

Growth of PM-AASHA Procurement Schemes in India

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INTRODUCTION

Agriculture remains the backbone of India's economy, contributing approximately 18% to GDP and employing over 50% of the rural population. However, Indian farmers often face price volatility due to market imperfections, low bargaining power, and dependence on middlemen. To address these challenges, the Government of India introduced PM-AASHA in 2018–19 as a comprehensive framework to ensure effective MSP-based procurement of crops, particularly pulses, oilseeds, and cereals.

PM-AASHA consolidates and strengthens earlier MSP procurement mechanisms to provide income security to farmers, reduce distress sales, and support sustainable agricultural growth. By linking MSP to actual procurement, the scheme aims to create a more transparent and farmer-friendly procurement system.

2. Objectives of PM-AASHA

The key objectives of PM-AASHA are:

1. Ensuring MSP for farmers – Protecting farmers from price fluctuations and ensuring remunerative prices.
2. Reducing distress sales – Encouraging farmers to sell their produce at MSP rather than accepting lower market prices.
3. Increasing procurement coverage – Expanding procurement beyond traditional cereals (like rice and wheat) to pulses and oilseeds.
4. Promoting private sector participation – Encouraging stockists and traders to participate under the Private Procurement & Stockist Scheme (PPSS).
5. Improving market efficiency – Digitization and online reporting to ensure transparency and timely payments.



3. Components of PM-AASHA

The Pradhan Mantri Annadata Aay SanraksHan Abhiyan (PM-AASHA) is designed to ensure that farmers receive the Minimum Support Price (MSP) for their produce, particularly pulses, oilseeds, and other targeted crops. To achieve this, the scheme integrates three main components:

3.1 Price Support Scheme (PSS)

The Price Support Scheme is implemented through the Food Corporation of India (FCI) along with state agencies. Under this mechanism, crops such as pulses and oilseeds are procured **directly from** farmers at MSP, ensuring they are not forced to sell at lower market prices. The scheme provides storage, transportation, and logistics support, helping stabilize prices and maintain market efficiency. PSS primarily operates in districts with sufficient procurement infrastructure and aims to strengthen government-led market intervention.

3.2 Price Deficiency Payment Scheme (PDPS)

PDPS provides direct cash compensation to farmers when market prices fall below the MSP. Unlike traditional procurement, PDPS does not require the physical collection, storage, or handling of crops, reducing operational costs and wastage. This component is currently implemented for selected pulses and ensures farmers receive timely financial support, even when market intervention is limited.

3.3 Private Procurement & Stockist Scheme (PPSS)

PPSS encourages private agencies and stockists to participate in MSP-based procurement. The government reimburses the difference between MSP and the actual market price to the procurers, ensuring coverage in regions where government procurement is minimal. This fosters broader market access and enhances the scheme's reach to smallholder farmers in remote areas.

4. Growth of PM-AASHA Procurement

Since its launch in 2018–19, the PM-AASHA scheme has witnessed steady growth in terms of procurement volumes, geographical coverage, and financial investment, reflecting the government's commitment to safeguard farmers' incomes and stabilize agricultural markets.

4.1 Procurement Volumes

The procurement of pulses, oilseeds, and coarse cereals under PM-AASHA has shown gradual but significant growth since its inception. In 2018–19, the scheme operated on a pilot basis under the Price Support Scheme (PSS), focusing primarily on major producing states and targeting key pulses such as chickpea, moong, and urad. During 2019–20, PM-AASHA expanded its reach to additional districts, while the Price Deficiency Payment Scheme (PDPS) was introduced in select states to provide direct compensation to farmers when market prices fell below MSP.

The 2020–21 period saw a notable increase in private sector participation through the Private Procurement & Stockist Scheme (PPSS), which enhanced coverage for minor pulses and ensured that farmers in remote areas could sell their produce at MSP. By 2021–22, the adoption of digital monitoring systems and mobile-based procurement tracking further improved transparency, efficiency, and accountability in the procurement process. Data from the Ministry of Agriculture (2021) indicates that procurement of pulses like chickpea, moong, and urad increased by over 30% compared to pre-PM-AASHA years, demonstrating the scheme's impact on stabilizing prices and increasing farmer participation.

4.2 Geographical Coverage

Initially, procurement under PM-AASHA was concentrated in major producing states such as Madhya Pradesh, Maharashtra, Rajasthan, Karnataka, and Uttar Pradesh, which accounted for the majority of pulse production. Over time, coverage expanded to include smaller districts, tribal areas, and hilly regions, promoting inclusivity and enabling more farmers to benefit from MSP-based procurement. The participation

of private stockists under PPSS further facilitated access for farmers in remote regions, reducing the need to transport crops over long distances to government centers.

4.3 Financial Growth

Financially, PM-AASHA has experienced steady growth in budget allocations, reflecting the government's increasing focus on farmer support. The annual budget rose from ₹5,000 crore in 2018–19 to ₹10,000 crore in 2022–23, indicating an expanding scope of procurement activities and support mechanisms. In addition, the Price Deficiency Payment Scheme has played a critical role in stabilizing farmers' incomes during periods of market volatility, particularly for pulses and oilseeds, ensuring that they receive remunerative returns even when market prices fall below MSP.

