



Custom Hiring Scheme of SMAM

Why in News?

The **Custom Hiring Scheme** under [Sub-Mission on Agricultural Mechanization \(SMAM\)](#) is supplying **modern farm machinery** to rural Madhya Pradesh farmers, boosting their productivity and income.

Key Points

- **About Custom Hiring Scheme:**
 - This scheme has been launched with the aim of **economically empowering small and marginal farmers** through modern **agricultural equipment** and providing them **self-employment opportunities**.
 - This is an important initiative running under **the [Union Ministry of Agriculture and Farmers Welfare](#)**.
 - Under this, [Custom Hiring Centers \(CHCs\)](#) are established.
 - These are centres from where farmers can rent agricultural equipment like tractors, harrows, rotavators, seed drills, reapers, threshers, dryers, sprayers etc.
 - CHCs can be run by farmers, [Farmer Producer Organisations \(FPOs\)](#), cooperatives, gram panchayats or private entrepreneurs.
 - Under the scheme, the government provides a **subsidy of maximum 40%** and **interest subsidy of up to 3%**.
- **Beneficiary Eligibility:**
 - Under the scheme, **12th pass unemployed farmers** between the ages of **18 and 40** can apply.
 - The selection is done through a **lottery system**, and the **selected beneficiaries are given training** and then allowed to purchase the device.
- **Importance:**
 - This scheme decentralises the reach of mechanisation.
 - This **ensures timely harvesting**, **solves the problem of labour shortage** and improves **the efficiency of agricultural operations**.
 - Youth get an opportunity to participate in agricultural service business, which also increases employment opportunities in villages.

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Sub-Mission on Mechanisation (SMAM) Scheme

About:

- It was **launched by the Ministry of Agriculture and Farmers Welfare in 2014.**
 - Under this, **subsidy is provided for purchase of various types of agricultural equipment** and machinery to the extent of **40-50% for states other than NER (North Eastern Region) states** and for **NER states it is 100% limited up to Rs. 1.25 lakh per beneficiary.**
- The Ministry of Agriculture has also developed a **multilingual mobile app, 'CHC (Custom Hiring Centre) - Farm Machinery'** which connects farmers with the Custom Hiring Service Centres located in their area.

Goal:

- Increasing access to agricultural mechanisation to small and marginal farmers and in remote areas where availability of electricity for agriculture is low.

Farmer Producer Organisation

Introduction:

- FPO is a type of **Producer Organization (PO)** whose members are farmers and is promoted and supported by the **Small Farmers Agri Business Consortium (SFAC).**
 - It **came into existence in 2008**, inspired by a recommendation (2002) of amendment to **the Companies Act, 1956** by economist Y.K. Alagh .
 - It can be registered as a public trust under the **Companies Act, 2013, Societies Registration Act, 1860**, or the Indian Trusts Act, 1882.
- Producer organisation is a group formed by producers such as **farmers, non-agricultural class or artisans**, which may take legal forms such as producer companies or co-operative societies with profit sharing among the members.

Objective and Need: India's agriculture sector is dominated by **small and marginal farmers (87% have less than 2 hectares of land)**, who face seasonal and market risks, and struggle to get fair prices.

- FPOs help small farmers by **facilitating bulk input procurement, better bargaining power**, and ensuring better price realization at lower costs.
- These also improve **market access of farmers, helping in achieving the goal of doubling income** and entering global markets.