

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

UNSTARRED QUESTION NO:179
ANSWERED ON:23.02.2010
REVIEW OF PROCUREMENT POLICY
Patil Shri A.T. Nana

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

- (a) whether the Government has recently reviewed the existing system of procurement of foodgrains in the country;
- (b) if so, the details and the outcome thereof; and
- (c) the steps taken by the Government for improving the system of procurement of foodgrains?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a)&(b): Yes, Madam. The procurement operations are reviewed by Government in consultation with State Governments. Operational issues of procurement are decided by Food Corporation of India and State Governments in consultation with each other.

(c): The steps taken by the government for maximising the procurement of wheat and rice are at Annexure.

ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PART (c) OF THE UNSTARRED QUESTION NO.179 DUE FOR ANSWER ON 23.02.2010 IN THE LOK SABHA.

Steps taken to maximise the procurement of wheat and rice:

(i) The MSP for wheat was fixed at Rs.1000 per quintal for RMS 2008-09. As a result of which, 226.89 lakh tones of wheat as procured in RMS 2008-09, which has enhanced the availability of wheat. The MSP for wheat in RMS 2009-10 was fixed as Rs.1080 per quintal, which has resulted in procurement of 253.82 lakh tonnes. This level of procurement in RMS 2009-10 coupled with procurement of 226.89 lakh tonnes of wheat in RMS 2008-09 has ensured availability of comfortable wheat stock in central pool.

(ii) In KMS 2009-10, the MSP of Rs.950/- and Rs.980/- per quintal was fixed for Common and Grade 'A' varieties of paddy, respectively. The Government also allowed a bonus of Rs.50/- per quintal on both varieties of paddy during KMS 2009-10 to maximize the procurement. A total of 221.03 lakh tonnes of rice has been procured in KMS 2009-10 (as on 18.2.2010) against an estimated procurement of 260 lakh tonnes for KMS 2009-10. Procurement of 336.84 lakh tonnes of rice in KMS 2008-09 has resulted in comfortable rice stock in central pool.

(iii) To have an assessment of major rice purchases by private trade, a notification titled "Rice (Stock Declaration by Companies or Firms or individuals) Order 2009 was issued under the Essential Commodities Act 1955 on 11.11.2009. The order provides that any Company or Firm or individual which purchases paddy (in terms of rice) or rice beyond 10,000 tonnes during Kharif Marketing Season 2009-10 (October-September) shall furnish a return to the Secretary, Department of Food of the State from where maximum quantity has been purchased. In case the purchase of paddy (in terms of rice) exceeds 25,000 tonnes (throughout the country) the return in the prescribed proforma is to be submitted to Department of Food & Public Distribution of Central Government.

(iv) The State Governments have been requested to issue instructions for recording correct market arrivals and ensuring imposition of at least 50% compulsory levy on rice millers.

(v) The Government has increased the commission charges for the Cooperative societies and Self Help Groups to 2.5% in KMS 2009-10 to encourage procurement from small and marginal farmers especially in state where infrastructure for procurement is not well developed. This will also ensure payment of MSP & Bonus to farmers.

(vi) With a view to expedite the procurement of paddy in the drought year (KMS 2009-10), the following relaxations have been allowed in the uniform specifications of Custom Milled Raw (CMR) Rice during Kharif Marketing Season 2009-10 to State Governments of Punjab and Haryana:-

(i) Damaged/slightly damaged grains including pin point damaged grains allowed upto 4% for CMR Raw Rice for both Grade 'A' and Common. (The Fair Average Quality specification is 3%).

(ii) The discoloured /red grains together allowed upto 4% for CMR Raw Rice for both Grade 'A' and Common. (The Fair Average Quality specification is 3 %).

(vi) In order to reduce hardships of farmers and to avoid distress sale of paddy in Orissa, relaxation has been granted on 31.12.2009 for the maximum limit in respect of immature, shrunken and shriveled grains upto 5% against existing limit of 3% provided under Fair Average Quality specifications with full value cut, for procurement of paddy in KMS 2009-10 in the state.