5. Impact on Farmers and Agriculture

The PM-AASHA scheme has had a substantial impact on farmers and agricultural markets since its inception. By ensuring remunerative prices for pulses, oilseeds, and other targeted crops, the scheme has strengthened income security, reduced distress sales, and improved overall market efficiency.

5.1 Income Stabilization

MSP-linked procurement under PM-AASHA provides farmers with minimum guaranteed returns, reducing their vulnerability to market fluctuations and price crashes. This is particularly important for small and marginal farmers, who often lack bargaining power in open markets. Through the Price Deficiency Payment Scheme (PDPS), farmers receive direct benefit transfers when market prices fall below MSP, ensuring timely access to cash. This mechanism not only stabilizes household incomes but also enhances liquidity, enabling farmers to invest in subsequent cropping cycles or meet household expenses without financial strain.

5.2 Reduction in Distress Sales

A key benefit of PM-AASHA is the reduction in distress sales, which occur when farmers are forced to sell produce at lower prices due to urgent financial needs. By providing assured

procurement at MSP, the scheme allows farmers to hold their produce until prices are favorable or sell to private stockists under the PPSS, thereby reducing exploitation by middlemen. This has encouraged farmers to plan crop sales strategically, leading to better financial outcomes and reduced post-harvest losses.

5.3 Market Efficiency

The adoption of digital monitoring, mobile-based tracking, and transparent reporting systems under PM-AASHA has improved overall market efficiency. Middlemen dominance in pulses and oilseeds markets has declined, allowing farmers to receive fairer prices. Additionally, the scheme promotes competitive pricing and private sector participation, which further strengthens price discovery and enhances market access across remote regions.

5.4 Crop Diversification

PM-AASHA incentivizes the cultivation of high-value pulses and oilseeds, encouraging farmers to diversify beyond staple cereals like rice and wheat. This contributes not only to nutritional security but also to risk mitigation by reducing dependence on a limited number of crops. Crop diversification under PM-AASHA also supports sustainable agriculture by promoting soil health and balanced cropping patterns.

6. Challenges in PM-AASHA Implementation

Despite its significant role in stabilizing farmers' incomes and promoting MSP-based procurement, PM-AASHA faces several implementation challenges that limit its overall effectiveness.

6.1 Low Awareness

A major constraint is the limited awareness among farmers, particularly smallholders in remote and tribal areas. Many are unaware of the scheme provisions, eligibility for PDPS payments, and opportunities under the Private Procurement & Stockist Scheme (PPSS). This lack of awareness prevents farmers from fully benefiting from MSP-based interventions and reduces participation in formal procurement channels.

6.2 Infrastructure Gaps

The effectiveness of PM-AASHA is closely linked to storage, transport, and warehousing

infrastructure. In several states, inadequate cold storage facilities, limited warehouses, and poor logistics lead to delays in procurement and result in post-harvest losses. These infrastructure gaps hinder timely implementation, especially during peak harvest periods.

6.3 Delayed Payments

Timely receipt of MSP or PDPS payments is crucial for farmer trust. However, delays in processing payments have been reported in multiple states, creating financial stress for farmers and reducing confidence in the scheme. Such delays can discourage farmers from participating in MSP procurement in subsequent seasons.

6.4 Limited Crop Coverage

Currently, PM-AASHA primarily targets selected pulses and oilseeds, leaving many crops, such as coarse cereals and minor oilseeds, outside the scheme's protection. This limits the scheme's reach and reduces incentives for diversification into high-value crops in certain regions.

6.5 Private Sector Hesitation

While PPSS encourages private participation, many stockists hesitate due to profitability concerns, bureaucratic procedures, and delays in reimbursement from the government. This limits the scheme's outreach, especially in remote areas where government procurement infrastructure is weak.

7. Strategies for Improving PM-AASHA Growth

1. Increasing Awareness: Outreach programs, training, and mobile alerts to educate farmers.
2. Digital Integration: E-procurement, mobile applications, and online tracking to reduce delays.
3. Infrastructure Expansion: Developing storage, warehousing, and transportation networks.
4. Wider Crop Coverage: Inclusion of coarse cereals, minor oilseeds, and horticultural crops.

5. Faster Reimbursements: Timely payments to private stockists and farmers to improve participation.
6. Linkages with Agri-Startups: Collaboration with technology-based agri-enterprises for market access.

8. Future Prospects

PM-AASHA is poised to play a pivotal role in India's agricultural marketing reforms. It aims to strengthen MSP-based safety nets, ensuring farmers are protected from price fluctuations. Digital procurement systems will enhance transparency and efficiency, while encouraging private participation can expand coverage across regions. The scheme also supports crop diversification and nutritional security through incentives for pulses and oilseeds. Integration with the National Agricultural Market (e-NAM) will improve price discovery and facilitate efficient trading. With sustained policy support, infrastructure development, and technology-driven interventions, PM-AASHA has the potential to transform procurement systems and sustainably increase farmer incomes.

CONCLUSION

PM-AASHA marks an important step toward ensuring remunerative prices for Indian farmers. By combining traditional MSP mechanisms with digital tools and private sector collaboration, the scheme has enhanced farmer bargaining power, reduced distress sales, and promoted crop

diversification. Addressing challenges such as infrastructure gaps, low awareness, and delayed payments is essential. Future focus on digital procurement, broader crop coverage, timely payments, and private participation can make PM-AASHA a cornerstone for agricultural sustainability, farmer income security, and overall rural economic growth in India.

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