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Agricultural Value Chain: Enhancing Farmer Participation in Downstream Activities

Discussion on mechanisms to help farmers capture a greater share of value in India's post-harvest agri-food economy.

The process of adding value to agricultural produce through processing, logistics, and marketing, and enabling farmers to integrate into these downstream activities.

KEY EXAM POINTS

- Value addition in agriculture occurs through **aggregation**, **cold storage**, processing, packaging, and retail distribution.
- **Smallholder farmers** capture only a limited share of final consumer price due to high perishability, lack of capital, and weak **bargaining power**.
- **Farmer Producer Organizations** (**FPOs**) serve as a key mechanism to aggregate produce and enhance collective bargaining power.
- Downstream integration requires investments in **primary processing centers** (**PPCs**) and cold chain infrastructure near farm gates.
- **Contract farming** and direct retail linkages bypass traditional **intermediaries**, increasing the farmer's share of consumer spend.

DID YOU KNOW..!?

Article 43B of the Indian Constitution (inserted by the **97th Amendment Act, 2011**) promotes voluntary formation and democratic control of cooperative societies, which underpins FPOs.

Article 48 of the **Directive Principles of State Policy** (DPSP) directs the State to organize agriculture and animal husbandry on modern and scientific lines.

The Central Sector Scheme for 'Formation and Promotion of **10,000 Farmer Producer Organizations** (FPOs)' was launched in the year **2020**.

Tamil Nadu launched the '**Kalaignarin Anaithu Grama Oruginaintha Velan Valarchi Thittam** ' (KAGOVVT) in **2021** to convert fallow lands into cultivable areas and improve water resources.

The **Agriculture Infrastructure Fund** (AIF) was launched in **2020** with a medium-to-long term debt financing facility of ₹**1 Lakh Crore** for post-harvest management infrastructure.

The Ministry of Food Processing Industries (MoFPI) implements the **Pradhan Mantri Kisan Sampada Yojana** (PMKSY), which was approved in **2017** for modern infrastructure creation.

Under **Entry 33** of the **Concurrent List** (List III) of the Seventh Schedule, both Parliament and State Legislatures can legislate on trade and commerce in foodstuffs.

REVISION FLASHCARD

Article 43B promotes cooperatives; 10,000 FPOs scheme launched in 2020; AIF provides ₹1 Lakh Crore for post-harvest infrastructure.

Syllabus Relevance: Highly relevant for Unit 5 (DPSP, Constitutional Amendments) and Unit 6 (Agricultural Economy, FPOs, and Central/State Schemes).

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