

A Lifeline for Kerala's Fruits and Vegetable Farmers: Understanding the Base Price Scheme

Midhun V. M.

Final year Ph.D. (ABM), IABM, UAS Bengaluru

Corresponding Author: sampricrj111@gmail.com

Introduction

Kerala, though blessed with fertile soil and a favorable climate for cultivating a wide range of vegetables and fruits, has long struggled with one persistent issue: market volatility. Farmers frequently find themselves at the mercy of fluctuating prices, especially during peak harvest seasons. The perishable nature of produce further worsens the situation, as sudden price drops often force distress sales, resulting in significant financial losses.

To address these recurring challenges, the Government of Kerala introduced the Kerala Farm Fresh Fruits and Vegetables Base Price Scheme in 2020. This progressive initiative aims to ensure income security and market stability for farmers across the state. Under this scheme, the base price fixed for each crop is 20% above the production cost, offering farmers a fair profit margin.

Aim of the Scheme

The scheme is designed to:

- Ensure price stability and income assurance for fruit and vegetable farmers
- Strengthen marketing channels and farmer-market linkages
- Control price crashes in key seasonal crops
- Promote increased cultivation of essential vegetables
- Provide a gap fund to offset losses when market prices fall below the base rate

Base Prices and Crop Coverage: The scheme initially covers 16 essential fruits and vegetables commonly cultivated in Kerala. The following table outlines the current base prices and the minimum expected productivity per hectare:

Market Network and Implementation: The scheme's success depends heavily on its robust market network and administrative structure. Produce is procured and marketed through over 300 designated procurement centres, which include:

- 250 outlets operated by the Vegetable and Fruit Promotion Council Keralam (VFPC)
- 18 HORTICOPS outlets

- 32 centres managed by the Agril. Department

This extensive network ensures that farmers from different parts of the state have access to procurement centres where they can benefit from base price assurance.

Table 1: Base Price and Minimum Productivity of Selected Crops under the Scheme

Crop	Base Price (₹/kg)	Min. Productivity (MT/ha)
Tapioca	12	15
Nendran	30	24
Banana		
Pineapple	15	14
Ash Gourd	9	11
Cucumber	8	10
Bitter Gourd	30	10
Snake Gourd	16	15
Cowpea	34	8
Tomato	8	15
Ladies' Finger	20	8
Cabbage	11	20
Carrot	21	15
Potato	20	15
Beans	28	11
Beetroot	21	12
Garlic	139	5

Source: Department of Agriculture Development and Farmers' Welfare, Government of Kerala.

District-Wise Performance of the Base Price Scheme

To assess the scale and efficiency of implementation, district-wise data from the Kerala e-Services Dashboard offers valuable insights into the outreach of the Base Price Scheme. The Table 2 presents the number of applications submitted by farmers, approvals granted, pending cases, and the percentage of applications disposed of across Kerala's 14 districts. High disposal rates in most districts indicate a proactive administrative approach, while variations in approval and rejection figures highlight differences in regional participation and awareness levels.

Table 2: District-Wise Status of Base Price Scheme Applications in Kerala (2020-25)

District	Applications	Approved	Pending	Rejected/Returned	Disposal %
Alappuzha	2,639	1,589	375	675	85.79%
Ernakulam	10,705	7,783	176	2,746	98.36%
Idukki	1,749	1,160	107	482	93.88%
Kannur	1,808	813	230	765	87.28%
Kasaragod	1,611	646	127	838	92.12%
Kollam	5,232	2,863	361	2,008	93.10%
Kottayam	4,992	3,275	480	1,237	90.38%
Kozhikode	6,118	5,254	56	808	99.08%
Malappuram	23,926	19,059	557	4,310	97.67%
Palakkad	8,337	5,959	307	2,071	96.32%
Pathanamthitta	5,034	3,283	182	1,569	96.38%
Thiruvananthapuram	11,346	8,118	248	2,980	97.81%
Thrissur	10,893	6,468	1,414	3,011	87.02%
Wayanad	9,079	6,453	308	2,318	96.61%

Source: Kerala e-Services Dashboard

How the Scheme Works: Step-by-Step Procedure

- Farmer Registration:** Farmers must register on the AIMS portal (Agricultural Information Management System), providing crop details, sowing and harvesting dates, and cultivation area. Only insured crops are eligible.
- Verification:** Assistant Agricultural Officers inspect and verify the field and registration details.
- Reference Market Pricing:** Nodal markets (primarily under VFPCCK) submit daily price data. This information is used to assess whether local prices fall below the declared base price.
- Base Price Declaration:** District-Level Committees review trends and activate the base price mechanism when market prices dip. Only quality-graded produce is accepted under the scheme.
- Procurement and Submission:** Registered farmers submit their graded produce to notified markets. All data is recorded on the AIMS portal.
- Claim Processing:** Agricultural officers submit monthly claims to the Direct Benefit Transfer (DBT) cell for validation.
- Payment Disbursement:** Approved claims are settled through direct bank transfers, covering the price difference between market and base prices.

