



OPERATION GREEN: A PROJECT IN SLOW MOTION

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(Mains GS3: Food processing and related industries in India- scope and significance, location, upstream and downstream requirements, supply chain management.)

Context:

- In the Union budget for the FY 2021-22, Finance Minister announced that Operation Green (OG) will be expanded beyond tomatoes, onions, and potatoes (TOP) to 22 perishable commodities (TOP to total).
- Although commodities which will be included are not known yet, the country welcomes this move as it reflects the government's intentions of creating more efficient value chains for perishables.

About Operation Greens:

- The scheme "Operation Greens" was announced on the line of "Operation Flood" in union budget 2018, with an outlay of Rs.500 crore.
- Its aim is to promote Farmer Producers Organizations (FPOs), agri-logistics, processing facilities and professional management.
- Accordingly, the Ministry has formulated a scheme for integrated development of Tomato, Onion and Potato (TOP) value chain.

Objectives:

- Enhancing value realisation of TOP farmers by targeted interventions to strengthen TOP production clusters and their FPOs, and linking/connecting them with the market.
- Price stabilisation for producers and consumers by proper production planning in the TOP clusters and introduction of dual use varieties.
- Reduction in post-harvest losses by creation of farm gate infrastructure, development of suitable agro-logistics, and creation of appropriate storage capacity linking consumption centres.

- Increase in food processing capacities and value addition in TOP value chain with firm linkages with production clusters.
- Setting up of a market intelligence network to collect and collate real time data on demand and supply and price of TOP crops.

Strategies:

- The scheme will have two-pronged strategy of Price stabilisation measures (for short term) and integrated value chain development projects (for long term).
- **Short term Price Stabilisation Measures**
- NAFED will be the Nodal Agency to implement price stabilisation measures. MoFPI will provide 50% of the subsidy on the following two components:
 1. Transportation of Tomato Onion Potato (TOP) Crops from production to storage.
 2. Hiring of appropriate storage facilities for TOP Crops

Market Intelligence and Early Warning System

- MIEWS Dashboard and Portal is a platform for monitoring prices of tomato, onion and potato (TOP) and for generating alerts for intervention under the terms of the Operation Greens scheme.
- The portal would disseminate all relevant information related to TOP crops such as Prices and Arrivals, Area, Yield and Production, Imports and Exports, Crop Calendars, Crop Agronomy, etc in an easy to use visual format

Long Term Integrated value chain development projects

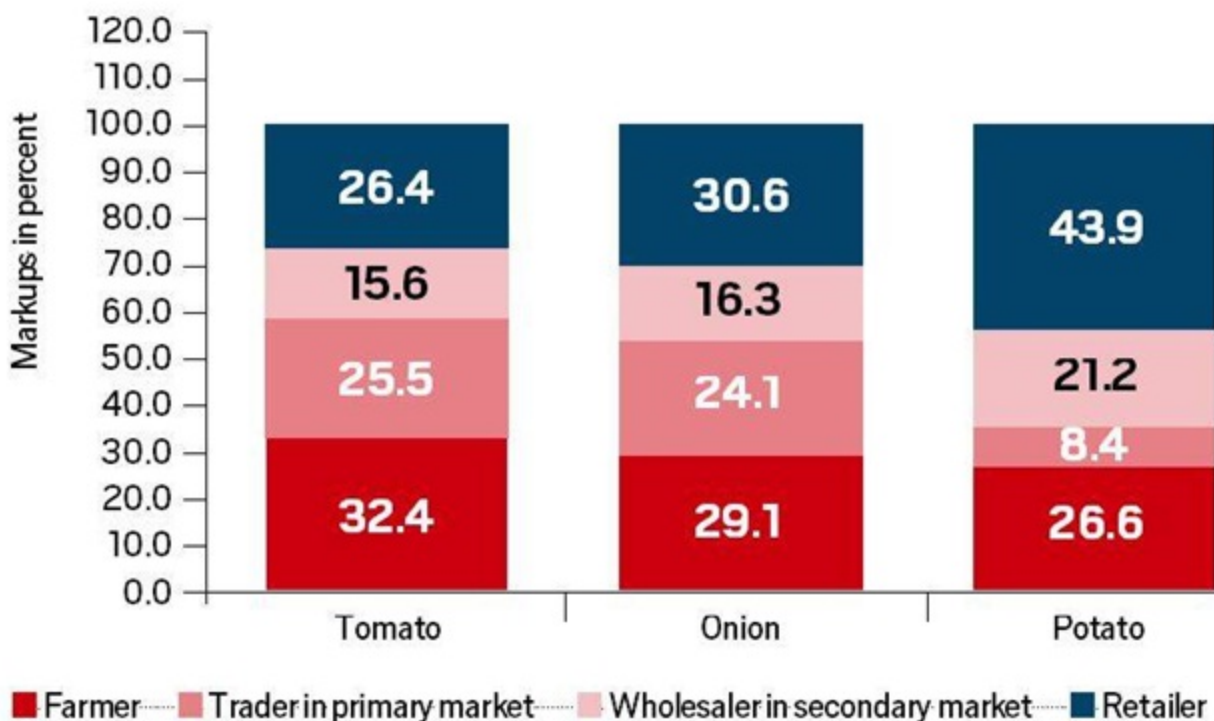
- Formation and Capacity Building of FPOs.
- Quality-production
- Post-harvest processing facilities - At Farm Level
- Post-harvest processing facilities - At Main Processing Site
- Agri-Logistics
- Marketing/Consumption Points

