

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA**

STARRED QUESTION NO:396
ANSWERED ON:19.04.2002
DECENTRALIZED PROCUREMENT
MALYALA RAJAJIAH;PUTTASWAMY GOWDA

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether the attention of the Union Government has been drawn to a news-item regarding decentralised procurement appearing in the `Hindu` of 24 March, 2002;
- (b) the names of the States, who have not agreed to decentralise procurement of foodgrains alongwith the reasons;
- (c) the manner in which financial burden on the States are likely to be shared; and
- (d) the steps taken by the Union Government to resolve issues regarding decentralisation of procurement?

Answer

THE MINISTER OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI SHANTA KUMAR)

(a),(b),(c)&(d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a),(b),(c)&(d) OF STARRED QUESTION NO.396 DUE ANSWER ON 19-04-2002 IN THE LOK SABHA.

(a): Yes, Sir.

(b): The States that were asked to take up the scheme of decentralized procurement but have not done so are Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir , Karnataka, Maharashtra, Orissa, Punjab, Rajasthan, Tripure and Uttaranchal. In Haryana & Punjab most of the procurement is already being done by the State Agencies. The reasons given by other States for not taking up the scheme include, inter alia, lack of infrastructure, shortage of funds and lack of trained and experienced manpower.

(c): Under the scheme of decentralized procurement, a State taking up decentralized procurement is reimbursed by the Union Government the difference between the economic cost of acquisition and distribution of foodgrains and the Central Issue Prices at which the foodgrains are sold. Thus there is no financial burden on the State Government.

(d): Decentralised procurement and distribution of foodgrains was one of the items included in the Agenda for the Conference of Chief Ministers on WTO Agreement and Food Management held on 21.5.2001. However, there was no consensus on this issue and a Standing Committee comprising some Union Ministers and State Chief Ministers, besides the Deputy Chairman, Planning Commission , was constituted to look into various aspects of Food Management and Agricultural Exports. In the First meeting of the Standing Committee held on 6.7.2001, the Finance Minister emphasized that in order to make the concept of MSP a reality for all farmers everywhere in the country, it was necessary to encourage the States to take up decentralized procurement. He also pointed out that a scheme would be prepared to share efficiency gains with the State Governments.

The Union Secretary, Department of Food & Public Distribution convened meetings with the Food Secretaries/representatives of the State Governments of Assam, Bihar, Chhattisgarh, Gujarat , Himachal Pradesh, Jammu & Kashmir, Karnataka, Maharashtra, Orissa, Rajasthan and Uttaranchal on 14.9.2001, 19.9.2001 and 9.10.2001. The representatives of the Governments of Uttaranchal and Jammu & Kashmir could not attend the meeting. The State Governments were provided with a detailed write up of the scheme and the steps required to be taken to implement the scheme. The reservations of the States relating to shortage of storage facilities, trained manpower, credit facilities, etc., were also addressed in these meetings.

A proposal was received from the State Government of Assam in the month of October, 2001 expressing its willingness to undertake decentralized procurement. Subsequently, the State Government informed that the scheme was yet to receive clearance from its Finance Department.

The proposal of the State Government of Chhattisgarh to take up the scheme of decentralized procurement has been approved recently.