Key Insights from the Scheme

- Kerala is the first state in India to implement a government-backed support price scheme

specifically for fruits and vegetables, addressing a long-standing policy gap in horticulture.

- Farmers cultivating up to 15 acres are eligible for benefits under the scheme in a single season.
- Only quality-graded produce qualifies for base price protection, promoting improved post-harvest practices.
- The scheme mandates that only insured crops are eligible, thereby encouraging risk management and advance crop planning among farmers.
- Real-time price tracking and claim management is facilitated through the AIMS digital portal, enhancing transparency.
- A district-level pricing mechanism allows localized, flexible intervention based on real-time market conditions.

Benefits of the Scheme

- Income security during market fluctuations
- Encouragement of organized cultivation and grading practices
- Improved access to structured markets
- Transparency and efficiency through digital systems
- Support for small and marginal farmers

Challenges on the Ground

Despite its benefits, the scheme faces several implementation challenges:

- Low awareness, especially among rural and marginal farmers
- Delays in claim processing and payment reimbursement
- Complex registration and documentation processes
- Limited crop coverage (only 16 crops as of now)
- Additional burden due to mandatory crop insurance
- Overworked agricultural staff and limited field support

Future Prospects

To make the Base Price Scheme more inclusive, impactful, and sustainable, the following strategies can be considered:

- **Inclusion of More Crops:** Expanding the scheme to cover a wider variety of fruits, vegetables, and other perishable commodities will help more farmers benefit from price assurance.
- **Geographical Expansion:** Extending the scheme's reach to remote and underrepresented regions will ensure equitable access and reduce regional disparities in farmer support.
- **Establishment of More Collection Centers:** Setting up additional procurement centers closer to farm clusters will reduce transportation costs and post-harvest losses.
- **Certification Systems:** Implementing quality certification for produce under the scheme will encourage better grading practices and improve consumer trust in the supply chain.
- **Enhanced Budget Allocation:** Increasing the scheme's financial backing will ensure timely disbursement of funds and allow for expansion without compromising efficiency.
- **Public-Private Partnerships (PPPs):** Engaging private players in logistics, storage, and technology can bring innovation, improve operational efficiency, and scale the program faster.

- **Awareness Campaigns:** Conducting structured and multilingual awareness drives will help educate farmers about registration procedures, eligibility criteria, and the benefits of the scheme.
- **Strengthening Domestic Market Linkages:** Building stronger connections with local retail markets and institutional buyers can help farmers gain consistent demand and improve price realization.

Policy Significance of the Base Price Scheme

The Base Price Scheme represents a major step forward in agricultural policy, especially for horticultural crops that traditionally fall outside the scope of national price support systems. By addressing market volatility, ensuring minimum income levels, and integrating digital governance, the scheme aligns with broader goals of agricultural sustainability and farmer welfare.

Key policy-level contributions include:

- Bridging the MSP gap for fruits and vegetables, which are typically excluded from central price support mechanisms.
- Encouraging quality production by linking support to grade-certified produce.
- Enhancing market resilience through localized pricing decisions and targeted interventions.
- Digitizing subsidy delivery with the AIMS portal, improving transparency and claim processing efficiency.
- Supporting small and marginal farmers, particularly those cultivating up to 15 acres, who are most vulnerable to price crashes.
- Providing a scalable model for other states facing similar challenges in horticultural marketing.

Conclusion

The Kerala Farm Fresh Fruits and Vegetables Base Price Scheme is a progressive, farmer-friendly initiative that strengthens the agricultural ecosystem. By assuring a fair minimum price and facilitating market access, it not only stabilizes farmer income but also contributes to food security and rural development. With targeted improvements and broader outreach, the scheme holds the potential to serve as a model for agricultural reform across India.

References

Department of Agriculture Development and Farmers' Welfare, Government of Kerala. *Base Price Scheme Crop Pricing Notification*. Available at: <https://www.keralaagriculture.gov.in>

Kerala State e-Governance Dashboard. *Kerala Farm Fresh Fruits and Vegetables – Base Price Scheme*. Available at: <https://dashboard.kerala.gov.in/e-services/>

The Hindu. *Base Prices for 16 Agricultural Items Announced by Kerala*. October 21, 2020. Available at:

<https://www.thehindu.com/news/national/kerala/base-prices-for-16-agricultural-items/article32910560.ece>

AIMS – Agricultural Information Management System, Government of Kerala. *Official Portal for Farmer Registration and Claim Processing*. Available at:

<https://www.aims.kerala.gov.in/home>

Vegetable and Fruit Promotion Council Keralam (VFPCCK). *Official Website*. Available at: <https://www.vfpck.org>