Implementation so far:

- The design and strategy followed so far are that the OG scheme is housed in the Ministry of Food Processing Industries (MoFPI) under a Joint Secretary.
- MoFPI has invited some programme management agencies to see its implementation.
- Out of the Rs 500 crore from its initial outlay, Rs 50 crore were reserved for the price stabilisation objective, wherein NAFED was to intervene in the market wherever prices crashed due to a glut, to procure some excess arrivals from the surplus regions to store them near major consuming centres.

- Another Rs 450 crore has been reserved for developing integrated value chains projects. Such projects are given 50 per cent grants-in-aid with a maximum limit of Rs 50 crore per project.
- This subsidy goes up to 70 per cent in case the project is of a Farmer Producer Organisation (FPO).
- As of February 2021, six projects worth Rs 363.3 crore have been approved for the scheme, of which Rs 136.82 crore has been approved as grant-in-aid.
- But so far, a mere Rs. 8.45 crore has been actually released, which may be because the scheme envisages the payment of subsidy on a reimbursement basis.
- A closer examination of the scheme in terms of achieving its objectives of price stabilisation, or ensuring a larger share of farmers in consumers' rupee, reveals that OG is in slow motion, and nowhere near achieving its objectives.
- Research at ICRIER reveals that price volatility remains as high as ever, and farmers' share in consumers' rupee is as low as 26.6 per cent for potatoes, 29.1 per cent in the case of onions, and 32.4 per cent for tomatoes. This is reflective of the malaise in the horticulture sector.

MARKUPS (COSTS AND MARGINS) FOR VALUE CHAIN OF TOP



Lessons from operation flood:

- Operation Flood (OF) transformed India's milk sector, making the country the world's largest milk producer, crossing almost 200 million tonnes of production by now.

- In cooperatives like AMUL, farmers get almost 75-80 per cent of what consumers' pay.

Time needed:

- Although OG is going to be more challenging than OF due to each commodity under OG has its own specificity, production and consumption cycle, unlike the homogeneity of milk as a single commodity.
- Results of the operation green are not going to come in three to four years. One has to be patient.
- OF lasted for almost 20 years before milk value chains were put on the track of efficiency and inclusiveness.
- If this is the horizon needed for OG, India needs a different structure and strategy than is being followed currently.
- There has to be a separate board to strategise and implement the OG scheme, more on the lines of the National Dairy Development Board (NDDB) for milk, which keeps itself at arm's length from government control.

Leadership required:

- India needs a champion like VergheseKurien to head this new board of OG — a leader who is respected for his/her independence, as well as commitment and competence to give a different shape to horticulture sector value chains.
- The person will have to be given at least a five-year term, ample resources, and be made accountable for delivering results.
- The MoFPI can have its evaluation every six months, but making MoFPI the nodal agency for implementing OG with faceless leaders (joint secretaries who can move from one ministry to another at the drop of a hat) is not very promising.

Transparency and innovation:

- The criteria for choosing clusters for TOP crops under OG are not very transparent and clear.
- The reason is while some important districts have been left out from the list of clusters, less important ones have been included.
- What is needed is quantifiable and transparent criteria for the selection of commodity clusters, keeping politics away.
- The subsidy scheme will have to be made innovative with new generation entrepreneurs, startups and FPOs.

Conclusion:

- The announcement to create an additional 10,000 FPOs along with the Agriculture Infrastructure Fund and the new farm laws are all promising but need to be implemented fast.
- By developing such forward and backward linkages, the government can ease large price fluctuations, raise farmers' share in the price paid by the consumer and at the same time, ensure lower prices for the consumers — a win-win situation for all.

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