
- ▶▶ Under MIP, funds are not allocated to the States.
- ▶▶ Instead, central share of losses as per the guidelines of MIP is released to the State Governments/UTs, for which MIP has been approved, based on specific proposals received from them.
- ▶▶ Under the Scheme, a pre-determined quantity at a fixed Market Intervention Price (MIP) is procured by NAFED as the Central agency and the agencies designated by the state government for a fixed period or till the prices are stabilized above the MIP whichever is earlier.
- ▶▶ The area of operation is restricted to the concerned state only.
- ▶▶ The MIS has been implemented in case of commodities like apples, kinnoo/malta, garlic, oranges, galgal, grapes, mushrooms, clove, black pepper, pineapple, ginger, red-chillies, coriander seed etc.

