

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

UNSTARRED QUESTION NO:51
ANSWERED ON:22.02.2011
DECENTRALISED PROCUREMENT
Semmalai Shri S.

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

- (a) the comparative merits/demerits of `Decentralised Procurement` over procurement by Central agencies; and
- (b) the criteria being followed for opting decentralised procurement for a particular region?

Answer

MINISTER OF STATE (I/C) FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

- (a): The merits and demerits of Decentralised Procurement system over central procurement system are annexed as Annexure-I.
- (b): Procurement through DCP scheme by States is optional. State Governments may decide joining the scheme based on availability of infrastructure and other resources such as manpower, storage and necessary logistics required for procurement.

ANNEXURE-I

STATEMENT REFERRED TO IN REPLY TO PART (a) OF THE LOK SABHA UNSTARRED QUESTION NO. 51 DUE FOR ANSWER ON 22.02.2011

Merits and Demerits of Decentralized scheme vis a vis normal procurement scheme:

I. MERITS OF DCP SCHEME

- a) The state is motivated to become self sufficient in production, procurement and distribution of food grains and thereby reducing the over dependence on central govt. agencies towards procurement and distribution of food grains.
- b) Can boost local cultivation and enhance coverage of MSP to the farmers.
- c) Since the consuming states themselves are the custodian of the stock procured, there will be fewer complaints on quality and quantity front.
- d) Higher local production and procurement will save a huge cost toward freight in bringing the stocks from outside the regions.
- e) Hither production and procurement leads to generation of direct and indirect employment as also additional revenue to the State Govt. by way of levy and taxes.
- f) Encourages the state to contribute more towards the central pool, thereby enhancing the food security.

II. DEMERITS OF DCP SCHEME

- a) The success of DCP scheme greatly depends upon the infrastructure and resources available with the respective state govt. in carrying out such voluminous operations. Centralized procurement is feasible in such states, where the state does not have requisite infrastructure and resources.
- b) The success of DCP scheme again depends upon speedy release of funds to the respective DCP states. Many a times it is observed that finalization of Audited Accounts are getting delayed causing delay in making final payment mainly due to the lapses and delays from the respective DCP state govt. in submitting the audited accounts complete in all respects.
- c) Poor planning and production/procurement forecast by the DCP states may also result in handing over of their procured stocks to FCI first and then taking it back for distribution purposes, once they face shortfall. This can add to infructuous expenditure, towards additional handling/transportation etc.