

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

STARRED QUESTION NO:275  
ANSWERED ON:13.12.2011  
UNIFORM PROCUREMENT POLICY  
Das Shri Khagen

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

- (a) whether a uniform policy is being followed across the country with regard to the procurement of foodgrains by the Government agencies;
- (b) if so, the details thereof and if not, the reasons therefor;
- (c) whether in some States including Andhra Pradesh, millers are procuring more foodgrains as compared to the Government agencies;
- (d) if so, the details thereof and the reasons therefor; and
- (e) the remedial steps taken to improve procurement by the Government agencies and ensure timely payment of procurement price to farmers?

**Answer**

MINISTER OF STATE (INDEPENDENT CHARGE) FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (e) OF THE STARRED QUESTION NO. 275 DUE FOR ANSWER ON 13.12.2011 IN THE LOK SABHA

(a) & (b): The procurement policy of Government of India is uniform throughout the country. Under the existing procurement policy, the Central Government extends price support for paddy, wheat and coarsegrains through the Food Corporation of India (FCI) and State Governments/ State agencies. All the foodgrains conforming to the prescribed specifications offered for sale by farmers at specified procurement centres are bought by the procurement agencies at Minimum Support Price (MSP). The farmers have the option to sell their produce to FCI/State agencies at MSP or in the open market whichever is advantageous to them. Government of India has also introduced Decentralized Procurement Scheme (DCP) from the year 1997-98. Under the DCP scheme, foodgrains are procured and distributed through their respective PD System by the State Governments themselves. At present, 10 State/UTs have adopted DCP system of procurement.

(c) & (d): Yes Madam. Procurement of rice by the Government is done either through Custom Milling of procured paddy or through levy route. Levy is imposed by the State Governments on rice millers for delivering specified percentage of their output as levy rice. Government of Andhra Pradesh has imposed 75% levy in the State. For levy rice, millers procure paddy themselves and deliver levy rice to the Government. Payment to millers is made on delivery of levy rice. Under Custom milling, FCI and Government agencies procure paddy and get it custom milled. Government of Andhra Pradesh is being regularly pursued to increase the percentage of direct procurement of paddy. A statement containing details of levy and CMR rice procured in Andhra Pradesh is at Annexure-I.

(e): The following steps have been taken by Government of India to improve the procurement process:-

(i) States are encouraged to adopt Decentralised Procurement (DCP) system to maximize procurement and to ensure better reach of MSP to farmers. So far 5 states have adopted DCP system for wheat and 9 States/UTs have adopted DCP system for rice.

(ii) Interactions are held with State Food Secretaries from time to time to monitor procurement operations and to speed up the procurement process.

(iii) Instructions have been issued to open procurement centres at the locations convenient to farmers.

(iv) In order to extend the reach of Minimum Support Price (MSP) operations to marginal/small farmers, commission at the rate of 2.5% of MSP in respect of paddy and 2% of MSP in respect of wheat has been allowed to Cooperative Societies/Self Help Groups.